

**PARKER COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2015**

**PARKER COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2015**

**TABLE OF CONTENTS**

	Exhibit	Page(s)
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		1
Management's Discussion and Analysis		4
Basic Financial Statements		
<b>Government-wide Financial Statements</b>		
Statement of Net Position	A-1	13
Statement of Activities	A-2	14
<b>Fund Financial Statements</b>		
Balance Sheet - Governmental Funds	A-3	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	A-4	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	A-5	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-6	18
Statement of Net Position - Proprietary Fund	A-7	19
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	A-8	20
Statement of Cash Flows - Proprietary Fund	A-9	21
Statement of Fiduciary Assets and Liabilities - Agency Funds	A-10	22
Notes to Financial Statements		23
<b>Required Supplementary Information</b>		
Texas County District Retirement System Schedule of Changes in the Employer's Net Pension Liability and Related Ratios for the Employees of Parker County		47
Texas County District Retirement System Schedule of Employer Contributions		48
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	B-1	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Lateral Road Fund	B-2	51

**PARKER COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2015**

**TABLE OF CONTENTS – CONTINUED**

	Exhibit	Page(s)
Supplementary Information		
Combining Balance Sheet - Nonmajor Governmental Funds	C-2	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Nonmajor Governmental Funds	C-3	58
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	C-4	65
<b>STATE AWARDS SECTION</b>		
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 <i>Government Auditing Standards</i>		68
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the State of Texas Uniform Grant Management Standards		70
Schedule of Expenditures of State Awards		72
Notes to the Schedule of Expenditures of State Awards		74
Schedule of Findings and Questioned Costs		75
Corrective Action Plan		80

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge  
and County Commissioners' Court  
Parker County, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Parker County, Texas (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Notes 1 and 14 to the Basic Financial Statements, Parker County, Texas implemented Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position has been restated to reflect the change in accounting principle resulting from these statements. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 12, Texas County District Retirement System Schedule of Changes in the Employer's Net Pension Liability and Related Ratios and the Texas County District Retirement System Schedule of Employer Contributions on pages 47 – 48 and the Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual General Fund and Lateral Road Fund on pages 49 – 51 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, which 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 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements.

The combining fund financial statements 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2016, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
September 1, 2016

## 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, 2015. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

### FINANCIAL HIGHLIGHTS

- The liabilities exceeded the County's assets and deferred outflows of resources at September 30, 2015 by \$10,263,126 (deficit net position). Of this amount, \$8,857,818 is restricted for specific purposes and \$20,890,226 represents a deficit in unrestricted net position. Also, as required by GASB 34, net position also reflects \$1,769,282 net investment in capital assets.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at September 30, 2015 of \$32,251,758; of which \$6,657,354 represents non-spendable fund balance, \$13,677,178 represents fund balance restricted for funding of debt service, capital projects, the lateral road fund, and federal and state programs, \$109,033 represents fund balance assigned to state and special programs, and \$11,808,193 or 37% represents unassigned fund balance.
- The general fund reports a fund balance of \$11,945,529; of which \$14,382 represents non-spendable fund balance with the remaining reported as unassigned. Unassigned fund balance for the General fund equals 27% of total General fund expenditures.

### 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 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, interfund activity including has been eliminated.

The statement of net position presents information on all of the County's assets, deferred outflows of resources less liabilities and deferred inflows with the remaining reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net position 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; roads and bridges; law enforcement; judicial; recording; and tax assessing-collecting.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**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 thirty-seven individual funds (excluding fiduciary funds), thirty-two special revenue funds, a capital project fund, a debt service fund, lateral road fund, an internal 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 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 governmental fund financial statements can be found on pages 15 and 18 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 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 19 through 21 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 22 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 23 through 46 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budget comparisons. The required supplementary information can be found on pages 47 through 51 of this report. Combining statements and schedules are also included in the report as other supplementary information and can be found on pages 54 through 67.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, liabilities exceeded assets and deferred outflows of resources by \$(10,263,126) as of September 30, 2015. Also, the County's net position includes prior period adjustments that resulted in restatement of financial statements for 2014 related to implementation of GASB 68. See Note 14 for additional information.

### Parker County's Net Position

	Governmental Activities	
	2015	2014
Current and other assets	\$ 43,517,502	\$ 45,180,277
Capital assets, net of depreciation	54,285,875	46,165,228
Total assets	97,803,377	91,345,505
Deferred outflow of resources	3,655,335	529,207
Long-term liabilities	105,424,595	100,584,956
Other liabilities	5,944,338	6,545,228
Unearned revenue	352,905	-
Total liabilities	111,721,838	107,130,184
Net position		
Net investment in capital assets	1,769,282	12,056,471
Restricted	8,857,818	7,604,239
Unrestricted	(20,890,226)	(34,916,182)
Total net position	\$ (10,263,126)	\$ (15,255,472)

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 \$1,769,282. 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 \$8,857,818 of the County's net position 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 position of (\$10,263,126) is a deficit which is the result of current year conveyance of assets to other governmental entities.

The County's governmental activities increased net position by \$8,866,396 during the current year. The total cost of all governmental activities this year was \$54,718,846. The amount that our taxpayers paid for these activities through property taxes was \$41,249,005 or 75%.

