

PARMER COUNTY TEXAS
COUNTY AUDITOR'S 2013 REPORT TO COMMISSIONERS COURT AND DISTRICT JUDGE

APRIL 2014

In accordance with § 114.025 of the Texas Local Government Code, I, Larry D. Johnston, Parmer County Auditor, do hereby submit this annual report to the Commissioners Court and District Judge of Parmer County. The data used in preparing this report are raw data for the 2013 fiscal year. These data have yet to be confirmed by the County's outside auditors, and therefore do not include any year-end accounting adjustments that may be required as a result of their audit. Nonetheless, the data appear to be substantially correct and can be used to draw general conclusions regarding the County's financial condition and performance in 2013.

§ 114.025 County Auditor's Monthly and Annual Reports to Commissioners Court and District Judges

(a) The County Auditor shall make monthly and annual reports to the commissioners court and to the district judges of the county. Each report must show:

(1) the aggregate amounts received and disbursed from each county fund;

Appendix 1 contains a summary of cash receipts and disbursements, by fund, for calendar year 2013. Overall, receipts and disbursements declined in 2013 by 12.5% and 14.6%, respectively. This decline notwithstanding, cash flow actually improved in 2013, with receipts exceeding disbursements by \$174,227.10 compared to a \$93,843.99 shortfall in 2012.

(2) the condition of each account on the books;

Appendix 2 contains a trial balance sheet at 12/31/2013 which lists assets, liabilities, and year over year changes in fund equity for each of the county's funds. While detail is available in this report, the last two pages provide a one-line summary for each fund. Overall, the county's assets grew 3.95% in 2013 to stand at \$6,634,365.74 on 12/31/2013. Revenues exceeded expenditures by \$128,911.22 over the same period resulting in a 29.85% increase in total fund equity. Total fund equity was \$3,746,117.07 at 12/31/2013. Conversely,

liabilities decreased 17.43% year over year totaling \$2,888,248.67 at 12/31/2013.

(3) the amount of county, district, and school funds on deposit in the county depository;

Appendix 3 contains a spreadsheet summarizing all funds on deposit at Muleshoe State Bank in Farwell, Texas. The spreadsheet includes balances at 12/31/2012, 12/31/2013, and year-over-year changes. Total deposits at 12/31/2013 totaled \$4,352,693.16, an increase of 8.55% over the previous year.

(4) the amount of county bonded indebtedness and other indebtedness; and

Appendix 4 includes an Aggregate Debt Service summary showing the amount and timing of debt payments due on the Parmer County Law Enforcement Center bond obligations. The county made payments of \$225,262.50 in 2013, of which \$175,000.00 was principal and \$50,262.50 interest. The remaining principal balance of \$2,055,000.00 should be paid off in 2023.

Appendix 4 also includes a spreadsheet summarizing the county's other debt obligations. This debt is comprised of four lease-purchase agreements for heavy equipment entered into on behalf of Precincts 1 and 2, as well as a promissory note given for the purchase of land and improvements on behalf of Precinct 3. As of 12/31/2013, the county's outstanding debt other than bonded obligations totaled \$220,602.74. Three of the four existing lease-purchase agreements are scheduled to be paid off in 2014, while the fourth should be paid off in 2017. The promissory note for land and improvements should be paid off in 2016.

(5) any other fact of interest, information, or suggestion that the auditor considers proper or that the court or district judges require.

General Observations

I find that interaction, communication, and cooperation among the various county offices could be improved. County officials and employees must be proactive in sharing problems and solutions among themselves if we are to eliminate redundancy and inefficient use of limited resources.

Also, there is a tendency to adhere to the status quo in conducting county business. There is nothing inherently wrong with the status quo. However, I believe the public's best interests are served by routine review of county circumstances, policies, practices, and procedures. Revisions, as and when needed, promote more efficient and effective government.

To these ends, I suggest that the Commissioners Court specifically invite and encourage all county officials, as a group, to attend at least two designated court sessions each year. The purpose should be to:

- (1) promote greater understanding of the workings and issues faced in each office;
- (2) identify specific issues that hinder communication and cooperation among the various offices; and
- (3) review county circumstances, policies, practices and procedures.

