

# **PARKER COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT FOR  
THE YEAR ENDED SEPTEMBER 30, 2012**

**PARKER COUNTY, TEXAS**  
**Annual Financial Statements**  
**For the Fiscal Year Ended September 30, 2012**

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**Annual Financial Statements**  
**For the Fiscal Year Ended September 30, 2012**

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**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

Honorable Judge and Members of  
The Commissioners' Court  
Parker County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Parker County, Texas, as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Parker County, Texas, as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013, on our consideration of Parker County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the retirement plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of

Page two

inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Parker County's financial statements as a whole. The supplementary information section is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplementary information section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Snow Garrett Williams*

Snow Garrett Williams  
June 24, 2013

## PARKER COUNTY, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) of Parker County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2012. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the Fiscal Year 2012 by \$16,483,049 (*net assets*). Of this amount, \$10,531,429 is restricted for specific purposes and \$9,288,520 represents a deficit in unrestricted net assets. As required by GASB 34, net assets also reflect \$15,240,140 that is invested in capital assets net of related debt.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of \$24,043,984; of which \$71,161 represents non-spendable fund balance, \$17,470,209 represents fund balance restricted for funding of debt service, capital projects, the lateral road fund, and federal and state programs, \$207,498 represents fund balance assigned to state and special programs, and \$6,295,116 or 26% represents unassigned fund balance.
- The General fund reports a fund balance of \$6,430,438; of which \$70,499 represents non-spendable fund balance, \$60,541 represents fund balance restricted for federal and state programs, and \$6,299,398 represents unassigned fund balance. Unassigned fund balance for the General fund equals 19% of total General fund expenditures.
- The County's total debt decreased by a net amount of \$2,578,435 during the current fiscal year primarily due to principal retirements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) other required supplementary information in addition to the basic financial statements themselves. This report also contains other supplementary information in addition to the basic financial statements.

**The Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables, and receivables.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net assets changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general government; public safety; health and welfare; highways, roads and streets; law enforcement; judicial; recording; and tax assessing-collecting.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**PARKER COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)**

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County maintains forty-six individual governmental funds (excluding fiduciary funds), forty-three special revenue funds, a capital project fund, a debt service fund, and a general fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Lateral Road Fund, Capital Projects 2009 Tax Road Bonds Fund and the Debt Service Fund, which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general and major special revenue funds. Budgetary comparison statements (original versus final) have been provided for the major funds to demonstrate compliance with budget.

The governmental fund financial statements can be found on pages 14 through 16 of this report.

**Proprietary funds.** Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The County's uses an internal service fund to account for its self-insurance programs. Because these activities benefit governmental functions, they have been included with governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 17 through 19 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statement can be found on page 20 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 39 of this report.

**PARKER COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS -- (Continued)**

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budget comparisons and pension benefits. The required supplementary information can be found on pages 41 through 44 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$16,483,049 as of September 30, 2012. Also, the County's net assets include prior period adjustments that resulted in restated amounts for 2011. See Note 1 on page 27 for additional information.

**Parker County's Net Assets**

	Governmental Activities	
	2012	Restated 2011
Current and other assets	\$ 32,066,231	\$ 44,068,455
Capital assets, net of depreciation	73,532,813	75,921,085
Total assets	105,599,044	119,989,540
Long-term liabilities	86,030,571	87,756,223
Other liabilities	3,085,424	6,439,237
Total liabilities	89,115,995	94,195,460
Net assets:		
Invested in capital assets, net of related debt	15,240,140	15,090,809
Restricted	10,531,429	9,393,545
Unrestricted	(9,288,520)	1,309,726
Total Net Assets	\$ 16,483,049	\$ 25,794,080

Investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding is \$15,240,140. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$10,531,429 of the County's net assets (64%) represents resources that are subject to external restrictions on how they may be used. All restricted assets of the County are being held for purposes established by state and local laws, future construction, and debt service requirements on the County's outstanding debt. The unrestricted net assets, which includes \$15,143,699 of long-term debt not related to the County's capital assets, represents a deficit fund balance of \$9,288,520.

**PARKER COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)**

The County's governmental activities decreased net assets by \$9,311,031 during the current fiscal year. Included in this decrease is a special item totaling \$15,345,699 that is the result of expenses financed by long-term proceeds for infrastructure improvements donated to other governmental entities within the County. Although the County will not maintain or own these roads, it continues to be responsible for paying the debt.

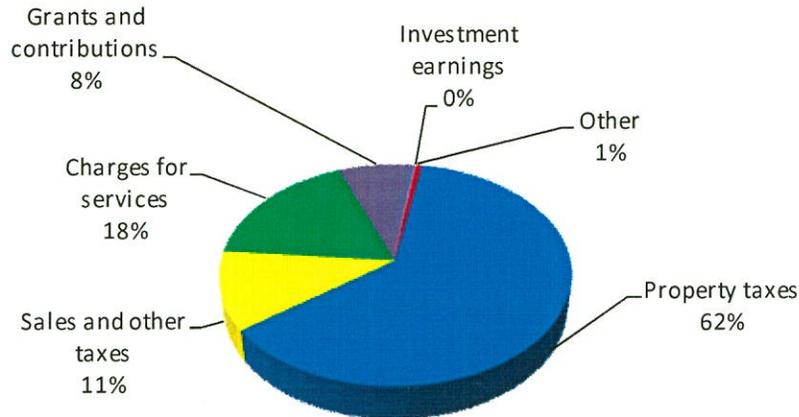
The total cost of all governmental activities this year was \$53,703,487. The amount that our taxpayers paid for these activities through property taxes was \$37,186,159 or 69%.

**Parker County's Changes in Net Assets**

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 10,574,569	\$ 9,324,224
Operating grants and contributions	4,132,569	3,193,237
Capital grants and contributions	667,117	1,069,606
General revenues:		
Property taxes	37,186,159	36,871,768
Sales and other taxes	6,822,317	5,958,132
Investment earnings	13,128	18,532
Other	342,296	1,872,107
Total revenues	59,738,155	58,307,606
Expenses:		
General government	7,667,104	8,783,769
Roads and bridges	10,823,601	14,327,215
Public safety	1,915,391	2,906,111
Law enforcement	15,514,614	15,131,125
Judicial	11,145,668	10,690,802
Health and welfare	371,946	639,524
Recording	1,540,345	2,317,188
Tax assessing-collecting	737,162	791,131
Interest and other costs	3,987,656	4,140,809
Total expenses	53,703,487	59,727,674
Special item	(15,345,699)	-
Change in net assets	(9,311,031)	(1,420,068)
Net assets-beginning	24,858,596	26,278,664
Prior period adjustment	935,484	-
Net assets-beginning, restated	25,794,080	26,278,664
Net assets-ending	\$ 16,483,049	\$ 24,858,596

**PARKER COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)**

**Revenues by Source**



Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Program revenues of \$15,374,255 equaled 29% of governmental expenses of \$53,703,487. As expected, general revenues (\$44,363,900) provided the remaining support and coverage for expenses.
- Over one-fourth of the expenses are law enforcement (\$15,514,614) while this category provided 5% of total revenues.
- The second largest category of expenses is judicial (\$11,145,668) at 21% while it only provided about 9% of total revenues.
- Grant revenues and contributions comprised about 8% of total revenues.

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$24,043,984, a decrease of \$10,919,352 in comparison with the prior year. Approximately \$6,295,116 or 26% of the fund balance represents unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is made up of non-spendable fund balance (\$71,161), assigned fund balance (\$207,498), and restricted fund balance (\$17,470,209). Assigned fund balance is set aside for state and special programs while the restricted fund balance is set aside to pay debt service (\$1,765,255), and fund capital projects (\$8,871,697), lateral road (\$3,850,656), and federal and state programs (\$2,982,601).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, fund balance of the general fund was \$6,430,438; of which \$70,499 is nonspendable fund balance, \$60,541 is restricted fund balance, and the remainder is unassigned. As a measure of the general fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 19%, or slightly more than 67 days of total fund expenditures.

**PARKER COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)**

The fund balance of the County's general fund increased by \$4,048,105. Key factors in this increase are as follows:

- Increase in property tax and sales tax revenues; and
- decreases for expenditures in public safety and recording.

The debt service fund has a total fund balance of \$1,765,255, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service funds was \$30,516. Total debt principal, interest and fiscal charges increased from the prior year primarily due to the payments on the 2009 Unlimited Tax Road Bonds.

The capital projects funds had a total fund balance of \$8,871,697, all of which is restricted for construction and improvements or acquisition of County-owned buildings and equipment.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original fiscal year 2012 budget was adopted in September 2011, with the total beginning general fund expenditures amounting to \$34,976,438, an increase of \$941,578 over the 2011 fiscal year final budgeted expenditures. The fiscal year 2012 budget adjustments were primarily due to a decrease in building and grounds, sheriff administration, and sheriff patrol and an increase in capital outlay and debt service principal.

In total, the original general fund budget for expenditures and the final general fund amended budget for expenditures did not change.

Significant variations between the final budget and actual amounts include the following:

- Actual revenues were greater than budgeted by \$2,463,929 primarily due to the increase in sales tax collections and additional intergovernmental revenue over what was expected; and
- Actual expenditures were \$1,031,591 less than budgeted primarily due to lower costs of buildings and grounds, commissioners' court, non-departmental, fire protection, and jail expenditures than anticipated.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The capital assets of the County are those assets (land, buildings and improvements, roads and bridges, office furnishings, transportation, road maintenance, fire-fighting, emergency management and other equipment), which are used in the performance of the County's functions including current year expenditures for infrastructure assets. At September 30, 2012, net capital assets of the governmental activities totaled \$73,532,813. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled \$3,723,308.

**PARKER COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)**

**Parker County's Capital Assets  
(net of depreciation)**

	Governmental Activities	
	2012	Restated 2011
Land	\$ 5,526,612	\$ 12,376,169
Work in progress	25,452,833	12,600,464
Buildings and improvements	25,798,938	26,572,727
Infrastructure	8,275,717	14,589,549
Office furniture and equipment	3,278,268	3,837,964
Transportation	1,016,604	1,154,762
Road maintenance equipment	4,036,235	4,636,665
Emergency management equipment	143,312	143,104
Other	4,294	9,681
<b>Total</b>	<b>\$ 73,532,813</b>	<b>\$ 75,921,085</b>

Additional information on the County's capital assets can be found in Note 5 on pages 31 through 32 of this report.

**Long-term debt and capital leases.** As of September 30, 2012, the County had unlimited tax road bonds, general obligation refunding bonds, certificates of obligation and tax notes outstanding of \$76,939,975. Total capital leases payable were \$3,186,315.

The County's total property tax rate for fiscal year 2012 was \$.4102 per \$100 assessed valuation, of which \$.0636 was for annual debt service.

**Parker County's Outstanding Debt**

	Governmental Activities	
	2012	2011
Unlimited tax road bonds	\$ 59,794,975	\$ 59,899,975
General obligation refunding bonds	2,865,000	3,030,000
Certificates of obligation	13,710,000	14,465,000
Tax notes	570,000	1,565,000
Capital leases payable	3,186,315	3,738,799
<b>Total</b>	<b>\$ 80,126,290</b>	<b>\$ 82,698,774</b>

Additional information on the County's long-term debt can be found in Note 8 on pages 32 through 36 of this report.

**PARKER COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Continued)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The annual budget is developed to provide efficient, effective and economic uses of the County's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the County Commissioners set the direction of the County, allocate its resources and establish its priorities.

In considering the County budget for fiscal year 2013, the County Commissioners and management considered the following factors:

- The County, which is located near the Dallas/Fort Worth Metroplex, is expecting an increase in population, households, and retail sales, therefore sales tax revenues for the County are expected to slightly increase or at least remain stable.
- Property tax revenues are budgeted to increase because of the continued rise in certified values of real estate in this area as well as an increase in the tax rate.
- Commercial light industrial growth and development within the County continue to increase the County's workforce and population.

**REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the appropriate financial office (County Auditor) at 1112 Santa Fe Drive, Weatherford, Texas, 76086 or (Parker County Judge) at 1 Courthouse Square, Weatherford, Texas 76086.