### Parker County's Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues		
Program revenues		
Charges for services	\$ 9,928,954	\$ 9,247,117
Operating grants and contributions	4,596,270	4,316,163
Capital grants and contributions	-	3,621,786
General revenues		
Property taxes	41,249,005	38,463,466
Sales and other taxes	7,690,539	7,314,971
Investment earnings	10,623	10,458
Other	109,851	106,358
Total revenues	63,585,242	63,080,319
Expenses		
General government	8,170,881	8,355,607
Roads and bridges	9,463,924	43,925,132
Public safety	1,695,408	1,746,548
Law enforcement	17,953,078	18,064,007
Judicial	9,647,152	9,357,253
Health and welfare	607,217	616,474
Recording	2,458,627	2,300,355
Tax assessing-collecting	918,031	825,197
Interest and other costs	3,804,528	4,209,157
Total expenses	54,718,846	89,399,730
Change in net position	8,866,396	(26,319,411)
Net position-beginning	(15,255,472)	19,800,300
Prior period adjustment	(3,874,050)	(8,736,361)
Net position-beginning, restated	(19,129,522)	11,063,939
Net position-ending	\$ (10,263,126)	\$ (15,255,472)

## Revenues by Source

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

- Program revenues of \$14,525,224 equaled 27% of governmental expenses of \$54,718,846. As expected, general revenues in the amount of \$49,060,018 provided the remaining support and coverage for expenses.
- 33% or \$17,953,078 of the expenses are law enforcement while this category provided 5% of total revenues.
- Roads and bridges and Judicial account for \$19,111,076 or 35% of expenses while only providing about 11% of total revenues.
- Operating grant revenues and contributions comprised about 7% 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 \$32,251,758. A decrease of \$2,211,965 in comparison with the prior year. Approximately \$11,808,193 or 37% 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 nonspendable fund balance of \$6,657,654, assigned fund balance of \$109,033, and restricted fund balance of \$13,677,178. Assigned fund balance is set aside for state and special programs while the restricted fund balance is set aside to pay debt service in the amount of \$722,618, and fund capital projects in the amount of \$4,431,378, lateral road in the amount of \$4,658,127, and federal and state programs in the amount of \$3,865,055.

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 \$11,945,529; of which \$14,382 was nonspendable fund balance, \$122,954 was assigned and the remainder was unassigned. As a measure of the general fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents over 27%.

The fund balance of the County's general fund increase by \$854,128. Key factors contributing to the increase include increases in sales tax and intergovernmental revenue while expenditures remaining consistent with the prior year.

The debt service fund has a total fund balance of \$722,618, all of which is restricted for debt service. The increase in fund balance during the current year in the debt service funds was \$80,339. Total debt principal, interest and fiscal charges increased from the prior year primarily due to the payments on the Unlimited Tax Road Bonds.

The capital projects funds had a total fund balance of \$11,074,350, \$6,642,972 of which is related to a long-term receivable and is considered non-spendable. The remaining fund balance is restricted for construction and improvements or acquisition of County-owned buildings and equipment. The net decrease in fund balance during the current year in the capital projects funds was \$4,053,464 due to capital outlay expenditures during the current year.

The lateral road fund had a total fund balance of \$4,658,127, all of which is restricted for maintenance and construction of County roads and bridges. The net increase in fund balance during the current year in the lateral road fund was \$386,910 due to continued property tax collections and a current year transfer from the general fund.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The original fiscal year 2015 budget was adopted in September 2014, with the total beginning general fund expenditures in the amount of \$43,172,751.

In total, the original general fund budget for expenditures equaled the final general fund amended budget for expenditures.

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

- Actual revenues were greater than budgeted by \$1,620,701 primarily due to the increase in sales tax collections and additional intergovernmental, fees of office and miscellaneous revenue over what was expected; and
- Actual expenditures were \$3,444 less than budgeted primarily due to lower costs in general government, public safety and judicial expenditures than anticipated, which were offset by higher than anticipated capital outlay expenditures.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The capital assets of the County are those assets, which are used in the performance of the County's functions including current year expenditures for infrastructure assets. At September 30, 2015, net capital assets of the governmental activities totaled \$54,285,875. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled \$3,410,013.

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

	Governmental Activities	
	2015	2014
Land	\$ 2,701,651	\$ 2,327,118
Work in progress	2,608,050	7,869,684
Buildings and improvements	24,724,882	23,620,631
Infrastructure	17,899,596	5,886,586
Office furniture and equipment	1,347,332	2,244,771
Transportation equipment	1,119,045	968,537
Road maintenance equipment	3,695,315	3,114,363
Emergency management equipment	83,340	124,785
Other	106,664	8,753
<b>Total</b>	<b>\$ 54,285,875</b>	<b>\$ 46,165,228</b>

Additional information on the County's capital assets can be found in Note 5 beginning on page 34 this report.

Long-term debt and capital leases. As of September 30, 2015, the County had unlimited tax road bonds and general obligation refunding bonds of \$91,243,675. Total capital leases payable were \$3,343,634.

The County's total property tax rate for fiscal year 2015 was .41833 per \$100 assessed valuation, of which .07033 was for annual debt service, \$.08257 was for maintenance of County roads accounted for in the lateral road fund with the remaining levied on general maintenance and operations in the general fund.

**Parker County's Outstanding Debt**

	Governmental Activities	
	2015	2014
Unlimited tax road bonds	\$ 77,318,675	\$ 77,821,138
General obligation refunding bonds	13,925,000	15,165,000
Capital leases payable	3,343,634	1,680,105
<b>Total</b>	<b>\$ 94,587,309</b>	<b>\$ 94,666,243</b>

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

## **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 2016, the County Commissioners and management considered that the County, which is located near the /Fort Worth Metroplex, is expecting an increase in population, households, and retail sales, therefore sales tax revenues for the County are expected to increase approximately 5%.

## **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.



## **BASIC FINANCIAL STATEMENTS**

**PARKER COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 5,282,268
Investments	25,873,737
Receivables, net of allowance	12,262,115
Prepaid expenses and other assets	99,382
Land and work in progress	5,309,701
Other capital assets, net of depreciation	48,976,174
	<b>97,803,377</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Grant resources provided in advance	352,905
Deferred loss on refunding	470,406
Deferred outflows related to pension	2,832,024
	<b>3,655,335</b>
<b>LIABILITIES</b>	
Accounts payable	4,220,878
Accrued salaries and benefits payable	883,459
Accrued interest payable	709,982
Due to other governmental entities	130,019
Unearned revenue	352,905
Noncurrent liabilities	
Due within one year	4,666,897
Due in more than one year	100,757,698
	<b>111,721,838</b>
<b>NET POSITION</b>	
Net investment in capital assets	1,769,282
Restricted for	
Debt service	331,220
Lateral road	4,661,543
State and federal programs	3,865,055
Unrestricted	(20,890,226)
	<b>(10,263,126)</b>
	<b>\$ (10,263,126)</b>

The Notes to Financial Statements are an integral part of this statement.