Specific Observations

General Ledger

I found a lack of consistency in the assignment of account numbers across the various funds and offices. For example, "Office Supplies" in the County Clerk's office was assigned the account number "427", while "Office Supplies" in the County Attorney's Office was assigned the account number "426." This makes data entry more difficult and less efficient, since one must constantly refer to the chart of accounts to mark invoices for posting. It also complicates computer aided analysis since specific line items in a budget or financial statement cannot be directly compared across funds and/or offices.

The chart of accounts also lacked in structure and significant detail. Historically, far too many expenses were posted as "Non-Departmental" when, in fact, they were clearly attributable to specific offices or funds. This complicates individual performance assessment among the various offices within county government and can contribute to an inefficient allocation of limited resources.

Finally, there was a general lack of detail for posting expenses within particular funds and offices. Notable examples were the precinct budgets where the only operating expense line items available for posting were "Fuel & Oil", "Materials & Supplies", and "Other Expenses." This limits one's ability to analyze

expenditures in detail, a necessary condition for producing more accurate budgets.

Given the foregoing, and with the support of the Commissioners Court, I undertook to substantially revise the 2014 general ledger chart of accounts. While this will require a significant number of budget amendments in 2014 and may present historical comparison issues in the short run, I believe that it will be beneficial over the longer term. Please note that the overall dollars budgeted for 2014 were not altered. Rather, those same dollars will simply be posted according to revisions in the General Ledger Chart of Accounts.

Inventories

I find procedures for tracking vehicle and equipment inventories in need of improvement. There seems to be no centralized repository for inventory records, resulting in conflicting information among the various offices where partial records reside. This can lead to a misstatement of assets. It can also result in the county over/under insuring those assets.

I am in the process of consolidating all existing inventory records in the Auditor's office. I have also begun verifying and documenting those records with on-site inspections and photographs. Once that exercise is completed and the information is catalogued, I will compare our inventories with existing insurance policies to determine whether adjustments are required.

Software

I find that users are generally under-utilizing our Net Data software. While most are capable of performing basic day-to-day operations, few are well-versed in the software's capabilities, particularly reporting. As a result, too much time is spent summarizing and analyzing data with calculators, hand-written ledgers, and spreadsheets when the same purpose could be accomplished using existing software.

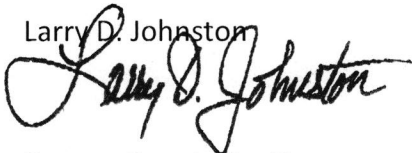
I suggest that the county make a determined and sustained effort to improve the efficiency with which staff uses Net Data software. Future budgets should provide funding for in-depth training, whether at Net Data's headquarters or here on-site.

The annual report must include a record of all transactions made during a calendar year. The auditor shall file the annual report at a regular or special term of the commissioners court held during the month of April of the following year. The auditor shall file a copy of the report with the district judges of the county.

While the statute calls for a record of "all transactions made during a calendar year," to include such detail in this report would not be practical. Rather, I have included in Appendix 5 a summary of transactions, by line item and fund, for the calendar year ended 12/31/2013. The detail in support of this summary is available upon request and incorporated herein by reference.

Submitted this 28th day of April, 2014

Larry D. Johnston

A handwritten signature in black ink that reads "Larry D. Johnston". The signature is written in a cursive style with a large, stylized initial "L".