FINANCIAL STATEMENTS

**PARKER COUNTY, TEXAS**  
**Statement of Net Assets**  
**As of September 30, 2012**

**Exhibit A-1**

	<u>Primary Government Activities</u>
<b>ASSETS:</b>	
Current assets	
Cash	\$ 2,526,895
Investments	8,691,791
Receivables (net of allowance for uncollectible accounts)	4,468,226
Prepaid expenses and other assets	71,161
Non-current assets	
Restricted cash	280,957
Restricted investments	14,755,590
Deferred bond issuance costs, net of amortization	1,271,611
Land and work in progress	30,979,445
Other capital assets, net of depreciation	42,553,368
Total assets	<u>105,599,044</u>
<b>LIABILITIES:</b>	
Current liabilities	
Accounts payable	1,878,729
Accrued salaries and benefits payable	467,084
Accrued interest payable	668,506
Due to other governmental entities	71,105
Noncurrent liabilities	
Due within one year	3,058,622
Due in more than one year	82,971,949
Total liabilities	<u>89,115,995</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	15,240,140
Restricted for:	
Debt service	1,932,385
Lateral road	4,103,763
Federal and state programs	4,495,281
Unrestricted	<u>(9,288,520)</u>
	<u><u>\$ 16,483,049</u></u>

**PARKER COUNTY, TEXAS**  
**Statement of Activities**  
For the Fiscal Year Ended September 30, 2012

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities					
General government	\$ 7,667,104	\$ 342,856	\$ 170,712	\$ -	\$ (7,153,536)
Roads and bridges	10,823,601	2,986,697	101,493	181,039	(7,554,372)
Public safety	1,915,391	81,340	109,398	486,078	(1,238,575)
Law enforcement	15,514,614	848,068	1,861,637	-	(12,804,909)
Judicial	11,145,668	3,770,205	1,889,329	-	(5,486,134)
Health and welfare	371,946	137,901	-	-	(234,045)
Recording	1,540,345	1,240,485	-	-	(299,860)
Tax assessing-collecting	737,162	1,167,017	-	-	429,855
Interest and other costs	3,987,656				(3,987,656)
<b>Total primary government</b>	<b>\$ 53,703,487</b>	<b>\$ 10,574,569</b>	<b>\$ 4,132,569</b>	<b>\$ 667,117</b>	<b>\$ (38,329,232)</b>

General revenue:	
Property taxes	37,186,159
Sales and other taxes	6,822,317
Investment earnings	13,128
Other general revenue	342,296
Total general revenues	<u>44,363,900</u>
Special item	<u>(15,345,699)</u>
Change in net assets	(9,311,031)
Net assets - beginning	24,858,596
Prior period adjustment	<u>935,484</u>
Net assets - beginning, restated	<u>25,794,080</u>
Net assets - ending	<u>\$ 16,483,049</u>

PARKER COUNTY TEXAS  
Balance Sheet  
Governmental Funds  
September 30, 2012

Exhibit A-3

	General	Lateral Road	Capital Projects 2009 Tax Road Bonds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Assets:						
Cash	\$ 560,129	\$ 77,038	\$ 171,438	\$ 32,481	\$ 117,751	\$ 958,837
Investments	5,301,947	4,045,965	9,003,761	1,705,864	3,090,787	23,148,324
Receivables, net of uncollectible allowance of \$554,860						
Property taxes	780,246	283,085	-	188,382	-	1,251,713
Intergovernmental	1,332,733	15,326	-	5,658	330,322	1,684,039
Other	276,677	95,773	17,379	-	48,062	437,891
Due from other funds	225,977	-	-	-	-	225,977
Prepaid expenses and other assets	70,499	662	-	-	-	71,161
<b>Total assets</b>	<b><u>\$8,548,208</u></b>	<b><u>\$ 4,517,849</u></b>	<b><u>\$ 9,192,578</u></b>	<b><u>\$1,932,385</u></b>	<b><u>\$ 3,586,922</u></b>	<b><u>\$ 27,777,942</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$1,033,504	\$ 328,969	\$ 320,881	\$ -	\$ 174,640	\$ 1,857,994
Accrued salaries and benefits payable	327,583	85,117	-	-	54,384	467,084
Due to other funds	-	-	-	-	225,977	225,977
Due to other governmental entities	64,460	-	-	-	6,645	71,105
Deferred revenues						
Property taxes	692,223	252,445	-	167,130	-	1,111,798
<b>Total liabilities</b>	<b><u>2,117,770</u></b>	<b><u>666,531</u></b>	<b><u>320,881</u></b>	<b><u>167,130</u></b>	<b><u>461,646</u></b>	<b><u>3,733,958</u></b>
Fund balances:						
Nonspendable						
Inventory	50,192	-	-	-	-	50,192
Prepaid	20,307	662	-	-	-	20,969
Restricted for:						
Debt service	-	-	-	1,765,255	-	1,765,255
Capital projects	-	-	8,871,697	-	-	8,871,697
Lateral road	-	3,850,656	-	-	-	3,850,656
Federal and state programs	60,541	-	-	-	2,922,060	2,982,601
Assigned to state and special programs	-	-	-	-	207,498	207,498
Unassigned	6,299,398	-	-	-	(4,282)	6,295,116
<b>Total fund balances</b>	<b><u>6,430,438</u></b>	<b><u>3,851,318</u></b>	<b><u>8,871,697</u></b>	<b><u>1,765,255</u></b>	<b><u>3,125,276</u></b>	<b><u>24,043,984</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$8,548,208</u></b>	<b><u>\$ 4,517,849</u></b>	<b><u>\$ 9,192,578</u></b>	<b><u>\$1,932,385</u></b>	<b><u>\$ 3,586,922</u></b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	73,532,813
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,111,798
Additional receivables and bond issuance costs are not measurable and available in the current period and are not reported in the funds.	2,366,071
Some liabilities, including bonds, capital leases and interest payable, accumulated accretion, unamortized premiums, and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(86,699,077)
Assets and liabilities of the internal service fund is included in governmental activities and are not reported with governmental funds.	<u>2,127,460</u>
<b>Net assets of governmental activities - statement of net assets</b>	<b><u>\$ 16,483,049</u></b>

**PARKER COUNTY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2012**

Exhibit A-4

	General	Lateral Road	Capital Projects 2009 Tax Road Bonds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 23,733,325	\$ 7,746,986	\$ -	\$ 5,723,797	\$ -	\$ 37,204,108
Sales taxes	6,739,420	-	-	-	-	6,739,420
Intergovernmental	2,427,677	101,493	181,039	-	2,096,917	4,807,126
Fees of Office	4,853,356	2,428,252	-	-	2,101,085	9,382,693
Fines and forfeitures	-	365,667	-	-	-	365,667
Interest	7,983	2,760	-	1,481	904	13,128
Royalties	47,074	-	-	-	-	47,074
Miscellaneous	387,191	46,816	-	-	166,598	600,605
<b>Total revenues</b>	<b>38,196,026</b>	<b>10,691,974</b>	<b>181,039</b>	<b>5,725,278</b>	<b>4,365,504</b>	<b>59,159,821</b>
<b>EXPENDITURES</b>						
Current:						
General government	6,012,290	-	-	-	360,434	6,372,724
Roads and bridges	-	9,553,976	-	-	-	9,553,976
Public safety	1,320,907	-	-	-	271,054	1,591,961
Law enforcement	15,294,011	-	-	-	202,805	15,496,816
Judicial	8,113,827	-	-	-	3,224,365	11,338,192
Health and welfare	371,681	-	-	-	-	371,681
Recording	1,157,883	-	-	-	451,348	1,609,231
Tax assessing-collecting	774,243	-	-	-	-	774,243
Capital outlays	374,151	345,118	15,483,769	-	477,697	16,680,735
Debt Service						
Principal	421,974	466,965	-	2,020,000	19,536	2,928,475
Interest	103,880	57,666	-	3,735,794	177	3,897,517
<b>Total expenditures</b>	<b>33,944,847</b>	<b>10,423,725</b>	<b>15,483,769</b>	<b>5,755,794</b>	<b>5,007,416</b>	<b>70,615,551</b>
Excess (deficiency) of revenues over (under) expenditures	4,251,179	268,249	(15,302,730)	(30,516)	(641,912)	(11,455,730)
Other financing sources (uses):						
Operating transfers in	80,854	-	-	-	574,317	655,171
Operating transfers out	(574,317)	-	-	-	(80,854)	(655,171)
Sale of assets	13,588	166,799	-	-	-	180,387
Proceeds from capital leases	276,801	-	-	-	79,190	355,991
<b>Total other financing sources (uses)</b>	<b>(203,074)</b>	<b>166,799</b>	<b>-</b>	<b>-</b>	<b>572,653</b>	<b>536,378</b>
<b>Net changes in fund balances</b>	<b>4,048,105</b>	<b>435,048</b>	<b>(15,302,730)</b>	<b>(30,516)</b>	<b>(69,259)</b>	<b>(10,919,352)</b>
Fund balances - October 1	1,929,316	3,416,270	24,174,427	1,795,771	3,194,535	34,510,319
Prior period adjustment	453,017	-	-	-	-	453,017
Fund balances - October 1, restated	2,382,333	3,416,270	24,174,427	1,795,771	3,194,535	34,963,336
Fund balances - September 30	<u>\$ 6,430,438</u>	<u>\$ 3,851,318</u>	<u>\$ 8,871,697</u>	<u>\$ 1,765,255</u>	<u>\$ 3,125,276</u>	<u>\$ 24,043,984</u>

**PARKER COUNTY, TEXAS**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2012**

Exhibit A-5

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ (10,919,352)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of some of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Capital outlay	\$ 16,680,735	
Depreciation	<u>(3,723,308)</u>	
Net capital outlay		12,957,427

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, disposals, donations) decreases net assets (15,345,699)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 334,763

The issuance of long-term debt, including capital leases, provides current financial resources to governmental funds while increasing long-term liabilities in the statement of net assets. (355,991)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,928,475

Some items reported in the statement of activities do not involve current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities are:

Amortization of deferred bond issuance costs	\$ (68,131)	
Amortization of premium from bond issuance	144,529	
Increase in accrued interest payable	(18,834)	
Accretion of capital appreciation bonds	(147,703)	
Decrease in compensated absences payable	<u>9,125</u>	
Net increase in expenditures		(81,014)

Internal service funds are used by the County to account for health insurance activities. The net activity of the internal service fund is reported with governmental activities. 1,170,360

Change in net assets of governmental activities - statement of activities \$ (9,311,031)

**PARKER COUNTY, TEXAS**  
**Statement of Net Assets**  
**Proprietary Fund**  
**September 30, 2012**

Exhibit A-6

	<u>Insurance Escrow</u>
<b>ASSETS:</b>	
Cash	\$ 1,849,015
Investment	299,057
Accounts receivable	<u>123</u>
Total assets	2,148,195
<b>LIABILITIES:</b>	
Accounts payable	<u>20,735</u>
Total liabilities	20,735
<b>NET ASSETS:</b>	
Unrestricted	<u>2,127,460</u>
Total net assets	\$ <u><u>2,127,460</u></u>

The accompanying notes are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**Statement of Revenues, Expenses and**  
**Changes in Net Assets**  
**Proprietary Fund**  
**For the Fiscal Year Ended September 30, 2012**

**Exhibit A-7**

	Insurance Escrow
<b>OPERATING REVENUE</b>	
County contributions	\$ 6,460,166
Total operating revenues	6,460,166
<b>OPERATING EXPENSES</b>	
Contractual	5,352,991
Total operating expenses	5,352,991
Operating income	1,107,175
<b>NON OPERATING REVENUES</b>	
Miscellaneous	63,185
Total non operating revenues	63,185
Change in net assets	1,170,360
Net assets -October 1	957,100
Net assets -September 30	\$ 2,127,460

**PARKER COUNTY, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended September 30, 2012**

Exhibit A-8

	Insurance Escrow
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Receipts from interfund services provided	\$ 6,465,778
Payments to providers	(5,408,088)
Net cash provided by operating activities	1,057,690
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Change in investments	(62,108)
Miscellaneous revenues	63,185
Net cash provided by investment activities	1,077
Net increase in cash	1,058,767
Cash - October 1	790,248
Cash - September 30	\$ 1,849,015
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 1,107,175
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	5,612
Decrease in accounts payable	(55,097)
Net cash provided by operating activities	\$ 1,057,690

The accompanying notes are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**September 30, 2012**

**Exhibit A-9**

**ASSETS**

Cash	\$ 3,504,806
Investments	813,706
Accounts receivable	<u>19,310</u>
Total assets	<u><u>\$ 4,337,822</u></u>

**LIABILITIES**

Deposits held and due to others	\$ 3,958,417
Accounts payable - State	<u>379,405</u>
Total liabilities	<u><u>\$ 4,337,822</u></u>

NOTES TO FINANCIAL STATEMENTS

**PARKER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Parker County have been prepared in accordance with accounting principles generally accepted in the United States of America. The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The significant accounting policies are described below.

**A. REPORTING ENTITY**

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution V.A.C.S. Parker County, Texas (the County) performs all local government functions within its jurisdiction. The County is governed by an elected County Judge and four County Commissioners elected from individual precincts. The Judge and Commissioners form the governing body as provided by state statute. Various branches of the County government are led by duly elected officials. The Commissioners' Court has governance responsibilities over all activities related to the County. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. The accompanying financial statements of the County present the financial position of the governmental activities and the respective changes in financial position. The County is not included in any other governmental "reporting entity".

As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component unit, an entity for which the County is considered to be financially accountable. The blended component unit, although legally a separate entity, is, in substance, part of the County's operation and so data from this unit is combined with data of the primary government. The following blended component unit has a September 30<sup>th</sup> year-end.

Historical Commission – The County created the entity to account for revenues and expenses associated with the preservation and restoration activities of the Parker County Historical Society. The governing body is made up of members appointed by the Commissioner's Court. Upon dissolution of the Society, the assets of the Society shall be distributed to Parker County. The Society provides all of its services to Parker County, Texas.

The County is a general purpose government providing the following services to its citizens: public safety, health and welfare, public transportation through roads and bridges, law enforcement, judicial, recording, tax assessing-collecting, and general and financial administrative services.

The accounting and reporting framework and the more significant accounting principles and practices are discussed below. The remainder of the Notes is organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2012.

**B. FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS, BASIS OF ACCOUNTING**

The financial and reporting policies of the County conform to accounting principles generally accepted in the United States of America as applicable to state and local governments. United States generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants. The following are the more significant policies used by the County.

**PARKER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-wide financial statements

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary activity, information on all of the activities of the County. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are community supervision fees, revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund financial statements

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, the Lateral Road Fund, the Capital Projects 2009 Tax Road Bonds Fund, and the Debt Service Fund meet criteria as *major governmental funds*. Each major fund is reported in a separate column in the fund financial statements. Non-major funds include other Special Revenue Funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within Combining Statements.

**Governmental fund financial statements** are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

**Proprietary fund financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenue is recognized when earned and expenses are recognized at the time the liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary fund include the cost of contractual services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Proprietary fund applies Financial Accounting Standards Board (FASB)

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements, in which case, GASB prevails.