**PARKER COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities				
General government	\$ 8,170,881	\$ 307,693	\$ 253,147	\$ -
Roads and bridges	9,463,924	3,172,895	1,316,382	-
Public safety	1,695,408	69,079	162,995	-
Law enforcement	17,953,078	935,314	2,093,168	-
Judicial	9,647,152	1,886,605	744,932	-
Health and welfare	607,217	237,896	25,646	-
Recording	2,458,627	1,136,272	-	-
Tax assessing-collecting	918,031	2,183,200	-	-
Interest and other costs	3,804,528	-	-	-
Total primary government	<u>\$ 54,718,846</u>	<u>\$ 9,928,954</u>	<u>\$ 4,596,270</u>	<u>\$ -</u>

General revenue	
Property taxes	41,249,005
Sales and other taxes	7,690,539
Investment earnings	10,623
Other general revenue	109,851
Total general revenues	<u>49,060,018</u>
Change in net position	8,866,396
<b>Net position, beginning of year</b>	(15,255,472)
<b>Change in accounting principle</b>	<u>(3,874,050)</u>
<b>Net position, beginning, restated</b>	<u>(19,129,522)</u>
<b>Net position, end of year</b>	<u>\$ (10,263,126)</u>

The Notes to Financial Statements are an integral part of this statement.

**PARKER COUNTY, TEXAS  
BALANCE SHEET –  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	General	Lateral Road	Capital Projects Tax Road Bonds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 790,310	\$ 359,676	\$ 224,618	\$ 42,585	\$ 264,794	\$ 1,681,983
Investments	11,885,169	5,425,989	3,388,538	642,424	3,622,453	24,964,573
Receivables, net of allowance						
Property taxes	1,440,005	46,854	-	351,126	-	1,837,985
Intergovernmental	1,700,496	-	8,304,986	-	99,674	10,105,156
Other	72,190	222,277	-	5,067	19,151	318,685
Prepaid items and other assets	14,382	-	-	-	-	14,382
<b>Total assets</b>	<b>15,902,552</b>	<b>6,054,796</b>	<b>11,918,142</b>	<b>1,041,202</b>	<b>4,006,072</b>	<b>38,922,764</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Grant resources provided in advance	-	-	-	-	352,905	352,905
<b>Total assets and deferred outflows of resources</b>	<b>\$ 15,902,552</b>	<b>\$ 6,054,796</b>	<b>\$ 11,918,142</b>	<b>\$ 1,041,202</b>	<b>\$ 4,358,977</b>	<b>\$ 39,275,669</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,939,908	\$ 1,232,148	\$ 843,792	\$ -	\$ 8,941	\$ 4,024,789
Accrued salaries and benefits payable	653,357	161,105	-	-	68,997	883,459
Due to other governmental entities	53,019	-	-	-	77,000	130,019
Unearned revenue	-	-	-	-	352,905	352,905
<b>Total liabilities</b>	<b>2,646,284</b>	<b>1,393,253</b>	<b>843,792</b>	<b>-</b>	<b>507,843</b>	<b>5,391,172</b>
<b>Deferred inflows of resources</b>						
Property taxes	1,310,739	3,416	-	318,584	-	1,632,739
<b>Total deferred inflows of resources</b>	<b>1,310,739</b>	<b>3,416</b>	<b>-</b>	<b>318,584</b>	<b>-</b>	<b>1,632,739</b>
<b>Fund balances</b>						
<b>Nonspendable</b>						
Inventory	10,749	-	-	-	-	10,749
Prepaid	3,633	-	-	-	-	3,633
Long term receivable	-	-	6,642,972	-	-	6,642,972
<b>Restricted for</b>						
Debt service	-	-	-	722,618	-	722,618
Capital projects	-	-	4,431,378	-	-	4,431,378
Lateral road	-	4,658,127	-	-	-	4,658,127
Federal and state programs	122,954	-	-	-	3,742,101	3,865,055
Assigned to state and special programs	-	-	-	-	109,033	109,033
Unassigned	11,808,193	-	-	-	-	11,808,193
<b>Total fund balances</b>	<b>11,945,529</b>	<b>4,658,127</b>	<b>11,074,350</b>	<b>722,618</b>	<b>3,851,134</b>	<b>32,251,758</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 15,902,552</b>	<b>\$ 6,054,796</b>	<b>\$ 11,918,142</b>	<b>\$ 1,041,202</b>	<b>\$ 4,358,977</b>	<b>\$ 39,275,669</b>

The Notes to Financial Statements are an integral part of this statement.

**PARKER COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

Total fund balances -- governmental funds		\$ 32,251,758
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		54,285,875
Net pension liability and the related deferred outflows of resources are not due and payable in the current period, and therefore, have not been included in the fund financial statements.		(3,512,485)
Interest payable on long term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(709,982)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		1,632,739
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund financial statements.		
General obligation bonds	(13,925,000)	
Unlimited tax road bonds	(77,318,675)	
Capital leases	(3,343,634)	
Compensated absences	(921,334)	
Deferred premiums on issuance	(2,535,934)	
Accumulated accretion	(1,035,509)	
Total long-term liabilities	(99,080,086)	(99,080,086)
For debt refunding, the difference between the acquisition price and the net carrying amount of the debt has been deferred and amortized in the government-wide financial statements.		470,406
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the government-wide statement of net position.		4,398,649
Total net position--governmental activities		\$ (10,263,126)

The Notes to Financial Statements are an integral part of this statement.