Parmer County Auditor

APPENDIX 1

ACCOUNT NAME	BEGINNING CASH BALANCE	CASH RECEIPTS	CASH DISBURSEMENTS	ENDING CASH BALANCE
2013 010 GENERAL FUND				
CASH IN BANK	2,269,913.50	3,041,094.43	3,149,478.56-	2,161,529.37
INVESTMENT-CD	.00	.00	.00	.00
INVESTMENT-OTHER	.00	.00	.00	.00
FUND TOTALS	<u>2,269,913.50</u>	<u>3,041,094.43</u>	<u>3,149,478.56-</u>	<u>2,161,529.37</u>
2013 021 ROAD AND BRIDGE PCT 1				
CASH IN BANK	90,083.93	470,385.23	436,935.38-	123,533.78
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT-OTHER	.00	.00	.00	.00
FUND TOTALS	<u>90,083.93</u>	<u>470,385.23</u>	<u>436,935.38-</u>	<u>123,533.78</u>
2013 022 ROAD AND BRIDGE PCT 2				
CASH IN BANK	69,388.81	334,412.86	287,592.42-	116,209.25
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT -OTHER	.00	.00	.00	.00
FUND TOTALS	<u>69,388.81</u>	<u>334,412.86</u>	<u>287,592.42-</u>	<u>116,209.25</u>
2013 023 ROAD AND BRIDGE PCT 3				
CASH IN BANK	288,279.87	437,048.43	420,694.41-	304,633.89
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	<u>288,279.87</u>	<u>437,048.43</u>	<u>420,694.41-</u>	<u>304,633.89</u>
2013 024 ROAD AND BRIDGE PCT 4				
CASH IN BANK	348,207.65	366,105.79	339,551.37-	374,762.07
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT -OTHER	.00	.00	.00	.00
FUND TOTALS	<u>348,207.65</u>	<u>366,105.79</u>	<u>339,551.37-</u>	<u>374,762.07</u>
2013 030 JURY FUND				
CASH IN BANK	116,313.42	28,936.77	9,405.65-	135,844.54
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	<u>116,313.42</u>	<u>28,936.77</u>	<u>9,405.65-</u>	<u>135,844.54</u>
2013 031 LATERAL ROAD PCT 1				
CASH IN BANK	.00	7,524.33	7,524.33-	.00
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	<u>.00</u>	<u>7,524.33</u>	<u>7,524.33-</u>	<u>.00</u>
2013 032 LATERAL ROAD PCT 2				
CASH IN BANK	.00	10,017.25	10,017.25-	.00
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	<u>.00</u>	<u>10,017.25</u>	<u>10,017.25-</u>	<u>.00</u>
2013 033 LATERAL ROAD PCT 3				
CASH IN BANK	.00	9,528.07	9,528.07-	.00
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	<u>.00</u>	<u>9,528.07</u>	<u>9,528.07-</u>	<u>.00</u>
2013 034 LATERAL ROAD PCT 4				
CASH IN BANK	.00	8,341.79	8,341.79-	.00

ACCOUNT NAME	BEGINNING CASH BALANCE	CASH RECEIPTS	CASH DISBURSEMENTS	ENDING CASH BALANCE
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	.00	8,341.79	8,341.79-	.00
2013 045 LAW ENFORCEMENT CENTER				
CASH IN BANK	.00	.00	.00	.00
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	.00	.00	.00	.00
2013 047 FORFEITURE FUND				
CASH IN BANK	41,774.58	14,169.70	5,812.00-	50,132.28
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	41,774.58	14,169.70	5,812.00-	50,132.28
2013 048 DISTRICT ATTY FORFEITURE FUND				
CASH IN BANK	15,947.42	255,629.49	191,384.72-	80,192.19
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	15,947.42	255,629.49	191,384.72-	80,192.19
2013 050 COUNTY ATTY FORFEITURE FUND				
CASH IN BANK	7,121.71	71.56	.00	7,193.27
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	7,121.71	71.56	.00	7,193.27
2013 052 PRE-TRIAL DIVERSION FUND				
CASH IN BANK	1,644.25	9,354.01	8,522.64-	2,475.62
INVESTMENT - CD	.00	.00	.00	.00
FUND TOTALS	1,644.25	9,354.01	8,522.64-	2,475.62
2013 059 R. O. W. FUND				
CASH IN BANK	166,357.04	392,109.73	390,000.00-	168,466.77
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	166,357.04	392,109.73	390,000.00-	168,466.77
2013 060 INTEREST & SINKING FUND				
CASH IN BANK	187,784.30	216,530.34	226,162.50-	178,152.14
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	187,784.30	216,530.34	226,162.50-	178,152.14
2013 075 PERMANANT IMPROVEMENTS				
CASH IN BANK	74,116.93	28,134.08	1,500.00-	100,751.01
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	74,116.93	28,134.08	1,500.00-	100,751.01
2013 076 JAIL CONSTRUCTION FUND				
CASH IN BANK	.00	.00	.00	.00
INVESTMENT/OTHER	.00	.00	.00	.00
FUND TOTALS	.00	.00	.00	.00
2013 088 STATE FEES FUND				
CASH IN BANK	53,627.63	173,847.24	126,843.45-	100,631.42