**Fiduciary fund level financial statements** include fiduciary funds which are classified into private purpose trust and agency funds and use the economic resources measurement focus and the accrual basis of accounting. The County has only agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County reports the following major governmental funds:

**The General Fund** is the general operating fund of the County and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Lateral Road Fund** is a special revenue fund used to account for the maintenance and construction of County roads and bridges. Financing is provided primarily by an annual property tax levy. Additional revenue is provided by a charge on each auto registration and from fines levied by the County.

**Capital Projects 2009 Tax Road Bonds Fund** is used to account for the proceeds of the Unlimited Tax Road Bonds – Series 2009 which were obtained for constructing, improving, extending, expanding, upgrading and / or developing macadamized, graveled, or paved roads in the County, right-of-way acquisition, utility relocation, traffic safety and operational improvements and other transportation related improvements, and payment of costs of issuance related to the bonds.

**Debt Service Fund** is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources which are legally restricted to finance particular functions or activities of the County.

The Internal Service Fund is used to account for the group health insurance benefits provided to the County's departments on a cost reimbursement basis.

Agency Funds are used to account for assets held by the County as an agent for individuals, business, other governments and / or other funds.

**Budget and Budgetary Accounting**

The County follows these procedures in establishing budgetary data reflected in the financial statements:

- (A) In the event the Commissioners Court increases property taxes three percent or less, no public hearing is required. If the Court increases taxes more than three percent but less than eight percent, then a public hearing is required prior to final adoption. If the Court increases taxes more than eight percent, a public hearing is required and taxes are subject to a rollback petition and election.
- (B) Public hearings are conducted at the Parker County Courthouse and Courthouse Annex to obtain taxpayer comments.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- (C) Prior to October 1, the budget is legally enacted through adoption of an order by Commissioners Court.
- (D) Budgeted amounts may be transferred between line items of the budget within the same fund. Any amendments which alter the line items or total expenditures of any department must be approved by the Commissioners Court. There must be an emergency condition existing in order for the Court to increase the total budget.
- (E) Budgets for the various funds are adopted on a basis consistent with United States generally accepted accounting principles (GAAP), with the exception of tax revenues being reported on the cash basis.
- (F) Expenditures in excess of appropriations are required by state statutes to be reported down to the department level.
- (G) The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Commissioners Court during the year ended September 30, 2012.

**C. ASSETS, LIABILITIES AND EQUITIES**

Cash Equivalents

The County follows the practice of pooling cash and investments of all funds held by the County Treasurer, except when otherwise requested, in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Balances in cash and pooled investments are available on a demand basis to each fund. Investments are shown on the balance sheet at cost, which approximate market.

For purposes of the statement of cash flows, the County considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Inventory

Governmental fund inventory consisted of fuel and is valued at cost on the first-in first-out (FIFO) method and is charged to each department as it is used.

Restricted Assets

Cash and investments of the Capital Projects 2009 Tax Road Bonds, Lateral Road, and Debt Service Funds are classified as restricted because these assets are limited by applicable bond covenants.

Capital Assets and Depreciation

Capital assets, which include land, buildings and improvements, office furnishings, road maintenance, transportation, firefighting and other equipment, and infrastructure assets (e.g. roads and bridges) are reported in the government-wide financial statements. Capital assets are defined as assets with a cost of \$5,000 or more. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Infrastructure	20 years
Office furniture and equipment	3 - 20 years
Road maintenance equipment	3 - 10 years
Transportation equipment	3 - 5 years
Firefighting equipment	5 years
Emergency management equipment	5 years
Other equipment	5 years

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Upon new debt issuance, premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt.

In the fund financial statements, governmental fund types recognized debt premiums and discounts, as well as issuance costs during the current period. The face amount of debt issued is reported as other financing sources net of the applicable, premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Balances

The County implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The County has evaluated the use of its Debt Service, Special Revenue Funds and Capital Projects Funds under the criteria set forth in GASB Statement 54 and has determined there are no changes needed.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

**Nonspendable Fund Balance** – includes amounts that are not in spendable form, not expected to be converted into cash within the current period or at all, or legally or contractually required to be maintained intact.

**Restricted Fund Balance** – includes amounts that are restricted for specific purposes stipulated by law or external resource providers. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**Committed Fund Balance** – includes amounts that can only be used for the specific purposes determined by a formal action of Commissioner's Court, which is the County's highest level of decision-making authority, and, conjunctively, require the same formal action by Commissioner's Court to remove or revise the enacted constraint limitations.

**Assigned Fund Balance** – includes amounts intended to be used for specific purposes that are neither restricted nor committed. Intent is expressed by the Commissioner's Court of Parker County, but operationally the ability to implement the intent may be delegated to one or more persons. Designees may be listed in the County's fund balance policy or, alternatively, in the County's budgetary policy.

**Unassigned Fund Balance** – represents the residual classification of all spendable amounts not contained within the other classifications and is used for all negative fund balances.

It is the County's goal to achieve and maintain an unassigned General Fund balance of approximately 25% to 50% of budgeted expenditures for the fiscal year, to be used for unanticipated needs and to maintain restricted fund balance of the Debt Service Fund of approximately 25% of the following year's debt service requirements, to be used for debt service. At the end of fiscal year 2012, the unassigned General Fund balance was 18% of budgeted expenditures and the Debt Service Fund balance was at 25% of the following year's debt service requirements.

Where appropriate, the County will use restricted, committed, and assigned fund balances, in that order, prior to using unassigned resources.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in capital assets, net of related debt—This category consists of a portion of the County's net position invested in various capital assets. Ordinarily, this investment is computed as the remainder of the total of its capital assets net of accumulated depreciation minus its capital-related borrowings. Often all of a government's long-term debt is capital-related.

Since some of the County's borrowings are used to finance capital assets that are owned by other governments, the portion of the debt that is not related to county-owned assets must be removed from the above equation. As of September 30, 2012 a total of \$15,143,699 does not relate to county-owned assets. This debt represents a portion of the County's 2009 Unlimited Tax Road Bonds outstanding and is included in the County's unrestricted net assets.

Restricted net assets—This category consists of external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted net assets—This category represents net assets, not restricted for any project or other purpose.

When both restricted and unrestricted net assets are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

The government-wide statement of net assets reports \$10,531,429 of restricted net assets, of which \$4,232,013 are restricted by enabling legislation.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at the end of the fiscal year. Encumbrances outstanding at that time are cancelled and become available for future appropriation.

Fund Deficit

Special Revenue Fund – Other Grant Funds have a deficit fund balance of \$4,282. The deficit is a result of capital outlays in excess of granted funds.

Prior Year Restatement

The County recorded a prior period adjustment in the General Fund related to an underaccrual of receivables. The beginning fund balance of the General Fund and the beginning net assets of the governmental activities increased by \$453,017. Additionally, the County recorded a prior period adjustment related to recording construction in progress that was not capitalized in prior years, increasing governmental activities net assets by \$482,467.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 2: DEPOSITS AND INVESTMENTS**

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of liquidity to meet the County's obligations and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under chapter 2256 of the Texas Government Code.

The County's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by Commissioners' Court. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition it includes an "Investment Strategy" that specifically addresses each fund's investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification, yield and management of maturities.

The County is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of the United States or its instrumentalities;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed or insured by the State of Texas or the United States or its instrumentalities;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States or its instrumentalities;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state that are rated A or higher by a nationally recognized investment rating firm;
6. Certificates of deposit that are guaranteed or insured by the FDIC or are secured as to principal by obligations described Section 2256.009(a) of the Public Funds Investment Act or any other manner or amount provided by law for County deposits;
7. Fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in Section 2256.009(ax 1) of the Public Funds Investment Act, and are placed through a primary government securities dealer or a bank domiciled in the State of Texas;
8. Banker's acceptances with the remaining term of 270 days or less, in the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1, or the equivalent by at least one nationally recognized credit rating agency;
9. Commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank;
10. No-load money market mutual funds registered with the Securities and Exchange Commission (SEC) that have a dollar weighted average portfolio maturity of 90 days or less, and include in their investment objective the maintenance of a stable net asset value of \$1 for each share;
11. No-load mutual funds registered with the SEC, invested in obligations approved by the County that have an average weighted maturity of less than two years, continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, and conformed to the eligibility of investment pools to receive and invest funds of investing entities; and
12. Eligible investment pools.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**

As of September 30, 2012, the County had the following investments:

	Weighted Average Maturity	Credit Rating	Market Value	% of Total
DWS Scudder - Government Cash Institutional Shares Fund	45 days	AAAm	\$ 8,395,707	34.61%
UBS - Federated Government Obligation Fund IS	45 days	AAAm	<u>15,865,380</u>	<u>65.39%</u>
Total Investments			<u>\$ 24,261,087</u>	<u>100.00%</u>

Interest Rate Risk – The County limits exposure to fair value losses arising from interest rates by not directly investing in securities with maturity dates that exceed 2 years from the date of purchase. At September 30, 2012, 100% of the County's portfolio had maturity dates less than one year.

Credit Risk – Investments are exposed to credit risk if the security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. As of September 30, 2012, the County's investments in DWS Scudder - Government Cash Institutional Shares Fund and UBS – Federated Government Obligations Fund IS were rated by Standard and Poor's (see credit ratings above) and have an average weighted maturity of less than 90 days.

Concentration of Credit Risk - The County does not place a limit on the amount that may be invested. As of September 30, 2012, 100% of the County's investments were included in SEC regulated no-load money market mutual funds.

Custodial Credit Risk– Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. At September 30, 2012, the County's deposits were insured or collateralized with securities held by the County or by its agent in the County's name.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 3: PROPERTY TAX**

Taxes are levied on October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1. Property taxes attach as an enforceable lien as of January 1 to secure the payment of all taxes, penalties, and interest ultimately imposed. The Parker County Appraisal District assesses and collects property taxes for the County. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to \$1.20 per \$100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal and interest on long-term debt. A practical limitation on taxes levied on debt service is \$1.50 per \$100 of assessed valuation as established by the Attorney General of the State of Texas. The tax rate for the year ended September 30, 2012, excluding that portion budgeted for the retirement of long-term debt principal and interest was \$.34663 per \$100 valuation. The total tax rate for all purposes was \$.41023 per \$100 valuation. The County's general obligation refunding bonds require an annual tax levy sufficient to pay principal and interest on the bonds with allowances being made for delinquent taxes.

**NOTE 4: DELINQUENT PROPERTY TAXES**

At the governmental fund level, property taxes are recognized as revenue when collected including those collected 60 days after fiscal year end. Delinquent property taxes receivable represent all uncollected property taxes and an account for estimated uncollectible taxes (allowance) is established based on the County's collection history. Deferred revenue is reported in connection with property taxes receivable for revenues that are not considered to be available. The County's taxes on real property are a lien against such property until paid.

The following schedule details delinquent property taxes receivable by fund:

<u>Fund</u>	<u>Delinquent Taxes</u>	<u>Allowance</u>	<u>Net Receivable</u>
General	\$ 1,092,535	\$ (312,289)	\$ 780,246
Debt Service	263,781	(75,399)	188,382
Lateral Road	<u>450,257</u>	<u>(167,172)</u>	<u>283,085</u>
Total	<u>\$ 1,806,573</u>	<u>\$ (554,860)</u>	<u>\$ 1,251,713</u>

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2012 was as follows:

	Restated Balance 10/1/2011	Reclass / Additions	Reclass / Deletions	Balance 9/30/2012
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 12,376,169	\$ 5,064	\$ 6,854,621	\$ 5,526,612
Work in progress	12,600,464	15,333,705	2,481,336	25,452,833
<b>Total capital assets not being depreciated</b>	<b>24,976,633</b>	<b>15,338,769</b>	<b>9,335,957</b>	<b>30,979,445</b>
Depreciable capital assets				
Buildings and improvements	35,273,882	205,627	-	35,479,509
Infrastructure	126,959,200	2,626,336	8,531,804	121,053,732
Office furniture and equipment	9,878,844	323,966	15,603	10,187,207
Transportation equipment	4,700,846	296,268	135,995	4,861,119
Road maintenance equipment	13,950,615	342,905	381,945	13,911,575
Fire fighting equipment	2,825,496	-	-	2,825,496
Emergency management equipment	478,123	28,200	-	506,323
Other	54,328	-	-	54,328
<b>Total other capital assets</b>	<b>194,121,334</b>	<b>3,823,302</b>	<b>9,065,347</b>	<b>188,879,289</b>
Less accumulated depreciation for:				
Buildings and improvements	8,701,155	979,416	-	9,680,571
Infrastructure	112,369,651	452,047	43,683	112,778,015
Office furniture and equipment	6,040,880	883,662	15,603	6,908,939
Transportation equipment	3,546,084	431,469	133,038	3,844,515
Road maintenance equipment	9,313,950	943,335	381,945	9,875,340
Fire fighting equipment	2,825,496	-	-	2,825,496
Emergency management equipment	335,019	27,992	-	363,011
Other	44,647	5,387	-	50,034
<b>Total accumulated depreciation</b>	<b>143,176,882</b>	<b>3,723,308</b>	<b>574,269</b>	<b>146,325,921</b>
<b>Other capital assets, net</b>	<b>50,944,452</b>	<b>99,994</b>	<b>8,491,078</b>	<b>42,553,368</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 75,921,085</b>	<b>\$ 15,438,763</b>	<b>\$ 17,827,035</b>	<b>\$ 73,532,813</b>

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 5: CHANGES IN CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 1,440,770
Roads and bridges	1,502,104
Public safety	340,588
Law enforcement	356,425
Judicial	49,145
Health and welfare	16,376
Recording	<u>17,900</u>
Total depreciation for governmental activities	<u><u>\$ 3,723,308</u></u>

**NOTE 6: INTERFUND BALANCES AND TRANSFERS**

The following is a schedule of interfund receivable and payables including any overdrafts on pooled cash and investment accounts:

From	To	Amount
Other governmental funds	General fund	<u><u>\$ 225,977</u></u>

Interfund transfers during the year were as follows:

Transfer From	Transfer To	Amount	Purpose
General fund	Juvenile probation fund	\$566,304	supplement other funds
General fund	Adult probation fund	8,013	supplement other funds
Other governmental funds	General fund	<u>80,854</u>	supplement other funds
Total transfers		<u><u>\$ 655,171</u></u>	

Transfers are generally used to transfer funds from the General fund to fund various programs and supplement grants and other special revenue funds.