**PARKER COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2015**

	General	Lateral Road	Capital Projects Tax Road Bonds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 25,809,370	\$ 8,249,928	\$ -	\$ 6,794,381	\$ -	\$ 40,853,679
Sales taxes	7,519,525	-	-	-	-	7,519,525
Intergovernmental	2,914,788	324,180	1,705,987	-	800,131	5,745,086
Fees of office	5,195,275	1,701,099	-	-	1,081,792	7,978,166
Fines and forfeitures	-	391,870	-	-	-	391,870
Interest	8,680	1,308	-	382	253	10,623
Royalties	66,790	-	-	-	-	66,790
Miscellaneous	498,705	26,969	10,459	-	88,045	624,178
<b>Total revenues</b>	<b>42,013,133</b>	<b>10,695,354</b>	<b>1,716,446</b>	<b>6,794,763</b>	<b>1,970,221</b>	<b>63,189,917</b>
<b>EXPENDITURES</b>						
Current						
General government	6,924,951	-	84,816	-	177,243	7,187,010
Roads and bridges	-	7,207,133	-	-	-	7,207,133
Public safety	1,047,220	-	-	-	82,206	1,129,426
Law enforcement	17,896,842	-	-	-	41,162	17,938,004
Judicial	9,111,517	-	-	-	819,768	9,931,285
Health and welfare	623,836	-	-	-	-	623,836
Recording	2,188,817	-	-	-	332,172	2,520,989
Tax assessing-collecting	918,031	-	-	-	-	918,031
Capital outlay	3,427,442	3,730,768	5,681,594	-	5,400	12,845,204
Debt service						
Principal	909,525	112,317	-	1,770,681	-	2,792,523
Interest and other charges	159,603	7,213	-	4,943,743	-	5,110,559
Bond issuance costs	-	-	3,500	-	-	3,500
<b>Total expenditures</b>	<b>43,207,784</b>	<b>11,057,431</b>	<b>5,769,910</b>	<b>6,714,424</b>	<b>1,457,951</b>	<b>68,207,500</b>
Excess (deficiency) of revenues over (under) expenditures	(1,194,651)	(362,077)	(4,053,464)	80,339	512,270	(5,017,583)
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	-	-	7,852	7,852
Operating transfers out	(7,852)	-	-	-	-	(7,852)
Proceeds on sale of assets	17,231	102,716	-	-	-	119,947
Capital Lease Proceeds	2,039,400	646,271	-	-	-	2,685,671
<b>Total other financing sources (uses)</b>	<b>2,048,779</b>	<b>748,987</b>	<b>-</b>	<b>-</b>	<b>7,852</b>	<b>2,805,618</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>854,128</b>	<b>386,910</b>	<b>(4,053,464)</b>	<b>80,339</b>	<b>520,122</b>	<b>(2,211,965)</b>
<b>FUND BALANCES, beginning of year</b>	<b>11,091,401</b>	<b>4,271,217</b>	<b>15,127,814</b>	<b>642,279</b>	<b>3,331,012</b>	<b>34,463,723</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 11,945,529</b>	<b>\$ 4,658,127</b>	<b>\$ 11,074,350</b>	<b>\$ 722,618</b>	<b>\$ 3,851,134</b>	<b>\$ 32,251,758</b>

The Notes to Financial Statements are an integral part of this statement.

**PARKER COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2015**

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

Net changes in fund balances - total governmental funds		\$ (2,211,965)
<p>Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities the cost 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 period.</p>		
Capital outlay	\$ 12,790,777	
Depreciation	<u>(3,410,013)</u>	
Net capital outlay		9,380,764
<p>The net effect of capital assets disposals and conveyance of assets, decreases net position.</p>		
		(1,260,117)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		367,408
<p>Capital leases provide current financial resources to governmental funds while increasing long-term liabilities in the statement of net position.</p>		
		(2,685,671)
<p>Expenditures related to the County's participation in the Texas County and District Retirement System are recorded as they are paid in the governmental funds, but are recognized based on the change in net pension liability in the Statement of Activities.</p>		
		361,565
<p>Repayment of long-term capital lease, general obligation bonds and unlimited tax road bonds principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		2,792,523
<p>Some items reported in the statement of activities do not involve current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities are:</p>		
Amortization of deferred loss on refunding	(58,801)	
Amortization of premium from bond issuance	536,555	
Increase in accrued interest payable	(50,053)	
Accretion of capital appreciation bonds	909,748	
Decrease in compensated absences	<u>(20,367)</u>	
Net increase in expenditures		1,317,082
<p>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.</p>		
		<u>804,807</u>
Change in net position of governmental activities - statement of activities		<u>\$ 8,866,396</u>

The Notes to Financial Statements are an integral part of this statement.

**PARKER COUNTY, TEXAS  
STATEMENT OF NET POSITION –  
PROPRIETARY FUND  
SEPTEMBER 30, 2015**

	<b>Insurance Escrow</b>
<b>ASSETS</b>	
Cash	\$ 3,600,285
Investments	909,164
Receivables, net of allowance	289
Prepaid items and other assets	85,000
<b>Total assets</b>	<b>4,594,738</b>
<b>LIABILITIES</b>	
Accounts payable	170,450
Accrued salaries and benefits payable	25,639
<b>Total liabilities</b>	<b>196,089</b>
<b>NET POSITION</b>	
Unrestricted	4,398,649
<b>TOTAL NET POSITION</b>	<b>\$ 4,398,649</b>

The Notes to Financial Statements are an integral part of this statement.



**PARKER COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION – PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2015**

	<b>Insurance Escrow</b>
<b>OPERATING REVENUES</b>	
Contributions	\$ 6,663,229
<b>Total operating revenues</b>	6,663,229
<b>OPERATING EXPENSES</b>	
Contractual	6,399,402
<b>Total operating expenses</b>	6,399,402
<b>Operating income</b>	263,827
<b>NONOPERATING REVENUES</b>	
Miscellaneous	540,980
<b>Total nonoperating revenues</b>	540,980
<b>Change in net position</b>	804,807
<b>NET POSITION, beginning of year</b>	3,593,842
<b>NET POSITION, end of year</b>	\$ 4,398,649

The Notes to Financial Statements are an integral part of this statement.