ACCOUNT NAME	BEGINNING CASH BALANCE	CASH RECEIPTS	CASH DISBURSEMENTS	ENDING CASH BALANCE
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	<u>53,627.63</u>	<u>173,847.24</u>	<u>126,843.45-</u>	<u>100,631.42</u>
2013 089 COUNTY ATTY CHECK COLLECTION				
CASH IN BANK	27,354.70	2,243.27	1,583.98-	28,013.99
CASH IN BANK - FRIONA	.00	.00	.00	.00
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	<u>27,354.70</u>	<u>2,243.27</u>	<u>1,583.98-</u>	<u>28,013.99</u>
2013 090 JUVENILE PROBATION FUND				
CASH IN BANK	3,067.02	541.29	.00	3,608.31
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	<u>3,067.02</u>	<u>541.29</u>	<u>.00</u>	<u>3,608.31</u>
2013 091 DIST ATTY-287TH CK COLLECTION				
CASH IN BANK	5,887.18	565.00	1,485.04-	4,967.14
INVESTMENT - CD	.00	.00	.00	.00
INVESTMENT - OTHER	.00	.00	.00	.00
FUND TOTALS	<u>5,887.18</u>	<u>565.00</u>	<u>1,485.04-</u>	<u>4,967.14</u>
2013 098 PAYROLL CLEARING FUND				
CASH IN BANK	.00	.00	.00	.00
FUND TOTALS	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
2013 099 CLEARING FUND				
CASH IN BANK	.00	4,800,629.48	4,800,629.48-	.00
FUND TOTALS	<u>.00</u>	<u>4,800,629.48</u>	<u>4,800,629.48-</u>	<u>.00</u>
GRAND TOTALS	<u>3,766,869.94</u>	<u>10,607,220.14</u>	<u>10,432,993.04-</u>	<u>3,941,097.04</u>

APPENDIX 2

YEAR-TO-DATE

ASSETS:

2013 010-103-000	CASH IN BANK	2,161,529.37	
2013 010-104-000	INVESTMENT-CD	.00	
2013 010-104-500	INVESTMENT-OTHER	.00	
2013 010-120-000	FINES & FEES RECEIVABLE	2,642,740.72	
2013 010-120-100	ALLOW - FINES & FEES	2,317,185.70-	
2013 010-121-000	PROPERTY TAXES RECEIVABLE	1,767,893.20	
2013 010-121-100	ALLOW - PROPERTY TAXES	88,117.75-	
2013 010-130-000	DUE FROM R & B ACCTS	.00	
2013 010-131-100	DUE FROM OTHER ACCTS	.00	
2013 010-132-200	DUE FROM REVENUE	.00	
2013 010-171-000	ESTIMATED REVENUES	.00	
2013 010-171-100	BUDGETED FUND BALANCE	.00	

TOTAL ASSETS		4,166,859.84	4,166,859.84

LIABILITIES:

2013 010-201-000	VOUCHERS PAYABLE	834.00	
2013 010-202-100	SALARIES PAYABLE	.00	
2013 010-203-000	DUE TO OTHERS	213,815.47-	
2013 010-204-000	DEFERRED FINES & FEES REVENUE	104,493.69-	
2013 010-205-000	DEFERRED TAX REVENUES	1,672,050.57-	
2013 010-223-000	CO JUDGE/ATTY SAL SUPP	.00	
2013 010-223-100	CIVIL LEGAL	.00	
2013 010-223-200	CO CLERK REC MGMT	104,574.05-	
2013 010-223-210	CO CLERK ARCHIVE FEE	.00	
2013 010-223-225	CO & DIST CLERK TECHNOLOGY FUN	.00	
2013 010-223-230	TIME PAYMENT FEES	.00	
2013 010-223-250	RESTRICTED-SCAAP GRANT	.00	
2013 010-223-275	SHERIFF'S OFFICE VAN	9,319.20-	
2013 010-223-300	EMPLOYEE PD INS	.00	
2013 010-223-400	MOTOR VEH WGT TAX	.00	
2013 010-223-500	DUE FROM CLEARING	.00	
2013 010-241-000	APPROPRIATIONS	.00	
2013 010-241-100	BUDGETED FUND BALANCE	.00	
2013 010-243-000	ENCUMBRANCES	.00	
2013 010-244-000	RESERVE FOR ENCUMBRANCES	.00	