**NOTE 7: ACCUMULATED UNPAID VACATION AND SICK LEAVE**

County policy allows the accrual of vacation, compensatory time, and sick pay benefits for all employees other than elected officials. The expense of the benefits is recognized when incurred. Vacation and compensatory pay is paid upon termination if the employee gives two weeks' notice or is terminated by the County. Sick pay is not paid upon termination for any reason. The liability for accrued vacation and compensatory pay is included below with general long-term debt. No liability has been recorded for sick pay since it is non-vesting. At September 30, 2012 the value of accumulated vacation and compensatory benefits amounted to \$843,658.

**NOTE 8: LONG-TERM DEBT AND CAPITAL LEASES**

Unlimited Tax Road Bonds

The County issued \$59,999,975 in unlimited tax road bonds in April of 2009 for the purpose of constructing, improving, extending, expanding, upgrading and / or developing macadamized, graveled, or paved roads in the County, right-of-way acquisition, utility relocation, traffic safety and operational improvements and other transportation related improvements. Principal payments are due in annual installments on February 15, maturing in February of 2034. Interest is payable February 15 and August 15, at interest rates ranging from 2.88% to 5.25%. The outstanding balance at September 30, 2012 was \$59,794,975. Current requirements for bonded indebtedness of the County are accounted for in the Debt Service funds.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 8: LONG-TERM DEBT AND CAPITAL LEASES (Continued)**

General Obligation Refunding Bonds

The County issued \$3,430,000 in refunding bonds in June of 2005 for the purpose of partial refunding of the 2002 and 2004 Tax Notes. Principal payments are due in annual installments on February 15, maturing in February of 2025. Interest is payable February 15 and August 15, at interest rates ranging from 3.10% to 4.50%. The outstanding balance at September 30, 2012 was \$2,865,000. Current requirements for bonded indebtedness of the County are accounted for in the Debt Service funds.

Certificates of Obligation

The County issued \$14,580,000 in certificates of obligation in June 2005 for the purpose of jail construction and improvement, with any excess funds to be used for the construction or acquisition and equipment of other County-owned buildings needed for the County's use. Principal payments are due in annual installments on February 15, maturing in February of 2025. Interest is payable February 15 and August 15, at interest rates ranging from 3.30% to 5.00%. The outstanding balance at September 30, 2012 was \$13,710,000.

Tax Notes

In December of 2006, the County issued Series 2006 Tax Notes in the amount of \$3,000,000. The proceeds from the notes were used for the purposes of equipment acquisition and constructing improvements for County buildings, including public safety radio signal amplification equipment, professional fees for architects in connection with jail expansion, planning fees for a master planning consultant for County administration space needs, computer software, and costs associated with the issuance of these notes. Interest is due semi-annually at the rate of 4.10%. The notes mature serially through 2013. The outstanding balance as of September 30, 2012 was \$570,000.

Debt Service requirements for the outstanding tax notes, bonds, and certificates of obligation are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u>
2013	\$ 1,916,423	\$ 4,110,254	\$ 6,026,677
2014	1,417,414	4,353,111	5,770,525
2015	1,431,789	4,564,297	5,996,086
2016	1,389,349	4,607,374	5,996,723
2017	2,545,000	3,451,311	5,996,311
2018-2022	14,560,000	15,417,216	29,977,216
2023-2027	18,505,000	11,483,408	29,988,408
2028-2032	23,795,000	6,162,575	29,957,575
2033-2037	11,380,000	605,325	11,985,325
<b>Total</b>	<b><u>\$ 76,939,975</u></b>	<b><u>\$ 54,754,871</u></b>	<b><u>\$ 131,694,846</u></b>

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 8: LONG-TERM DEBT AND CAPITAL LEASES (Continued)**

In the government-wide financial statements, unamortized debt issue costs and bond discounts are reported as deferred charges. Annual interest expense is increased by amortization of debt costs and discounts.

A summary of changes in governmental activities long-term debt follows:

	October 1, 2011	Additions	Retirements	September 30, 2012	Due Within One Year
General Obligation Refunding Bonds	\$ 3,030,000	\$ -	\$ 165,000	\$ 2,865,000	\$ 170,000
Certificates of Obligation	14,465,000	-	755,000	13,710,000	785,000
Unlimited Tax Road Bonds	59,899,975	-	105,000	59,794,975	391,423
Tax Notes-Series 2005	450,000	-	450,000	-	-
Tax Notes-Series 2006	1,115,000	-	545,000	570,000	570,000
Plus: Deferred Premiums on Issuance	2,305,929	-	144,529	2,161,400	144,488
Plus: Accumulated Accretion	2,751,520	147,703	-	2,899,223	140,845
Capital Lease Payable	3,738,799	355,991	908,475	3,186,315	856,866
Compensated Absences	852,783	-	9,125	843,658	-
	<u>\$ 88,609,006</u>	<u>\$ 503,694</u>	<u>\$ 3,082,129</u>	<u>\$ 86,030,571</u>	<u>\$ 3,058,622</u>

Capital Leases Payable

Precinct 1

The County entered into a capital lease agreement in December 2009 in the amount of \$240,920. The lease balance is payable in five successive annual payments of \$56,921 each and a final payment of \$1, bearing interest at the rate of 6.07% per annum. The capital lease proceeds were used to purchase equipment by Precinct One (Fund 01). The balance at September 30, 2012 was \$152,020.

The County entered into a capital lease agreement in July 2010 in the amount of \$94,850. The lease balance is payable in three successive annual payments of \$34,096 each and a final payment of \$1, bearing interest at the rate of 6.01% per annum. The capital lease proceeds were used to purchase equipment by Precinct One (Fund 01). The balance at September 30, 2012 was \$32,169.

The County entered into a capital lease agreement in April 2010 in the amount of \$265,000. The lease balance is payable in five successive annual payments of \$62,610 each and a final payment of \$1, bearing interest at the rate of 6.79% per annum. The capital lease proceeds were used to purchase equipment by Precinct One (Fund 01). The balance at September 30, 2012 was \$165,013.

Precinct 2

The County entered into a capital lease agreement in May 2008 in the amount of \$103,434. The lease balance is payable in five successive annual payments of \$23,918 each, bearing interest at the rate of 6.05% per annum. The capital lease proceeds were used to purchase equipment by Precinct Two (Fund 02). The balance at September 30, 2012 was \$22,527.

The County entered into a capital lease agreement in December 2008 in the amount of \$244,530. The lease balance is payable in five successive annual payments of \$56,482 each, bearing interest at the rate of 5.47% per annum. The capital lease proceeds were used to purchase equipment by Precinct Two (Fund 02). The balance at September 30, 2012 was \$53,496.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 8: LONG-TERM DEBT AND CAPITAL LEASES (Continued)**

Precinct 3

The County entered into a capital lease agreement in November 2008 in the amount of \$207,000. The lease balance is payable in five successive annual payments of \$47,328 each, bearing interest at the rate of 5.75% per annum. The capital lease proceeds were used to purchase equipment by Precinct Three (Fund 03). The balance at September 30, 2012 was \$44,702.

The County entered into a capital lease agreement in December 2008 in the amount of \$139,113. The lease balance is payable in five successive annual payments of \$30,635 each, bearing interest at the rate of 4.98% per annum. The capital lease proceeds were used to purchase equipment by Precinct Three (Fund 03). The balance at September 30, 2012 was \$29,269.

The County entered into a capital lease agreement in January 2010 in the amount of \$89,538. The lease balance is payable in three successive annual payments of \$33,357 each, bearing interest at the rate of 6.56% per annum. The capital lease proceeds and a down payment of \$67,125 were used to purchase equipment by Precinct Three (Fund 03). The balance at September 30, 2012 was \$31,317.

Emergency Management

The County entered into a capital lease agreement in February 2007 in the amount of \$3,787,122. The lease balance is payable in nine successive annual payments of \$470,877 and a final payment of \$493,761, bearing interest at the rate of 4.17% per annum. The capital lease proceeds were used to purchase County-wide communications equipment for emergency services. The balance at September 30, 2012 was \$2,086,290.

Sheriff Administration

The County entered into a capital lease agreement in October 2009 in the amount of \$411,915. The lease balance is payable in nine successive annual payments of \$54,976, bearing interest at the rate of 4.57% per annum. The capital lease proceeds were used to purchase County-wide CAD mapping software and equipment. The balance at September 30, 2012 was \$240,873.

Courthouse Security

The County entered into a capital lease agreement in September 2011 in the amount of \$79,190. The lease balance is payable in three successive annual payments of \$28,154, bearing interest at the rate of 5.72% per annum. The capital lease proceeds were used to purchase County-wide alarms and security systems. The balance at September 30, 2012 was \$51,838.

Law Enforcement

The County entered into a capital lease agreement in March 2012 in the amount of \$276,801. The lease balance is payable in three successive annual payments of \$97,390, bearing interest at the rate of 3.27% per annum. The capital lease proceeds were used to purchase vehicles to be used by law enforcement. The balance at September 30, 2012 was \$276,801.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 8: LONG-TERM DEBT AND CAPITAL LEASES (Continued)**

The following analysis of equipment leased under capital leases as of September 30, 2012:

	<u>Governmental Activities</u>
Equipment	\$ 5,978,451
Less accumulated depreciation	<u>(2,622,823)</u>
Total	<u>\$ 3,355,628</u>

Future minimum lease payments for the above capital lease are as follows:

Scheduled minimum lease payments	\$ 3,571,161
Amount representing interest	<u>(384,846)</u>
Present value of future minimum capital lease payments (principal payoff)	<u>\$ 3,186,315</u>

The following is the future annual requirements for the capital lease:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 856,866	\$ 142,150	\$ 999,016
2014	669,370	103,620	772,990
2015	671,269	73,330	744,599
2016	484,209	43,211	527,420
2017	<u>504,601</u>	<u>22,535</u>	<u>527,136</u>
Total	<u>\$ 3,186,315</u>	<u>\$ 384,846</u>	<u>\$ 3,571,161</u>

**NOTE 9: RETIREMENT PLAN**

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034. This report is also available at [www.tcdrs.org](http://www.tcdrs.org).

The plan provisions are adopted by the Commissioners Court within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 9: RETIREMENT PLAN (Continued)**

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the Commissioners Court within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 11.07% for the months of the accounting year in 2011, and 9.94% for the months of the accounting year in 2012.

The contribution rate payable by the employee members for calendar years 2011 and 2012 is the rate of 7%, adopted by Commissioners Court. The employee contribution rate and the employer contribution rate may be changed by the Commissioners Court within the options available in the TCDRS Act.

Annual Pension Cost

The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 was 20 years.

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 83.20% funded. The actuarial accrued liability for benefits was \$54,603,913, and the actuarial value of assets was \$45,430,966, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,172,947. The covered payroll (annual payroll of active employees covered by the plan) was \$19,629,775 and the ratio of the UAAL to the covered payroll was 46.73%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Trend Information for the  
Parker County Employee's Retirement Plan

Accounting Year End	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2010	\$ 2,128,660	100%	\$ -
9/30/2011	\$ 2,254,527	100%	\$ -
9/30/2012	\$ 1,969,802	100%	\$ -

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 9: RETIREMENT PLAN (Continued)**

Actuarial Valuation Information

Actuarial valuation date	12/31/2009	12/31/2010	12/31/2011
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	20	20
Asset valuation method			
Subdivision Accumulation Fund	10-yr smoothed value	10-yr smoothed value	10-yr smoothed value
Employees Saving Fund	Fund value	Fund value	Fund value
Actuarial Assumptions:			
Investment return*	8.00%	8.00%	8.00%
Projected salary increases*	5.30%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost of living adjustments	0.00%	0.00%	0.00%

\* Includes inflation at the stated rate

**NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Plan Description:

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County and District Retirement System (TCDRS.) This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The GTLF is a separate trust administered by TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at [www.tcdrs.org](http://www.tcdrs.org). TCDRS's CAFR may also may be obtained by writing to the Texas County and District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy:

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended September 30, 2012, 2011, and 2010 were \$67,439, \$80,095, and \$82,517, respectively, which equaled the contractually required contributions each year.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

The County participates in several programs that are subject to audit by various State and Federal Agencies. These programs have complex compliance requirements. Should State or Federal auditors discover areas of material noncompliance, those County funds may be subject to refund if so determined by administrative audit review.

The County is a defendant in various lawsuits. Although the outcome of the litigation is not presently determinable, it is the opinion of the County's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

The County has entered into various construction commitments. Such contracts include contracts for improvements to roads and bridges within the County. Several of these contracts were in progress but not completed as of September 30, 2012. The total contractual commitments outstanding as of September 30, 2012 aggregated approximately \$10,423,523. The County has sufficient funds available to cover these commitments.

**NOTE 12: RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To reduce its risk of exposure in these areas, the County is a member of the Texas Association of Counties Risk Pool for liability, property, and workers' compensation. The pool is a public entity risk pool and was created based on the general objectives of formulating, developing and administering a program of self-insurance for the membership and obtaining lower costs for coverages. The pool coverage is offered through interlocal agreements between the Pool and counties. The pool has the power to establish fees, contributions and methods for establishing rates. Under contract with the pool, the Association provides for such services as claims administration and management, underwriting, loss control services and training, and financial reporting for its members. The Association submits sealed bids to counties during the bid process. The Pool is governed by a Board of Directors made up of employees or officials of counties which are members of the pool. Member counties make contributions to the pool, and the pool provides insurance coverage and applicable reinsurance or stop loss coverage. The insurance policies carry various deductibles and aggregate maximum loss totals. The by-laws of the pool are detailed in a separate document which can be obtained from the Texas Association of Counties, 1210 San Antonio Street, Austin, TX 78701.