**PARKER COUNTY, TEXAS  
STATEMENT OF CASH FLOWS –  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2015**

	<b>Insurance Escrow</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from interfund services provided	\$ 6,647,940
Payments to providers	(6,303,760)
<b>Net cash provided by operating activities</b>	344,180
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(737,845)
Miscellaneous receipts	540,980
<b>Net cash used in investing activities</b>	(196,865)
<b>NET INCREASE IN CASH</b>	147,315
<b>CASH, beginning of year</b>	3,452,970
<b>CASH, end of year</b>	\$ 3,600,285
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 263,827
Adjustments to reconcile operating income to net cash provided by operating activities	
Increase in accounts receivable	(289)
Increase in prepaids and other assets	(15,000)
Increase in accounts payable	95,642
<b>Net cash provided by operating activities</b>	\$ 344,180

The Notes to Financial Statements are  
an integral part of this statement.

**PARKER COUNTY, TEXAS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –  
AGENCY FUNDS  
SEPTEMBER 30, 2015**

**ASSETS**

Cash	\$ 6,312,150
Investments	<u>492,226</u>

<b>Total assets</b>	<u>\$ 6,804,376</u>
---------------------	---------------------

**LIABILITIES**

Deposits held and due to others	<u>\$ 6,804,376</u>
---------------------------------	---------------------

<b>Total liabilities</b>	<u>\$ 6,804,376</u>
--------------------------	---------------------

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

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

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

**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. 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 requirements of these funding sources. 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. A component unit is an entity for which the County is considered to be financially accountable.

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 Historical Commission is a blended component unit because, although legally separate, it is in substance part of the County's operations. As such, the Historical Commission has been included in the accompanying financial statements.

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.

**Government-wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the governmental, non-fiduciary, activities of the County. The effect of interfund transfers has been removed from the government-wide statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Government-wide Financial Statements – Continued**

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. 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. 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. The General Fund, the Lateral Road Fund, the Capital Projects 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 the 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 present the Internal Service Fund 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.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Governmental Fund Financial Statements – Continued**

Fiduciary fund level financial statements include 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 are custodial in nature therefore fund resources are recorded as assets and liabilities and do not include revenue, expenditures or fund equity.

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 Tax Road Bonds Fund is used to account for the proceeds of the Unlimited Tax Road Bonds - Series 2009 and Series 2014 which were obtained for constructing, improving, extending, expanding, upgrading and/or developing 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 set aside 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.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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.
- 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.

Budgets for the various funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), with the exception of tax revenues being reported on the cash basis. Expenditures in excess of appropriations are required by state statutes to be reported down to the department level. The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Commissioners Court during the year ended September 30, 2015.

**Cash and Investments**

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. Balances in cash and pooled investments are available on a demand basis to each fund. Investments are reported at fair value.

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.

**Prepaid Items and Other Assets**

Prepaid items and other assets consists of inventories accounted for under the first-in first-out method and prepaid items reflecting expenditures associated with future accounting periods.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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

**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 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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category.



**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Deferred Outflows/Inflows of Resources - Continued**

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Grant resources provided in advance of the grant year.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, the portion of the County's property tax levy that was not collected until more than 60 days after the year end and therefore not considered available.

**Fund Balances**

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. Classifications of governmental funds are as follows:

**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.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Balances - Continued**

Unassigned Fund Balance - represents the residual classification of all spendable amounts in the General Fund, not contained within the other classifications. The unassigned category is also used to report negative fund balances in all other funds.

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 2015, the unassigned General Fund balance was 27% of budgeted expenditures and the Debt Service Fund balance was at 11% 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.

**Net Position**

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets –The component of net position that reports the difference between capital assets less the accumulated depreciation and the outstanding balance of debt net of premiums and discounts, excluding any unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

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, 2015 a total of \$39,704,866 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 as a reduction in the County's unrestricted net position.

Restricted net position –Consists of external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted net position –Represents net position, not restricted for any project or other purpose.

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

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Use of Estimates**

The preparation of financial statements in conformity with GAAP 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.

**Pensions**

During the year ended September 30, 2015, the County adopted an accounting policy in response to GASB Statement No. 68, *Accounting and financial Reporting for Pensions, An Amendment of GASB Statement No. 27* (GASB 68). For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, the County specific information about its Fiduciary Net Position in the Texas County and District Retirement System (TCDRS) and additions to/deductions from the County's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the County's Total Pension Liability is obtained from TCDRS through a report prepared for the County by TCDRS consulting actuary, Milliman, in compliance with GASB 68.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**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 in 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;

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. DEPOSITS AND INVESTMENTS - CONTINUED**

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.

As of September 30, 2015, the County had the following investments:

	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>	<u>Market Value</u>	<u>Percentage of Total</u>
Baird - Federated Government Obligation Fund Institutional Class	31 days	AAAm	<u>\$ 26,365,963</u>	<u>100%</u>
Total investments			<u><u>\$ 26,365,963</u></u>	<u><u>100%</u></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, 2015, 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, 2015, the County's investments in Baird - Federated Government Obligation Fund Institutional Class are 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.

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, 2015, 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**

**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 tax rate for the year ended September 30, 2015, excluding that portion budgeted for the retirement of long-term debt principal and interest was 0.3479987 per \$100 valuation. The total tax rate for all purposes was 0.4183287 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 inflows of resources are 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 at September 30, 2015:

<u>Fund</u>	<u>Delinquent Taxes</u>	<u>Allowance</u>	<u>Net Receivable</u>
General	\$ 1,962,025	\$ (522,020)	\$ 1,440,005
Debt Service	489,449	(138,323)	351,126
Lateral Road	<u>209,266</u>	<u>(162,412)</u>	<u>46,854</u>
Total	<u>\$ 2,660,740</u>	<u>\$ (822,755)</u>	<u>\$ 1,837,985</u>

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. CHANGES IN CAPITAL ASSETS**

During the year ended September 30, 2015, the County completed various capital projects relating to infrastructure, roads and bridges, and right of way.