TOTAL LIABILITIES		2,103,418.98-	

FUND EQUITY:

FUND BALANCE	2,171,020.99-		
REALIZED REVENUE	2,810,213.52-		
LESS EXPENDITURES	2,917,793.65		

TOTAL FUND EQUITY	2,063,440.86-		

TOTAL LIABILITIES/FUND EQUITY

4,166,859.84-

YEAR-TO-DATE

ASSETS:

2013 021-103-000 CASH IN BANK	123,533.78	
2013 021-104-000 INVESTMENT - CD	.00	
2013 021-104-500 INVESTMENT-OTHER	.00	
2013 021-121-000 PROPERTY TAXES RECEIVABLE	116,172.07	
2013 021-121-100 ALLOW - PROPERTY TAXES	6,072.83-	
2013 021-171-000 ESTIMATED REVENUES	.00	
2013 021-171-100 BUDGETED FUND BALANCE	.00	

TOTAL ASSETS	233,633.02	233,633.02

LIABILITIES:

2013 021-201-000 VOUCHERS PAYABLE	.00
2013 021-202-100 SALARIES PAYABLE	.00
2013 021-205-000 DEFERRED TAX REVENUES	110,098.52-
2013 021-207-010 DUE TO GENERAL ACCT	.00
2013 021-241-000 APPROPRIATIONS	.00
2013 021-241-100 BUDGETED FUND BALANCE	.00
2013 021-243-000 ENCUMBRANCES	.00
2013 021-244-000 RESERVE FOR ENCUMBRANCES	.00

TOTAL LIABILITIES	110,098.52-

FUND EQUITY:

FUND BALANCE	90,084.65-
REALIZED REVENUE	358,530.23-
LESS EXPENDITURES	325,080.38

TOTAL FUND EQUITY	123,534.50-

TOTAL LIABILITIES/FUND EQUITY

233,633.02-

YEAR-TO-DATE

ASSETS:

2013 022-103-000 CASH IN BANK	116,209.25	
2013 022-104-000 INVESTMENT - CD	.00	
2013 022-104-500 INVESTMENT -OTHER	.00	
2013 022-121-000 PROPERTY TAXES RECEIVABLE	107,423.78	
2013 022-121-100 ALLOW - PROPERTY TAXES	5,615.67-	
2013 022-131-100 DUE FROM CLEARING	.00	
2013 022-171-000 ESTIMATED REVENUES	.00	
2013 022-171-100 BUDGETED FUND BALANCE	.00	

TOTAL ASSETS	218,017.36	218,017.36

LIABILITIES:

2013 022-201-000 VOUCHERS PAYABLE	.00
2013 022-202-100 SALARIES PAYABLE	.00
2013 022-205-000 DEFERRED TAX REVENUES	99,945.65-
2013 022-207-010 DUE TO GENERAL ACCT	.00
2013 022-241-000 APPROPRIATIONS	.00
2013 022-241-100 BUDGETED FUND BALANCE	.00
2013 022-243-000 ENCUMBRANCES	.00
2013 022-244-000 RESERVE FOR ENCUMBRANCES	.00

TOTAL LIABILITIES	99,945.65-

FUND EQUITY:

FUND BALANCE	71,251.27-
REALIZED REVENUE	332,675.36-
LESS EXPENDITURES	285,854.92

TOTAL FUND EQUITY	118,071.71-

TOTAL LIABILITIES/FUND EQUITY

218,017.36-