There have been no significant reductions in coverage from the coverage in the past fiscal year, and there have been no settlements exceeding insurance coverage in the current or past three fiscal years.

**NOTE 13: SPECIAL ITEM**

During the year ended September 30, 2012, the County completed various capital projects relating to the 2009 Unlimited Tax Road Bonds. Of the projects completed, the County donated \$6,725,321 to the City of Springtown and \$8,620,378 to the City of Weatherford. The donations were recorded at cost and included all right-of-way, land and road costs included in the respective projects.

**NOTE 14: SUBSEQUENT EVENT**

Unlimited Tax Road Bonds

The County issued \$18,965,000 in unlimited tax road bonds in December of 2012 for the purpose of constructing, improving, extending, expanding, upgrading and / or developing macadamized, graveled, or paved roads in the County, right-of-way acquisition, utility relocation, traffic safety and operational improvements and other transportation related improvements. Principal payments are due in annual installments on February 15, maturing in February of 2038. Interest is payable February 15 and August 15, at interest rates ranging from 2.00% to 4.00%.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

**PARKER COUNTY, TEXAS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended September 30, 2012**

Exhibit B-1

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 24,694,519	\$ 24,694,519	\$ 23,733,325	\$ (961,194)
Sales taxes	5,400,000	5,400,000	6,739,420	1,339,420
Intergovernmental	1,110,009	1,110,009	2,427,677	1,317,668
Fees of Office	4,109,219	4,109,219	4,853,356	744,137
Interest	5,800	5,800	7,983	2,183
Royalties	200,000	200,000	47,074	(152,926)
Miscellaneous	212,550	212,550	387,191	174,641
Total revenues	<u>35,732,097</u>	<u>35,732,097</u>	<u>38,196,026</u>	<u>2,463,929</u>
<b>EXPENDITURES</b>				
General government				
Commissioners' court	456,105	456,105	114,877	341,228
County judge	408,977	408,977	402,896	6,081
Veterans' service officer	59,488	59,488	59,749	(261)
Non-departmental	2,587,523	2,587,523	1,637,148	950,375
Election expenses	456,041	456,041	465,775	(9,734)
County auditor	469,115	469,115	454,942	14,173
County treasurer	301,126	301,126	299,239	1,887
Building and grounds	1,460,288	1,397,287	1,213,027	184,260
Purchasing administration	304,581	304,581	287,394	17,187
Information technology	714,039	671,169	630,366	40,803
Social services	208,940	208,940	178,684	30,256
County extension services	279,703	279,703	268,193	11,510
Total general government	<u>7,705,926</u>	<u>7,600,055</u>	<u>6,012,290</u>	<u>1,587,765</u>
Public safety				
Courthouse security	750	750	110	640
911 addressing	63,832	63,832	66,585	(2,753)
Emergency management	286,378	286,378	232,838	53,540
Fire protection	1,150,543	1,150,543	1,021,374	129,169
Total public safety	<u>1,501,503</u>	<u>1,501,503</u>	<u>1,320,907</u>	<u>180,596</u>
Law enforcement				
Jail	6,471,241	6,471,241	6,277,701	193,540
Constable #1	162,021	162,021	148,330	13,691
Constable #2	165,541	165,541	167,819	(2,278)
Constable #3	161,521	161,521	152,870	8,651
Constable #4	167,186	167,186	167,512	(326)
Sheriff administration	7,189,314	6,940,600	7,303,359	(362,759)
Sheriff investigation	101,064	101,064	98,784	2,280
Sheriff dispatching	9,200	9,200	9,162	38
Sheriff patrol	306,892	251,916	291,133	(39,217)
Narcotics task force	85,280	85,280	69,318	15,962
Game Warden	750	750	1,390	(640)
Non-departmental	10,350	10,350	252	10,098
Medical examiner-investigator	156,620	156,620	150,179	6,441
Animal Control	467,912	448,346	362,394	85,952
Highway patrol	93,468	93,468	93,808	(340)
Total law enforcement	<u>15,548,360</u>	<u>15,225,104</u>	<u>15,294,011</u>	<u>(68,907)</u>

The accompanying notes are an integral part of this statement

**PARKER COUNTY, TEXAS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended September 30, 2012**

Exhibit B-1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Judicial				
District court 43rd	\$ 646,728	\$ 646,728	\$ 839,914	\$ (193,186)
District court 415th	649,228	649,228	742,147	(92,919)
County court-at-law #1	605,779	605,779	602,355	3,424
County court-at-law #2	605,592	605,592	627,700	(22,108)
Justice of the peace #1	340,225	340,225	342,781	(2,556)
Justice of the peace #2	359,155	359,155	362,393	(3,238)
Justice of the peace #3	454,862	454,862	386,111	68,751
Justice of the peace #4	327,526	327,526	331,062	(3,536)
County attorney	1,728,497	1,728,497	1,712,520	15,977
District attorney	1,274,529	1,274,529	1,279,575	(5,046)
District clerk	865,831	865,831	819,124	46,707
Jury	55,500	55,500	68,145	(12,645)
Total Judicial	<u>7,913,452</u>	<u>7,913,452</u>	<u>8,113,827</u>	<u>(200,375)</u>
Health and welfare				
Medical examiner-investigator	85,827	85,827	97,444	(11,617)
Sanitations	270,090	270,090	274,237	(4,147)
Total health and welfare	<u>355,917</u>	<u>355,917</u>	<u>371,681</u>	<u>(15,764)</u>
Recording				
County clerk	1,189,400	1,189,400	1,157,883	31,517
Tax assessing-collecting	761,880	761,880	774,243	(12,363)
Capital outlays	-	374,151	374,151	-
Debt Service				
Principal	-	54,976	421,974	(366,998)
Interest	-	-	103,880	(103,880)
Total Debt Service	<u>-</u>	<u>54,976</u>	<u>525,854</u>	<u>(470,878)</u>
Total expenditures	<u>34,976,438</u>	<u>34,976,438</u>	<u>33,944,847</u>	<u>1,031,591</u>
Excess of revenues over expenditures	<u>755,659</u>	<u>755,659</u>	<u>4,251,179</u>	<u>3,495,520</u>
Other financing sources (uses):				
Operating transfers in	-	-	80,854	80,854
Operating transfers out	(791,495)	(791,495)	(574,317)	217,178
Sale of assets	3,000	3,000	13,588	10,588
Proceeds from capital leases	-	-	276,801	276,801
Total other financing sources (uses)	<u>(788,495)</u>	<u>(788,495)</u>	<u>(203,074)</u>	<u>585,421</u>
Net changes in fund balances	(32,836)	(32,836)	4,048,105	4,080,941
Fund balances - October 1	1,929,316	1,929,316	1,929,316	1,724,906
Prior period adjustment	-	-	453,017	-
Fund balances - October 1, restated	<u>1,929,316</u>	<u>1,929,316</u>	<u>2,382,333</u>	<u>1,724,906</u>
Fund balances - September 30	<u>\$ 1,896,480</u>	<u>\$ 1,896,480</u>	<u>\$ 6,430,438</u>	<u>\$ 5,805,847</u>

The accompanying notes are an integral part of this statement

**PARKER COUNTY, TEXAS**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**Lateral Road Fund**  
**For the Fiscal Year Ended September 30, 2012**

Exhibit B-2

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 7,817,283	\$ 7,817,283	\$ 7,746,986	\$ (70,297)
Intergovernmental	91,000	91,000	101,493	10,493
Fees of office	2,496,600	2,496,600	2,428,252	(68,348)
Fines and forfeitures	304,957	304,957	365,667	60,710
Interest	2,800	2,800	2,760	(40)
Miscellaneous	39,000	39,000	46,816	7,816
	<u>10,751,640</u>	<u>10,751,640</u>	<u>10,691,974</u>	<u>(59,666)</u>
Total revenues				
<b>EXPENDITURES</b>				
Roads and Bridges				
General	220,625	220,625	278,341	(57,716)
Precinct 1	2,680,784	2,680,519	2,209,230	471,289
Precinct 2	2,904,343	2,884,749	2,367,264	517,485
Precinct 3	3,086,964	3,051,368	2,631,330	420,038
Precinct 4	2,292,006	2,208,172	2,067,811	140,361
Capital outlays				
Precinct 1	100,000	100,265	265	100,000
Precinct 2	-	19,594	19,594	-
Precinct 3	-	35,596	35,596	-
Precinct 4	455,719	539,553	289,663	249,890
Debt service				
Precinct 1	153,626	153,626	155,737	(2,111)
Precinct 2	161,399	161,399	82,510	78,889
Precinct 3	280,386	280,386	284,274	(3,888)
Precinct 4	-	-	2,110	(2,110)
	<u>12,335,852</u>	<u>12,335,852</u>	<u>10,423,725</u>	<u>1,912,127</u>
Total expenditures				
Excess of revenues over expenditures	<u>(1,584,212)</u>	<u>(1,584,212)</u>	<u>268,249</u>	<u>1,852,461</u>
Other financing sources:				
Transfer in	90,000	90,000	-	(90,000)
Sale of assets	176,000	176,000	166,799	(9,201)
Proceeds from capital leases	8,440	8,440	-	(8,440)
	<u>274,440</u>	<u>274,440</u>	<u>166,799</u>	<u>(107,641)</u>
Total other financing sources				
Net changes in fund balances	(1,309,772)	(1,309,772)	435,048	1,744,820
Fund balances - October 1	<u>3,416,270</u>	<u>3,416,270</u>	<u>3,416,270</u>	<u>-</u>
Fund balances - September 30	<u>\$ 2,106,498</u>	<u>\$ 2,106,498</u>	<u>\$ 3,851,318</u>	<u>\$ 1,744,820</u>

The accompanying notes are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**Schedule of Funding Progress for the Retirement Plan**  
**for the Employees of Parker County**  
**Last Three Fiscal Years**

**Exhibit B-3**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as a Percentage of Covered ( (b-a)/c )
12/31/2009	\$ 38,291,168	\$ 45,982,066	\$ 7,690,898	83.27%	\$ 19,679,211	39.08%
12/31/2010	41,536,327	49,446,927	7,910,600	84.00%	20,035,025	39.48%
12/31/2011	45,430,966	54,603,913	9,172,947	83.20%	19,629,775	46.73%

SUPPLEMENTARY INFORMATION

**PARKER COUNTY, TEXAS**  
**Lateral Road Fund**  
**Combining Balance Sheet**  
**September 30, 2012**  
**(With Comparative Totals at September 30, 2011)**

Exhibit C-1

	Precinct #1	Precinct #2	Precinct #3	Precinct #4	Road & Bridge	Total	2011 Actual
<b>ASSETS</b>							
Cash	\$ 19,158	\$ 22,063	\$ 17,541	\$ 22,320	\$ (4,044)	\$ 77,038	\$ 71,232
Investments	1,006,120	1,158,728	921,264	1,172,226	(212,373)	4,045,965	4,076,480
Receivables:							
Property taxes (net of allowance)	-	-	-	-	283,085	283,085	298,902
Intergovernmental	-	-	-	7,506	7,820	15,326	12,671
Other	68,816	1,132	3,966	88	21,771	95,773	22,765
Prepaid expense	662	-	-	-	-	662	877
<b>Total assets</b>	<b><u>\$1,094,756</u></b>	<b><u>\$1,181,923</u></b>	<b><u>\$ 942,771</u></b>	<b><u>\$ 1,202,140</u></b>	<b><u>\$ 96,259</u></b>	<b><u>\$ 4,517,849</u></b>	<b><u>\$ 4,482,927</u></b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 55,025	\$ 78,352	\$ 46,091	\$ 148,050	\$ 1,451	\$ 328,969	\$ 652,619
Accrued salaries and benefits payable	21,001	20,893	24,592	18,631	-	85,117	145,283
Deferred revenues	-	-	-	-	252,445	252,445	268,755
<b>Total liabilities</b>	<b><u>76,026</u></b>	<b><u>99,245</u></b>	<b><u>70,683</u></b>	<b><u>166,681</u></b>	<b><u>253,896</u></b>	<b><u>666,531</u></b>	<b><u>1,066,657</u></b>
<b>Fund balances</b>							
Nonspendable	662	-	-	-	-	662	877
Restricted for lateral road	1,018,068	1,082,678	872,088	1,035,459	(157,637)	3,850,656	3,415,393
<b>Total fund balances</b>	<b><u>1,018,730</u></b>	<b><u>1,082,678</u></b>	<b><u>872,088</u></b>	<b><u>1,035,459</u></b>	<b><u>(157,637)</u></b>	<b><u>3,851,318</u></b>	<b><u>3,416,270</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$1,094,756</u></b>	<b><u>\$1,181,923</u></b>	<b><u>\$ 942,771</u></b>	<b><u>\$ 1,202,140</u></b>	<b><u>\$ 96,259</u></b>	<b><u>\$ 4,517,849</u></b>	<b><u>\$ 4,482,927</u></b>

**NONMAJOR FUNDS**  
**SPECIAL REVENUE FUNDS**

**Historical Commission Fund** - To account for revenues and expenses associated with the preservation and restoration activities of the Parker County Historical Society, a blended component unit of Parker County, Texas.

**Estray Fund** - To account for the proceeds and expenses associated with the capture and sale of stray livestock.

**Abandoned Vehicle Fund** - To account for the proceeds and expenses associated with abandoned vehicles sold at public auction.

**Courthouse Security Fund** - To account for proceeds and expenses associated with courthouse security measures.

**Voter Registration Fund** - Monies received by the County Clerk for registering new voters and keeping voter registration lists up to date.