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning 10/1/14	Reclass/ Additions	Reclass/ Deletions	Balance 9/30/15
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,327,118	\$ 376,533	\$ 2,000	\$ 2,701,651
Work in progress	7,869,684	7,323,914	12,585,548	2,608,050
<b>Total capital assets not being depreciated</b>	<b>10,196,802</b>	<b>7,700,447</b>	<b>12,587,548</b>	<b>5,309,701</b>
Depreciable capital assets				
Buildings and improvements	35,393,197	2,095,264	8,626	37,479,835
Infrastructure	119,664,503	12,488,206	-	132,152,709
Office furniture and equipment	9,960,654	673,991	1,464,576	9,170,069
Transportation equipment	4,822,471	570,596	239,350	5,153,717
Road maintenance equipment	14,284,669	1,607,675	770,788	15,121,556
Fire fighting equipment	2,825,496	26,590	-	2,852,086
Emergency management equipment	671,324	31,026	14,860	687,490
Other	61,117	128,912	22,640	167,389
<b>Total depreciable capital assets</b>	<b>187,683,431</b>	<b>17,622,260</b>	<b>2,520,840</b>	<b>202,784,851</b>
Less accumulated depreciation for				
Buildings and improvements	11,772,569	982,384	-	12,754,953
Infrastructure	113,777,917	475,196	-	114,253,113
Office furniture and equipment	7,715,883	679,142	572,288	7,822,737
Transportation equipment	3,853,934	391,955	211,217	4,034,672
Road maintenance equipment	11,170,303	788,774	532,836	11,426,241
Fire fighting equipment	2,825,496	26,590	-	2,852,086
Emergency management equipment	546,539	57,611	-	604,150
Other	52,364	8,361	-	60,725
<b>Total accumulated depreciation</b>	<b>151,715,005</b>	<b>3,410,013</b>	<b>1,316,341</b>	<b>153,808,677</b>
<b>Depreciable capital assets, net</b>	<b>35,968,426</b>	<b>14,212,247</b>	<b>1,204,499</b>	<b>48,976,174</b>
Governmental activities capital assets, net	<u>\$ 46,165,228</u>	<u>\$ 21,912,694</u>	<u>\$ 13,792,047</u>	<u>\$ 54,285,875</u>

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. CHANGES IN CAPITAL ASSETS – CONTINUED**

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

Governmental activities		
General government	\$	1,067,686
Roads and bridges		1,338,327
Public safety		575,295
Law enforcement		382,278
Judicial		20,913
Recording		<u>25,514</u>
Total depreciation for governmental activities	\$	<u>3,410,013</u>

**NOTE 6. INTERFUND BALANCES AND TRANSFERS**

The following is a schedule of interfund transfers during the year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Nonmajor fund	<u>\$ 7,852</u>	Repayment of funds
Total transfers		<u>\$ 7,852</u>	

**NOTE 7. COMPENSATORY PAY**

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. The liability for accrued vacation and compensatory pay is included below with general long-term debt. At September 30, 2015 the value of accumulated vacation and compensatory benefits amounted to \$921,334. The General Fund has been used to liquidate the liability.



**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**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 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. The bonds are scheduled to mature in February of 2034. Interest is payable February 15 and August 15, at interest rates ranging from 3.75% to 5.25%. The outstanding balance at September 30, 2015 was \$58,608,675.

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 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. The bonds are scheduled to mature in February of 2038. Interest is payable February 15 and August 15, at interest rates ranging from 2.0% to 4.0%. The outstanding balance at September 30, 2015 was \$18,710,000.

**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. The bonds are scheduled to mature 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, 2015 was \$2,335,000.

Current requirements for bonded indebtedness of the County are accounted for in the Debt Service funds.

**Certificates of Obligation**

The County issued refunding General Obligation Bonds; Series 2014 were issued in the amount of \$12,645,000 with interest rates between 0.393% and 3.469%. The outstanding balance on the Series 2014 bonds at September 30, 2015 was \$11,590,000. Principal interest payments are due in annual installments on February 15 and August 15. The bonds are scheduled to mature in February of 2025.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. LONG-TERM DEBT AND CAPITAL LEASES – CONTINUED**

**Certificates of Obligation – Continued**

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

Year	Principal	Interest	Total
2016	\$ 1,758,675	\$ 5,002,603	\$ 6,761,278
2017	2,940,000	3,891,322	6,831,322
2018	3,095,000	3,803,915	6,898,915
2019	3,260,000	3,706,539	6,966,539
2020	3,445,000	3,592,125	7,037,125
2021-2025	20,125,000	15,724,355	35,849,355
2026-2030	25,950,000	10,450,294	36,400,294
2031-2035	26,995,000	3,403,475	30,398,475
2036-2038	3,675,000	181,756	3,856,756
	<u>\$ 91,243,675</u>	<u>\$ 49,756,384</u>	<u>\$ 141,000,059</u>

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

	October 1, 2014, as restated	Additions	Retirements	September 30, 2015	Due Within One Year
General Obligation Refunding Bonds, Series 2005	\$ 2,520,000	\$ -	\$ 185,000	\$ 2,335,000	\$ 190,000
General Obligation Refunding Bonds, Series 2014	12,645,000	-	1,055,000	11,590,000	1,065,000
Unlimited Tax Road Bonds 2009	58,981,138	-	372,463	58,608,675	323,675
Unlimited Tax Road Bonds 2013	18,840,000	-	130,000	18,710,000	180,000
Plus deferred premiums on issuance	3,072,489	-	536,555	2,535,934	159,751
Plus accumulated accretion	1,945,257	74,572	984,320	1,035,509	1,061,326
Capital lease payable	1,680,105	2,685,671	1,022,142	3,343,634	1,000,145
Net pension liability	5,620,765	723,744	-	6,344,509	-
Compensated absences	900,967	641,682	621,315	921,334	687,000
Totals	<u>\$ 106,205,721</u>	<u>\$ 4,125,669</u>	<u>\$ 4,906,795</u>	<u>\$ 105,424,595</u>	<u>\$ 4,666,897</u>

**Capital Leases Payable**

**Precinct One**

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 and a final payment of \$1, bearing interest at the rate of 6.07% per annum.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. LONG-TERM DEBT AND CAPITAL LEASES – CONTINUED**

**Capital Leases Payable – Continued**

**Precinct One – Continued**

The capital lease proceeds were used to purchase equipment by Precinct One (Fund 01). The balance at September 30, 2015 was fully repaid.

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, 2015 was fully repaid.