**Sheriff's Forfeiture Federal Share Fund** - Monies received through federal forfeitures held for use by the Sheriff in drug enforcement activities.

**Contract Elections Fund** - Monies received and disbursed in conducting elections.

**Pre-Trial Intervention Fund** - To account for revenues and expenses associated with pre-trial intervention.

**Sheriff's Evidence Fund** - Monies taken from defendants in criminal cases held in escrow pending disposition by the courts.

**Sheriff's Forfeiture Fund** - Monies not returned to the defendant held for use by the Sheriff in drug enforcement activities.

**LEOSE Education Fund** - To account for law enforcement officer standards and education.

**District Attorney State Supplement** - To account for revenues from the State and expenses associated with the District Attorney's office salary supplements and part time employees.

## NONMAJOR FUNDS

### SPECIAL REVENUE FUNDS (CONTINUED)

**Special District Attorney Fund** – To account for the collection of fees from felony hot checks (over \$750) and expenses associated with law enforcement supplemental salaries and equipment purchases.

**Special County Attorney Fund** – To account for the collection of fees from misdemeanor hot checks (under \$750) and expenses associated with law enforcement supplemental salaries and equipment purchases.

**District Attorney Awarded Fund** – To account for the proceeds and expenses associated with property seizures in criminal cases under current law.

**Justice Technology Fund** – To account for revenues and expenses associated with the justice of the peace technology.

**Law Library Fund** – The County and District Clerks collect fees which are used for publications and maintenance of the law library located on the second floor of the main courthouse.

**Juvenile Probation Funds** – These combined funds consist of the following:

**Juvenile Probation Fees Fund** - To account for proceeds collected at a local level and restricted for expenses in association with the social education of juvenile probationers.

**Juvenile Probation County Funded Fund** - To account for revenues and expenses associated with the supervision of juvenile probationers in Parker County.

**Juvenile Probation State Aid Grant Fund** – To account for the grant proceeds and expenses to support basic juvenile probation services and assist the board in adhering to the standards and policies.

**Juvenile Probation Commitment Reduction Program Fund** – To account for the grant proceeds and expenses related to diverting appropriate youth from the Texas Youth Commission to suitable programs and services in local communities.

**NONMAJOR FUNDS**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**Juvenile Probation Funds (Continued)**

**Juvenile Probation Title IV E Reimbursement Fund** - To account for the reimbursement program for administrative costs associated with the welfare training and costs of maintaining children placed in foster homes.

**Adult Probation Funds – These combined funds consist of the following:**

**Adult Probation County Funded Fund** - To account for proceeds and expenses associated with the supervision of adult probationers in Parker County.

**Adult Probation Bond Fund** - To account for revenues and expenses associated with the supervision bond fees of adult probationers in Parker County.

**Adult Probation Supervision Grant Fund** - To account for the grant proceeds and expenses associated with the supervision of adult probationers.

**Adult Probation CCP Grant Fund** – To account for the grant proceeds and expenses associated with the Community Corrections Program for adult probationers.

**District Court Records Technology Fund** – To account for revenues and expenses associated with the district court record technology.

**Justice Court Security Fund** – To account for the security protection for all justice of the peace courts.

**County/District Technology Fund** - To account for revenues and expenses associated with the district and county technology.

**County Clerk Records Management Fund** - To account for proceeds and expenses associated with record management and preservation by the County Clerk office as required by State Law.

## NONMAJOR FUNDS

### SPECIAL REVENUE FUNDS (CONTINUED)

**County Clerk Vital Records Fund** - To account for fees received and expenses associated with County Clerk employees to attend vital statistic training seminars.

**District Clerk Records Management Fund** – To account for the proceeds and expenses associated with record management and preservation by the District Clerk office as required by State Law.

**Records Management County Wide Fund** - To account for the proceeds and expenses associated with records management and preservation county wide as required by State Law.

**Court Reporters Service Fund** – To account for proceeds and expenses associated with court reporting services.

**District Clerk Fund** – The County collects fees for ADR services which are then paid out per a Contract that the County has with Dispute Resolution Services of North Texas.

**Court Record Preservation Fund** – To account for fees and related expenditures to preserve court records.

**Documentation Preservation Fund** – To account for the County records archive revenues.

**Other Grant Funds** – To account for grants not accounted for in others funds.

**PARKER COUNTY, TEXAS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2012**

Exhibit C-2

	<b>Special Revenue Funds</b>						
	<b>Historical Commission</b>	<b>Estray</b>	<b>Abandoned Vehicle</b>	<b>Courthouse Security</b>	<b>Voter Registration</b>	<b>Sheriff's Forfeiture Federal Share</b>	<b>Contract Elections</b>
<b>ASSETS</b>							
Cash	\$ 2,228	\$ 170	\$ 558	\$ 2,199	\$ 443	\$ 42,933	\$ (230)
Investments	117,006	8,924	29,330	115,466	23,288	142,817	(12,070)
Receivables:							
Intergovernmental	-	-	-	-	500	-	-
Other	-	-	-	772	-	-	37,024
<b>Total assets</b>	<b>\$ 119,234</b>	<b>\$ 9,094</b>	<b>\$ 29,888</b>	<b>\$ 118,437</b>	<b>\$ 24,231</b>	<b>\$ 185,750</b>	<b>\$ 24,724</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ -	\$ 1,795	\$ 3,735	\$ 12,067	\$ 500	\$ -	\$ 1,141
Accrued salaries and benefits payable	-	-	-	996	-	-	604
Due to other funds	-	-	-	-	-	-	-
Due to other governmental agencies	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,795</b>	<b>3,735</b>	<b>13,063</b>	<b>500</b>	<b>-</b>	<b>1,745</b>
Fund balances (deficit)							
Restricted for state and federal programs	-	7,299	26,153	105,374	23,731	185,750	22,979
Assigned to state and special programs	119,234	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>119,234</b>	<b>7,299</b>	<b>26,153</b>	<b>105,374</b>	<b>23,731</b>	<b>185,750</b>	<b>22,979</b>
<b>Total liabilities and fund balances</b>	<b>\$ 119,234</b>	<b>\$ 9,094</b>	<b>\$ 29,888</b>	<b>\$ 118,437</b>	<b>\$ 24,231</b>	<b>\$ 185,750</b>	<b>\$ 24,724</b>

The accompanying notes are an integral part of this statement.

Special Revenue Funds

Pre-Trial Intervention	Sheriff's Evidence	Sheriff's Forfeiture	LEOSE Education	District Attorney State Supplement	Special District Attorney	Special County Attorney	District Attorney Awarded	Justice Technology Fund
\$ 237 12,460	\$ 190 9,974	\$ 12,100 57,365	\$ 182 9,548	\$ 133 7,011	\$ 302 15,847	\$ 1,157 60,765	\$ 10,670 157,073	\$ 7,648 401,668
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	870	-	244
<u>\$ 12,697</u>	<u>\$ 10,164</u>	<u>\$ 69,465</u>	<u>\$ 9,730</u>	<u>\$ 7,144</u>	<u>\$ 16,149</u>	<u>\$ 62,792</u>	<u>\$ 167,743</u>	<u>\$ 409,560</u>
\$ -	\$ -	\$ 249	\$ -	\$ 6	\$ -	\$ 770	\$ -	\$ 1,373
-	-	2,983	-	312	-	71	338	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	3,232	-	318	-	841	338	1,373
12,697	-	66,233	9,730	136	-	-	174,095	408,187
-	10,164	-	-	-	16,149	61,951	-	-
-	-	-	-	-	-	-	-	-
<u>12,697</u>	<u>10,164</u>	<u>66,233</u>	<u>9,730</u>	<u>136</u>	<u>16,149</u>	<u>61,951</u>	<u>174,095</u>	<u>408,187</u>
<u>\$ 12,697</u>	<u>\$ 10,164</u>	<u>\$ 69,465</u>	<u>\$ 9,730</u>	<u>\$ 454</u>	<u>\$ 16,149</u>	<u>\$ 62,792</u>	<u>\$ 174,433</u>	<u>\$ 409,560</u>

The accompanying notes are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2012**

Exhibit C-2

	Special Revenue Funds						
	Law Library	Juvenile Probation Funds	Adult Probation Funds	District Court Records Technology	Justice Court Security	County/ District Technology Fund	County Clerk Records Management
<b>ASSETS</b>							
Cash	\$ 3,373	\$ 3,756	\$ 7,355	\$ 408	\$ 1,478	\$ 131	\$ 1,148
Investments	177,143	197,308	386,237	21,441	77,645	6,856	60,270
Receivables:							
Intergovernmental	-	84,183	20,923	-	-	-	-
Other	1,300	-	-	100	61	153	575
<b>Total assets</b>	<b>\$ 181,816</b>	<b>\$ 285,247</b>	<b>\$ 414,515</b>	<b>\$ 21,949</b>	<b>\$ 79,184</b>	<b>\$ 7,140</b>	<b>\$ 61,993</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 1,453	\$ 42,085	\$ 1,846	\$ -	\$ -	\$ 3,000	\$ 2,227
Accrued salaries and benefits payable	63	12,747	34,482	-	-	-	892
Due to other funds	-	-	-	-	-	-	-
Due to other governmental agencies	-	-	(1,108)	-	-	-	-
<b>Total liabilities</b>	<b>1,516</b>	<b>54,832</b>	<b>35,220</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,119</b>
Fund balances (deficit)							
Restricted for state and federal programs	180,300	230,415	379,295	21,949	79,184	4,140	58,874
Assigned to state and special programs	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>180,300</b>	<b>230,415</b>	<b>379,295</b>	<b>21,949</b>	<b>79,184</b>	<b>4,140</b>	<b>58,874</b>
<b>Total liabilities and fund balances</b>	<b>\$ 181,816</b>	<b>\$ 285,247</b>	<b>\$ 414,515</b>	<b>\$ 21,949</b>	<b>\$ 79,184</b>	<b>\$ 7,140</b>	<b>\$ 61,993</b>

The accompanying notes are an integral part of this statement.

Special Revenue Funds

County Clerk Vital Records	Records Management County Wide	District Clerk Records Management	Court Reporters Service	District Clerk	Court Record Preservation	Document Preservation	Other Grant Funds	Total Special Revenue Funds
\$ 340	\$ 2,032	\$ 1,568	\$ 3,161	\$ 2,562	\$ 1,031	\$ 7,702	\$ 786	\$ 117,751
17,872	106,730	82,361	166,011	134,559	54,144	404,479	41,259	3,090,787
-	-	-	-	-	-	-	224,716	330,322
14	1,345	134	810	640	540	1,320	2,160	48,062
<u>\$ 18,226</u>	<u>\$ 110,107</u>	<u>\$ 84,063</u>	<u>\$ 169,982</u>	<u>\$ 137,761</u>	<u>\$ 55,715</u>	<u>\$ 413,501</u>	<u>\$ 268,921</u>	<u>\$ 3,586,922</u>
\$ -	\$ 1,574	\$ 985	\$ -	\$ -	\$ -	\$ 60,361	\$ 39,473	\$ 174,640
-	-	-	-	-	-	896	-	54,384
-	-	-	-	-	-	-	225,977	225,977
-	-	-	-	-	-	-	7,753	6,645
-	1,574	985	-	-	-	61,257	273,203	461,646
18,226	108,533	83,078	169,982	137,761	55,715	352,244	-	2,922,060
-	-	-	-	-	-	-	-	207,498
-	-	-	-	-	-	-	(4,282)	(4,282)
<u>18,226</u>	<u>108,533</u>	<u>83,078</u>	<u>169,982</u>	<u>137,761</u>	<u>55,715</u>	<u>352,244</u>	<u>(4,282)</u>	<u>3,125,276</u>
<u>\$ 18,226</u>	<u>\$ 110,107</u>	<u>\$ 84,063</u>	<u>\$ 169,982</u>	<u>\$ 137,761</u>	<u>\$ 55,715</u>	<u>\$ 413,501</u>	<u>\$ 268,921</u>	<u>\$ 3,586,922</u>

The accompanying notes are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2012**

Exhibit C-3

	Special Revenue Funds						
	Historical Commission	Estray	Abandoned Vehicle	Courthouse Security	Voter Registration	Sheriff's Forfeiture Federal Share	Contract Elections
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 73,895	\$ 93,826	\$ -
Fees of office	-	-	-	88,048	-	-	160,715
Interest	-	-	-	-	-	-	-
Miscellaneous	-	15,535	3,975	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>15,535</b>	<b>3,975</b>	<b>88,048</b>	<b>73,895</b>	<b>93,826</b>	<b>160,715</b>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	49,854	-	213,763
Public safety	-	-	-	76,130	-	-	-
Law enforcement	-	8,929	3,877	-	-	31,201	-
Judicial	-	-	-	-	-	-	-
Recording	-	-	-	-	-	-	-
Capital outlays	-	-	-	88,672	-	-	-
Debt Service							
Principal	-	-	-	19,536	-	-	-
Interest	-	-	-	177	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>8,929</b>	<b>3,877</b>	<b>184,515</b>	<b>49,854</b>	<b>31,201</b>	<b>213,763</b>
Excess (deficiency) of revenues							
Net changes in fund balances	-	6,606	98	(96,467)	24,041	62,625	(53,048)
Other financing sources:							
Proceeds from capital leases	-	-	-	79,190	-	-	-
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	(30,000)	-	-	-	-	-
<b>Total financing other sources</b>	<b>-</b>	<b>(30,000)</b>	<b>-</b>	<b>79,190</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>-</b>	<b>(23,394)</b>	<b>98</b>	<b>(17,277)</b>	<b>24,041</b>	<b>62,625</b>	<b>(53,048)</b>
Fund balances (deficit) - October 1	119,234	30,693	26,055	122,651	(310)	123,125	76,027
Fund balances (deficit) - September 30	<u>\$ 119,234</u>	<u>\$ 7,299</u>	<u>\$ 26,153</u>	<u>\$ 105,374</u>	<u>\$ 23,731</u>	<u>\$ 185,750</u>	<u>\$ 22,979</u>

The accompanying notes are an integral part of this statement.

Special Revenue Funds

Pre-trial Intervention	Sheriff's Evidence	Sheriff's Forfeiture	LEOSE Education	District Attorney State Supplement	Special District Attorney	Special County Attorney	District Attorney Awarded	Justice Technology Fund
\$ -	\$ -	\$ -	\$ -	\$ 22,500	\$ -	\$ -	\$ -	\$ -
4,839	-	-	-	-	1,223	10,188	-	57,210
-	-	-	-	-	8	35	112	-
-	-	102,675	-	-	-	-	11,397	-
<u>4,839</u>	<u>-</u>	<u>102,675</u>	<u>-</u>	<u>22,500</u>	<u>1,231</u>	<u>10,223</u>	<u>11,509</u>	<u>57,210</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	157,590	1,208	-	-	-	-	-
-	-	-	-	26,556	-	15,452	29,327	25,263
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>157,590</u>	<u>1,208</u>	<u>26,556</u>	<u>-</u>	<u>15,452</u>	<u>29,327</u>	<u>25,263</u>
4,839	-	(54,915)	(1,208)	(4,056)	1,231	(5,229)	(17,818)	31,947
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>4,839</u>	<u>-</u>	<u>(54,915)</u>	<u>(1,208)</u>	<u>(4,056)</u>	<u>1,231</u>	<u>(5,229)</u>	<u>(17,818)</u>	<u>31,947</u>
7,858	10,164	121,148	10,938	4,192	14,918	67,180	191,913	376,240
<u>\$ 12,697</u>	<u>\$ 10,164</u>	<u>\$ 66,233</u>	<u>\$ 9,730</u>	<u>\$ 136</u>	<u>\$ 16,149</u>	<u>\$ 61,951</u>	<u>\$ 174,095</u>	<u>\$ 408,187</u>

The accompanying notes are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2012**

Exhibit C-3

	Special Revenue Funds						
	Law Library	Juvenile Probation Funds	Adult Probation Funds	District Court Records Technology	Justice Court Security	County/ District Technology Fund	County Clerk Records Management
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ 668,283	\$ 598,082	\$ -	\$ -	\$ -	\$ -
Fees of office	42,771	16,271	1,291,986	7,293	13,953	3,039	137,859
Interest	-	74	368	-	-	-	-
Miscellaneous	-	-	33,016	-	-	-	-
<b>Total revenues</b>	<b>42,771</b>	<b>684,628</b>	<b>1,923,452</b>	<b>7,293</b>	<b>13,953</b>	<b>3,039</b>	<b>137,859</b>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-	-
Judicial	17,428	1,184,150	1,926,189	-	-	-	-
Recording	-	-	-	-	-	3,540	85,914
Capital outlays	-	-	-	-	-	-	-
Debt Service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>17,428</b>	<b>1,184,150</b>	<b>1,926,189</b>	<b>-</b>	<b>-</b>	<b>3,540</b>	<b>85,914</b>
Excess (deficiency) of revenues over (under) expenditures	25,343	(499,522)	(2,737)	7,293	13,953	(501)	51,945
Other financing sources:							
Proceeds from capital leases	-	-	-	-	-	-	-
Operating transfers in	-	566,304	8,013	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-
<b>Total financing other sources</b>	<b>-</b>	<b>566,304</b>	<b>8,013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>25,343</b>	<b>66,782</b>	<b>5,276</b>	<b>7,293</b>	<b>13,953</b>	<b>(501)</b>	<b>51,945</b>
Fund balances (deficit) - October 1	154,957	163,633	374,019	14,656	65,231	4,641	6,929
Fund balances (deficit) - September 30	<b>\$ 180,300</b>	<b>\$ 230,415</b>	<b>\$ 379,295</b>	<b>\$ 21,949</b>	<b>\$ 79,184</b>	<b>\$ 4,140</b>	<b>\$ 58,874</b>

The accompanying notes are an integral part of this statement.

Special Revenue Funds

County Clerk Vital Records	Records Management County Wide	District Clerk Records Management	Court Reporters Service	District Clerk	Court Record Preservation	Document Preservation	Jury	911 Addressing Grant	Other Grant Funds	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 640,331	\$ 2,096,917
3,840	36,505	8,101	27,638	21,202	21,867	146,537	-	-	-	2,101,085
-	-	-	-	-	-	307	-	-	-	904
-	-	-	-	-	-	-	-	-	-	166,598
<u>3,840</u>	<u>36,505</u>	<u>8,101</u>	<u>27,638</u>	<u>21,202</u>	<u>21,867</u>	<u>146,844</u>	<u>-</u>	<u>-</u>	<u>640,331</u>	<u>4,365,504</u>
-	-	-	-	-	-	-	-	-	96,817	360,434
-	-	-	-	-	-	-	-	-	194,924	271,054
-	-	-	-	-	-	-	-	-	-	202,805
-	-	-	-	-	-	-	-	-	-	3,224,365
1,875	27,913	1,644	-	-	-	330,462	-	-	-	451,348
-	-	-	-	-	-	37,788	-	-	351,237	477,697
-	-	-	-	-	-	-	-	-	-	19,536
-	-	-	-	-	-	-	-	-	-	177
<u>1,875</u>	<u>27,913</u>	<u>1,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,250</u>	<u>-</u>	<u>-</u>	<u>642,978</u>	<u>5,007,416</u>
<u>1,965</u>	<u>8,592</u>	<u>6,457</u>	<u>27,638</u>	<u>21,202</u>	<u>21,867</u>	<u>(221,406)</u>	<u>-</u>	<u>-</u>	<u>(2,647)</u>	<u>(641,912)</u>
-	-	-	-	-	-	-	-	-	-	79,190
-	-	-	-	-	-	-	-	-	-	574,317
-	-	-	-	-	-	-	(9,382)	(41,472)	-	(80,854)
-	-	-	-	-	-	-	(9,382)	(41,472)	-	572,653
<u>1,965</u>	<u>8,592</u>	<u>6,457</u>	<u>27,638</u>	<u>21,202</u>	<u>21,867</u>	<u>(221,406)</u>	<u>(9,382)</u>	<u>(41,472)</u>	<u>(2,647)</u>	<u>(69,259)</u>
<u>16,261</u>	<u>99,941</u>	<u>76,621</u>	<u>142,344</u>	<u>116,559</u>	<u>33,848</u>	<u>573,650</u>	<u>9,382</u>	<u>41,472</u>	<u>(1,635)</u>	<u>3,194,535</u>
<u>\$ 18,226</u>	<u>\$ 108,533</u>	<u>\$ 83,078</u>	<u>\$ 169,982</u>	<u>\$ 137,761</u>	<u>\$ 55,715</u>	<u>\$ 352,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,282)</u>	<u>\$ 3,125,276</u>

The accompanying notes are an integral part of this statement.

## FIDUCIARY FUND

**Agency Funds** – To account for assets held by the County as an agent for individuals, private organizations, other governmental units or other funds.

## AGENCY FUNDS

**Sheriff's Jail Trust Account** – This account is used to temporarily hold cash bonds, fines, and sheriff's sale proceeds.

**Auto Registration Account** – To account for monies received for registering automobiles in Parker County.

**Vehicle Inventory Tax Escrow** – To account for monies collected and held in escrow for vehicle inventory tax account.

**Auto Registration Credit Card Account** – To account for all monies collected via credit card for registering automobile in Parker County.

**Auto Registration Internet Account** – To account for monies received for registering automobiles via internet in Parker County.

**Vehicle Comptroller Account** – To account for monies received from the collection of vehicle sales tax due to the State Comptroller.

**County Clerk's Court Fund Account** – To account for monies received from individuals or the adult probation department to pay for court fees.

**County Attorney's Escrow Account** – To account for monies received by the County Attorney's office for NSF checks.

**County Clerk's Deposit Account** – To account for monies received from court issued bonds.

**County Clerk's Registry Account** – To account for monies used for condemnation suits and for defendants to reimburse the County Treasurer for court appointed attorneys.

**County Clerk's Individual Trust Account** – To account for monies in trust for several individuals.

**District Court Deposit Account** – To account for monies received by the District Clerk for court fees.

**District Clerk's Registry Account** – To account for monies received by court order in care of an individual. Also cash bonds are accounted for in this account.

## AGENCY FUNDS (CONTINUED)

**District Clerk's Individual Trust Accounts** – To account for monies in trust for several individuals.

**Sheriff's Office Inmate Trust Account** – To account for inmates' monies which were confiscated during arrests and to hold deposits from family members of the inmates.

**County Jail Commissary Fund** – To account for funds held in the inmates' names for personal purchases.

**Criminal Justice Fund** – To account for monies received as court costs prior to being forwarded to the State.

**V.I.T. Interest Account** – To account for interest earned on the Vehicle Inventory Tax for the T.A.C. to defray the cost of administration of the prepayment procedure.

**T.A.C. Boat Comptroller Fund** – To account for monies received for the taxation of water vehicles.

**District Attorney Trust Account** – To account for monies in trust for several individuals.

**County Clerk's Probate Fund** – To account for monies received by court order in care of an individual.

**IRP Funds Account** – To account for registration payments made over the internet.

**TPWD Funds Account** – To account for monies received for the taxation of water vehicles for Texas Parks and Wildlife Department.

**Juvenile Probation Restitution Account** – To account for monies received by Juvenile Probation for probation fees received prior to distribution to the County.

**CSCD Restitution Account** – To account for monies received by Adult Probation for probation fees received prior to distribution to the County and other entities.

**PARKER COUNTY, TEXAS**  
**Combining Balance Sheet**  
**All Agency Funds**  
**September 30, 2012**

Exhibit C-4

	<b>Sheriff's Jail Trust Account</b>	<b>Auto Registration Account</b>	<b>Vehicle Inventory Tax- Escrow</b>	<b>Auto Registration Credit Card Account</b>	<b>Auto Registration Internet Account</b>	<b>Vehicle Comptroller Account</b>	<b>County Clerk's Court Fund Account</b>	<b>County Attorney's Escrow Account</b>	<b>County Clerk's Deposit Account</b>
<b>Assets</b>									
Cash	\$ 2,126	\$ 630,976	\$668,579	\$ 8,777	\$ 360	\$ 294,586	\$ 68,117	\$ 2,642	\$ 466,446
Investments	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,126</b>	<b>\$ 630,976</b>	<b>\$668,579</b>	<b>\$ 8,777</b>	<b>\$ 360</b>	<b>\$ 294,586</b>	<b>\$ 68,117</b>	<b>\$ 2,642</b>	<b>\$ 466,446</b>
<b>Liabilities</b>									
Deposits held and due to others	\$ 2,126	\$ 630,976	\$668,579	\$ 8,777	\$ 360	\$ 294,586	\$ 68,117	\$ 2,642	\$ 466,446
Accounts payable - State	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 2,126</b>	<b>\$ 630,976</b>	<b>\$668,579</b>	<b>\$ 8,777</b>	<b>\$ 360</b>	<b>\$ 294,586</b>	<b>\$ 68,117</b>	<b>\$ 2,642</b>	<b>\$ 466,446</b>

The accompanying notes are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**Combining Balance Sheet**  
**All Agency Funds**  
**September 30, 2012**

Exhibit C-4

	County Clerk's Registry Account	County Clerk's Individual Trust Account	District Court Deposit Account	District Clerk's Registry Account	District Clerk's Individual Trust Account	Sheriff's Inmate Trust Account	County Jail Commissary Fund	Criminal Justice Fund	V.I.T. Interest Account	T.A.C. Boat Comptroller Fund
<b>Assets</b>										
Cash	\$912,345	\$ 22,601	\$ 77,152	\$457,604	\$ 120,167	\$32,138	\$ 17,166	\$(440,387)	\$ 52,408	\$ 71
Investments	-	-	-	-	-	-	-	813,706	-	-
Accounts receivable	-	-	-	-	-	-	-	19,310	-	-
<b>Total assets</b>	<u>\$912,345</u>	<u>\$ 22,601</u>	<u>\$ 77,152</u>	<u>\$457,604</u>	<u>\$ 120,167</u>	<u>\$32,138</u>	<u>\$ 17,166</u>	<u>\$ 392,629</u>	<u>\$ 52,408</u>	<u>\$ 71</u>
<b>Liabilities</b>										
Deposits held and due to others	\$912,345	\$ 22,601	\$ 77,152	\$457,604	\$ 120,167	\$32,138	\$ 17,166	\$ 13,224	\$ 52,408	\$ 71
Accounts payable - State	-	-	-	-	-	-	-	379,405	-	-
<b>Total liabilities</b>	<u>\$912,345</u>	<u>\$ 22,601</u>	<u>\$ 77,152</u>	<u>\$457,604</u>	<u>\$ 120,167</u>	<u>\$32,138</u>	<u>\$ 17,166</u>	<u>\$ 392,629</u>	<u>\$ 52,408</u>	<u>\$ 71</u>

The accompanying notes are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**Combining Balance Sheet**  
**All Agency Funds**  
**September 30, 2012**