**Precinct One and Precinct Two**

The County entered into a capital lease agreement in November 2014 in the amount of \$158,581. The lease balance is payable in three successive annual payments of \$56,359 each and a final payment of \$1, bearing interest at the rate of 3.927% per annum. The capital lease proceeds were used to purchase equipment by Precinct One (Fund 01) and Precinct Two (Fund 02). The balance at September 30, 2015 was \$158,581.

**Precinct Two**

The County entered into a capital lease agreement in June 2015 in the amount of \$223,775. The lease balance is payable in seven successive annual payments of \$35,613 each and a final payment of \$1, bearing interest at the rate of 3.245% per annum. The capital lease proceeds were used to purchase equipment by Precinct Two (Fund 02). The balance at September 30, 2015 was \$223,775.

**Precinct Four**

The County entered into a capital lease agreement in June 2015 in the amount of \$263,915. The lease balance is payable in seven successive annual payments of \$41,995 each and a final payment of \$1, bearing interest at the rate of 3.24% per annum. The capital lease proceeds were used to purchase equipment by Precinct Four (Fund 04). The balance at September 30, 2015 was \$263,915.

**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 and a final payment of \$468,153 in fiscal year 2017 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, 2015 was \$934,885.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. LONG-TERM DEBT AND CAPITAL LEASES – CONTINUED**

**Capital Leases Payable – Continued**

**Sheriff Administration**

The County entered into a capital lease agreement in November 2008 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, maturity in fiscal year 2017. The capital lease proceeds were used to purchase County-wide CAD mapping software and equipment. The balance at September 30, 2015 was \$112,811.

The County entered into a capital lease agreement in December 2013 in the amount of \$2,039,400. The lease balance is payable in five successive annual payments of \$445,930, bearing interest at the rate of 3.2% per annum. The capital lease proceeds were used to purchase a judicial software system for the courts and an automatic dispatch and retrieval system for the Sheriff's Department. The balance at September 30, 2015 was \$1,649,667.

**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, 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, 2015 was fully repaid.

The following analysis of equipment leased under capital leases as of September 30, 2015:

	Governmental Activities
Equipment	\$ 6,989,533
Less accumulated depreciation	(3,424,271)
Total	\$ 3,565,262

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

Scheduled minimum lease payments	\$ 3,606,645
Amount representing interest	(263,011)
Present value of future minimum capital lease payments (principal payoff)	\$ 3,343,634

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. LONG-TERM DEBT AND CAPITAL LEASES – CONTINUED**

**Capital Leases Payable – Continued**

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

Year	Principal	Interest	Total
2016	\$ 1,000,145	\$ 105,605	\$ 1,105,750
2017	1,085,475	79,163	1,164,638
2018	539,097	40,800	579,897
2019	500,411	23,126	523,537
2020	70,524	7,084	77,608
2021-2025	147,982	7,233	155,215
Total	<u>\$ 3,343,634</u>	<u>\$ 263,011</u>	<u>\$ 3,606,645</u>

**NOTE 9. RETIREMENT PLAN**

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 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The Comprehensive Annual Financial Report (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 30 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.

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.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. RETIREMENT PLAN – CONTINUED**

*Contributions:* The employer 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, however the County may elect to contribute at a rate higher than the actuarially determined rate, or make additional lump sum contributions on an ad hoc basis to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience. The employer contributed using the actuarially determined rate of 11% for the months of the accounting year in 2015 and 2014.

The deposit rate payable by the employee members for calendar year 2014 and 2015 is the rate of 7% as adopted by the Commissioner's Court. The employee contribution rate and the employer contribution rate may be changed by the Commissioner's Court of the employer within the options available in the TCDRS Act.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2014
Actuarial cost method	Entry Age Normal
Asset valuation method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary increase	3.50%
Investment rate of return	8.10%
Payroll growth	3.50%

**Discount Rate**

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.10%. The longterm expected rate of return on pension plan

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. RETIREMENT PLAN – CONTINUED**

**Discount Rate - Continued**

investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2015 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Gemoetric Real</u>
US Equities	16.50%	5.35%
Private Equities	12.00%	8.35%
Global Equities	1.50%	5.65%
International Equities - Developed	11.00%	5.35%
International Equities - Emerging	9.00%	6.35%
Investment - Grade Bonds	3.00%	0.55%
High-Yield Bonds	3.00%	3.75%
Opportunistic Credit	5.00%	5.54%
Direct Lending	2.00%	5.80%
Distressed Debt	3.00%	6.75%
REIT Equities	2.00%	4.00%
Commodities	2.00%	-0.20%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	3.00%	7.20%
Hedge Funds	25.00%	5.15%
Total	100.00%	

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8.10%) in measuring the 2014 Net Pension Liability:

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 93,308,572	\$ 82,335,922	\$ 73,303,510
Fiduciary net pension	75,991,412	75,991,413	75,991,412
Net pension liability / (asset)	\$ 17,317,160	\$ 6,344,509	\$ (2,687,902)

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. RETIREMENT PLAN – CONTINUED**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2015, the County reported \$6,344,509 for the net pension liability and pension expense of \$2,051,782 related to the December 31, 2014 valuation. The breakdown of the components of pension expense follows:

	January 1, 2014 to December 31, 2014
Service cost	\$ 2,748,729
Interest on total pension liability (1)	6,158,291
Administrative expenses	56,458
Member contributions	(1,475,998)
Expected investment return net of investment expenses	(5,794,705)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	43,631
Recognition of investment gains or losses	214,597
Other (2)	100,779
Pension expense	\$ 2,051,782

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

The County reported deferred outflows of resources related to the pension from the following sources:

	Deferred Outflow of Resources
Differences between expected and actual economic experience	\$ 130,892
Net difference between projected and actual investment earnings	858,387
Contributions subsequent to the measurement date	1,842,745
Total	\$ 2,832,024



**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. RETIREMENT PLAN – CONTINUED**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued**

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2015	\$ 2,100,971
2016	258,227
2017	258,227
2018	214,599
Total	\$ 2,832,024

**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 Comprehensive Annual Financial Report may also be obtained by writing to the Texas County and District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 8010-823-7782.