Exhibit C-4

	<u>District Attorney Trust Account</u>	<u>County Clerk Probate Fund</u>	<u>IRP Funds Account</u>	<u>TPWD Funds Account</u>	<u>Juvenile Probation Restitution Account</u>	<u>CSCD Restitution Account</u>	<u>Total</u>
<b>Assets</b>							
Cash	\$ 500	\$ 7,700	\$ 4,370	\$ 129	\$ 3,216	\$ 95,017	\$ 3,504,806
Investments	-	-	-	-	-	-	813,706
Accounts receivable	-	-	-	-	-	-	19,310
<b>Total assets</b>	<u>\$ 500</u>	<u>\$ 7,700</u>	<u>\$ 4,370</u>	<u>\$ 129</u>	<u>\$ 3,216</u>	<u>\$ 95,017</u>	<u>\$ 4,337,822</u>
<b>Liabilities</b>							
Deposits held and due to others	\$ 500	\$ 7,700	\$ 4,370	\$ 129	\$ 3,216	\$ 95,017	\$ 3,958,417
Accounts payable - State	-	-	-	-	-	-	379,405
<b>Total liabilities</b>	<u>\$ 500</u>	<u>\$ 7,700</u>	<u>\$ 4,370</u>	<u>\$ 129</u>	<u>\$ 3,216</u>	<u>\$ 95,017</u>	<u>\$ 4,337,822</u>

The accompanying notes are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**Schedule of Delinquent Taxes Receivable**  
**General and Debt Service Funds**  
**9/30/2012**

Exhibit D-1

Year of Levy	Tax Rate	Assessed Valuation	Balance 10/01/2011	Current Levy	Total Collections	Adjustments Increase (Decrease)	Balance 9/30/2012
2001 and prior	Various	\$ Various	\$ 178,299	\$ -	\$ 5,426	\$ (7,882)	\$ 164,991
2002	0.2471	4,122,871,175	38,698	-	1,698	(1,853)	35,147
2003	0.2477	4,488,305,475	44,441	-	2,040	(1,721)	40,681
2004	0.2472	4,916,779,079	44,729	-	1,817	(1,901)	41,011
2005	0.2472	5,700,079,719	56,276	-	3,380	(2,089)	50,807
2006	0.2472	6,486,893,567	62,723	-	5,342	(2,331)	55,050
2007	0.2503	7,657,985,982	76,245	-	11,840	631	65,036
2008	0.2652	8,585,416,969	120,696	-	28,194	(1,072)	91,429
2009	0.2872	9,452,531,486	228,859	-	80,609	(3,444)	144,806
2010	0.3065	9,611,330,022	475,577	-	237,860	(2,298)	235,420
2011	0.3270	9,225,974,118	-	29,258,087	28,748,736	(77,413)	431,938
			<u>\$1,326,543</u>	<u>\$29,258,087</u>	<u>\$ 29,126,942</u>	<u>\$ (101,372)</u>	<u>\$ 1,356,316</u>

**PARKER COUNTY, TEXAS**  
**Schedule of Delinquent Taxes Receivable**  
**Lateral Road Fund**  
**September 30, 2012**

Exhibit D-2

Year of Levy	Tax Rate	Assessed Valuation	Balance 10/01/2011	Current Levy	Total Collections	Adjustments Increase (Decrease)	Balance 9/30/2012
2001 and Prior	Various	\$ Various	\$ 88,161	\$ -	\$ 2,566	\$ (3,755)	\$ 81,840
2002	0.0947	4,121,856,831	14,936	-	656	(705)	13,576
2003	0.0948	4,486,782,802	17,166	-	814	(658)	15,694
2004	0.0945	4,914,193,382	17,214	-	723	(722)	15,769
2005	0.0927	5,699,036,536	21,473	-	1,315	(771)	19,387
2006	0.0914	6,487,190,814	23,819	-	2,066	(846)	20,906
2007	0.0869	7,659,110,899	27,427	-	4,233	237	23,431
2008	0.0893	8,587,017,483	42,063	-	9,604	(337)	32,122
2009	0.0882	9,454,827,201	72,421	-	25,149	(1,012)	46,259
2010	0.0832	9,615,365,350	133,173	-	65,836	(883)	66,453
2011	0.0832	9,231,883,021	-	7,675,184	7,541,811	(18,553)	114,820
			<u>\$ 457,853</u>	<u>\$ 7,675,184</u>	<u>\$ 7,654,775</u>	<u>\$ (28,005)</u>	<u>\$ 450,257</u>

The accompanying notes are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**Schedule of Principal and Interest Payments**  
**September 30, 2012**

**Unlimited Tax Road Bonds, Series 2009**

**Exhibit D-3**

Year	Principal February 15	Interest February 15	Interest August 15	Total Due Each Year
2013	\$ 391,423	\$ 1,890,427	\$ 1,446,850	\$ 3,728,700
2014	422,414	2,184,436	1,446,850	4,053,700
2015	391,789	2,440,061	1,446,850	4,278,700
2016	304,349	2,527,496	1,446,850	4,278,695
2017	1,410,000	1,446,850	1,420,413	4,277,263
2018-2022	7,985,000	6,786,313	6,617,288	21,388,601
2023-2027	13,715,000	5,735,407	5,387,306	24,837,713
2028-2032	23,795,000	3,383,569	2,779,006	29,957,575
2033-2037	11,380,000	452,025	153,300	11,985,325
	<u>\$ 59,794,975</u>	<u>\$ 26,846,584</u>	<u>\$ 22,144,713</u>	<u>\$ 108,786,272</u>

**PARKER COUNTY, TEXAS**  
**Schedule of Principal and Interest Payments**  
**September 30, 2012**

**General Obligation Refunding Bonds, Series 2005**

**Exhibit D-4**

Year	Principal February 15	Interest February 15	Interest August 15	Total Due Each Year
2013	\$ 170,000	\$ 60,354	\$ 57,294	\$ 287,648
2014	175,000	57,294	54,057	286,351
2015	185,000	54,056	50,542	289,598
2016	190,000	50,541	46,837	287,378
2017	200,000	46,837	42,836	289,673
2018-2022	1,135,000	168,053	143,311	1,446,364
2023-2027	810,000	36,770	18,675	865,445
	<u>\$ 2,865,000</u>	<u>\$ 473,905</u>	<u>\$ 413,552</u>	<u>\$ 3,752,457</u>

**PARKER COUNTY, TEXAS**  
**Schedule of Principal and Interest Payments**  
**September 30, 2012**

**Certificates of Obligation, Series 2005**

**Exhibit D-5**

Year	Principal February 15	Interest February 15	Interest August 15	Total Due Each Year
2013	\$ 785,000	\$ 329,181	\$ 314,463	\$ 1,427,519
2014	820,000	314,463	296,012	1,428,644
2015	855,000	296,013	276,775	1,430,475
2016	895,000	276,775	258,875	1,430,650
2017	935,000	258,875	235,500	1,429,375
2018-2022	5,440,000	919,125	783,125	7,142,250
2023-2027	3,980,000	202,375	102,875	4,285,250
	<u>\$ 13,710,000</u>	<u>\$ 2,596,807</u>	<u>\$ 2,267,625</u>	<u>\$ 18,574,163</u>

**PARKER COUNTY, TEXAS**  
**Schedule of Principal and Interest Payments**  
**September 30, 2012**

**Tax Notes**

**Exhibit D-6**

**Series 2006**

Year	Principal February 15	Interest February 15	Interest August 15	Total Due Each Year
2013	\$ 570,000	\$ 11,685	\$ -	\$ 581,685
	<u>\$ 570,000</u>	<u>\$ 11,685</u>	<u>\$ -</u>	<u>\$ 581,685</u>

OVERALL COMPLIANCE AND  
INTERNAL CONTROL SECTION



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Judge and Members of  
the Commissioners' Court  
Parker County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Parker County, Texas, as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 24, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Parker County, Texas, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Parker County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 12-01 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

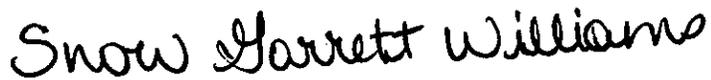
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Parker County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Parker County, Texas, in a separate letter dated June 24, 2013.

Parker County's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Commissioners' Court, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive, flowing style.

Snow Garrett Williams

June 24, 2013

**PARKER COUNTY, TEXAS**  
**Summary Schedule of Prior Audit Findings**  
**For the Fiscal Year Ended September 30, 2012**

There were no findings or questioned costs noted in the prior year relative to Federal awards.

**PARKER COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year ended September 30, 2012**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?        yes   X   no

Significant deficiencies identified that are not considered to be material weaknesses?   X   yes        no

Noncompliance material to financial statements noted?        yes   X   no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?        yes   X   no

Significant deficiencies identified that are not considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be Reported in accordance with section 510(a) of Circular A-133?        yes   X   no

Identification of Major Programs:

U.S. Department of Homeland Security  
Homeland Security Cluster of Programs  
CFDA # 97.008 Urban Area Security Initiative Grant  
CFDA # 97.053 Citizen Corp Grant  
CFDA # 97.067 State Homeland Security Grant Program  
CFDA # 97.073 State Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B federal programs:   \$300,000  

Auditee qualified as a low-risk auditee?   X   yes        no

**PARKER COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year ended September 30, 2012**

**Section II – Financial Statement Findings**

Findings required to be reported in accordance with *Government Auditing Standards*.

Finding 12-01 – Liability Reconciliations - Significant Deficiency

Criteria: The account reconciliation process is a control designed to help identify errors. Appropriate controls over financial reporting require complete and timely reconciliations of accounts.

Condition: A liability account had not been reconciled and was significantly overstated.

Effect: A material adjusting entry was necessary to correct the account balance.

Cause: Fees collected for the State were credited to the liability when collected, but the liability account was not properly relieved when the payment to the State occurred. Instead, it was expensed out of the General Fund. Account reconciliations were not prepared timely during the year.

Auditor's Recommendation: The County should reconcile and review all liability accounts at least annually to determine if the balances are accurate.

**Section III – Federal Award Findings and Questioned Costs**

Findings/Noncompliance	Program	Questioned Costs
None Reported.		\$0

**PARKER COUNTY, TEXAS  
CORRECTIVE ACTION PLAN  
September 30, 2012**

Parker County, Texas respectfully submits the following corrective action plan for the year ended September 30, 2012.

The finding from the September 30, 2012 Schedule of Findings and Questioned Costs is discussed below.

**Finding – Financial Statements**

Finding 12-01 – Liability Reconciliations - Significant Deficiency

Recommendation: The County should reconcile and review all liability accounts at least annually to determine if the balances are accurate.

Action Taken: Parker County will identify and assign general ledger accounts for State Agencies receiving the majority of fees collected through the County. Additionally, the County will closely monitor deposit warrants with a special emphasis on state fees collecting and reporting.

**Findings – Federal Award Programs**

There are no current year federal award findings.

FEDERAL AWARDS SECTION



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Judge and Members of  
the Commissioners' Court  
Parker County, Texas

Compliance

We have audited Parker County, Texas' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. Parker County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Parker County's management. Our responsibility is to express an opinion on Parker County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Parker County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Parker County's compliance with those requirements.

In our opinion, Parker County, Texas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

Management of Parker County, Texas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Parker County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Commissioners' Court, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Snow Garrett Williams*

Snow Garrett Williams  
June 24, 2013

**PARKER COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended September 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Agriculture Community Development Block Grant (Note 4)	14.228	710559	\$ 16,055
Total U.S. Department of Housing and Urban Development			<u>16,055</u>
<u>U.S. Department of Justice</u>			
Direct Programs			
State Criminal Alien Assistance Program	16.606	2011-AP-BX-0016	24,607
Equitable Sharing Program (Asset Forfeiture Funds) - Sheriff	16.922	N/A	<u>31,201</u>
Total U.S. Department of Justice			<u>55,808</u>
<u>General Services Administration</u>			
Passed through Texas Facilities Commission Federal Surplus Property Program			
Donation of Federal Surplus Personal Property (Note 3)	39.003	24170	8,302
Donation of Federal Surplus Personal Property (Note 3)	39.003	27006	642
Total CFDA# 39.003			<u>8,944</u>
Passed through Secretary of State Help America Vote Act- General HAVA Compliance	90.401	77479	<u>32,392</u>
Total General Services Administration			<u>41,336</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
2010 Urban Areas Security Initiative Grant	* 97.008	2010-SS-T0-0008	69,436
2009 Citizen Corp Program	* 97.053	2009-SS-T9-0064	15,422
2010 Citizen Corp Program	* 97.053	2010-SS-T0-0008	11,220
Total CFDA# 97.053			<u>26,642</u>
2011 Law Enforcement Terrorism Prevention Activity Grant	* 97.067	EMW-2011-SS-00019	196,600
2011 Urban Areas Security Initiative Grant	* 97.067	EMW-2011-SS-00019	16,776
2011 Citizen Corp Program	* 97.067	EMW-2011-SS-00019	454
Total CFDA# 97.067			<u>213,830</u>
2009 State Homeland Security Grant Program	* 97.073	2009-SS-T9-0064	32,399
2010 State Homeland Security Grant Program	* 97.073	2010-SS-T0-0008	160,000
Total CFDA# 97.073			<u>192,399</u>
Total U.S. Department of Homeland Security			<u>502,307</u>
Total Expenditures of Federal Awards			<u>\$ 615,506</u>

\* Homeland Security Cluster of Programs

**PARKER COUNTY, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended September 30, 2012

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Parker County, Texas under programs of the federal government for the fiscal year ended September 30, 2012. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Parker County, it is not intended to and does not present the financial position or changes in net assets of Parker County, Texas.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Reconciliation of Federal Surplus Property

The following amounts were acquired from the Federal government at fair market value less applicable shipping and handling fees:

Property (Non-cash)	\$ 5,293
Handling Fees Paid	<u>3,651</u>
Total for CFDA# 39.003	<u>\$ 8,944</u>

Note 4: Subrecipients

Of the federal expenditures presented in the Schedule, Parker County provided federal awards to subrecipients as follows:

<i>CFDA Number</i>	<i>Program Name</i>	<i>Amount Provided to Subrecipients</i>
14.228	Community Development Block Grant	<u>\$ 16,055</u>