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, 2015, 2014, and 2013 were \$81,194, \$76,560 and \$66,465, respectively, which equaled the contractually required contributions each year.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**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, 2015. The total contractual commitments outstanding as of September 30, 2015 amounted to \$3,616,781. 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 based on fixed premiums, and the pool provides insurance coverage and applicable reinsurance or stop loss coverage to prevent extraordinary or catastrophic losses.

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.

**PARKER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13. DEFICIT NET POSITION**

A deficit unrestricted net position of approximately \$20.9 million exists in governmental activities as of September 30, 2015. This deficit is primarily the result of the County conveying assets in prior years to the Texas Department of Transportation and various cities within the County.

**NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE**

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions* and as amended by GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, local governments participating in defined benefit pensions are required to recognize their portion of the present value of the projected benefit payments to be provided through the pension plan. The County has retroactively implemented this change, which resulted in a restatement of beginning net position as of September 30, 2015, the effect of which was a decrease of \$3,874,050 from previously reported net position of \$(15,255,472) to \$(19,129,522).

**REQUIRED SUPPLEMENTARY INFORMATION**

**PARKER COUNTY, TEXAS**  
**TEXAS COUNTY DISTRICT RETIREMENT SYSTEM SCHEDULE OF CHANGES IN**  
**EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE EMPLOYEES**  
**OF PARKER COUNTY**  
**YEAR ENDED SEPTEMBER 30, 2015**

	<b>2014</b>
<b>Total Pension Liability</b>	
Service cost	\$ 2,748,729
Interest (on the total pension liability)	6,158,291
Effect of economic/demographic losses	174,522
Benefit payments/refunds of contributions	(2,798,116)
	6,283,426
<b>Net Change in Total Pension Liability</b>	6,283,426
<b>Total Pension Liability - Beginning</b>	76,052,495
<b>Total Pension Liability - Ending (a)</b>	\$ 82,335,921
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 2,317,316
Contributions - Employee	1,475,998
Investment income net of investment expenses	4,721,721
Benefit payments/refunds of contributions	(2,798,116)
Administrative expense	(56,458)
Other	(100,779)
	5,559,682
<b>Net Change in Plan Fiduciary Net Position</b>	5,559,682
<b>Plan Fiduciary Net Position - Beginning</b>	70,431,730
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 75,991,412
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 6,344,509
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	92.29%
<b>Covered Employee Payroll</b>	\$ 21,085,679
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	30.09%

**Notes to Schedule:**

As of December 31 - Measurement date

*Benefit changes.* There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

*Changes of assumptions.* There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**PARKER COUNTY, TEXAS  
TEXAS COUNTY DISTRICT RETIREMENT SYSTEM  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
YEAR ENDED SEPTEMBER 30, 2015**

	Year Ended December 31,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005 *
Actuarially determined contribution	\$ 2,317,316	\$ 2,134,740	\$ 1,936,701	\$ 2,173,044	\$ 2,161,779	\$ 2,003,344	\$ 1,761,514	\$ 1,743,873	\$ 1,194,775	Not Available
Contributions in relation to the actuarially determined contribution	<u>2,317,316</u>	<u>2,134,740</u>	<u>1,936,701</u>	<u>2,173,044</u>	<u>2,161,779</u>	<u>2,003,344</u>	<u>1,761,514</u>	<u>1,743,873</u>	<u>1,194,775</u>	Not Available
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Not Available
Covered-employee payroll	\$ 21,957,383	\$ 20,234,526	\$ 19,483,984	\$ 19,629,775	\$ 20,035,025	\$ 19,679,211	\$ 18,066,809	\$ 17,317,510	\$ 15,028,622	Not Available
Contributions as a percentage of covered-employee payroll	10.6%	10.5%	9.9%	11.1%	10.8%	10.2%	9.8%	10.1%	7.9%	Not Available

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.
Investment rate of return	8.10%
Retirement age	Experience-based table of rates that are specific to the County's plan of benefits.
Mortality	Based on the RP-2000 Active Employee Mortality Table for depositing members; RP-2000 Combined Mortality Table for the service retirees, beneficiaries and non-depositing members; and RP-2000 Disabled Mortality Table for disabled retirees.

\* Only nine years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement." The year 2005 was not available at the time of this report.

**PARKER COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 25,783,036	\$ 25,783,036	\$ 25,809,370	\$ 26,334
Sales taxes	7,000,000	7,000,000	7,519,525	519,525
Intergovernmental	2,503,809	2,509,059	2,914,788	405,729
Fees of office	4,629,050	4,629,050	5,195,275	566,225
Interest	9,250	9,250	8,680	(570)
Royalties	51,000	51,000	66,790	15,790
Miscellaneous	377,810	411,037	498,705	87,668
<b>Total revenues</b>	40,353,955	40,392,432	42,013,133	1,620,701
<b>EXPENDITURES</b>				
General government				
Commissioners' court	215,032	228,032	91,062	136,970
County judge	391,037	391,037	379,303	11,734
Veterans' service officer	65,062	65,062	64,730	332
Non-departmental	2,907,000	2,234,854	2,064,463	170,391
Employee benefits	168,684	168,684	167,530	1,154
Election expenses	516,736	516,736	437,303	79,433
County auditor	579,276	579,276	557,501	21,775
County treasurer	316,066	316,066	299,738	16,328
Building and grounds	1,455,173	1,455,173	1,309,807	145,366
Purchasing administration	305,586	312,586	274,789	37,797
Information technology	827,610	827,610	777,571	50,039
Social services	208,940	208,940	208,150	790
County extension services	297,972	299,782	293,004	6,778
<b>Total general government</b>	8,254,174	7,603,838	6,924,951	678,887
Public safety				
Emergency management	263,573	267,573	205,080	62,493
Fire protection	1,138,970	1,139,020	842,140	296,880
<b>Total public safety</b>	1,402,543	1,406,593	1,047,220	359,373
Law enforcement				
Jail	6,848,778	6,848,778	7,297,713	(448,935)
Constable #1	188,036	194,566	183,759	10,807
Constable #2	210,414	220,959	205,101	15,858
Constable #3	171,150	171,150	166,905	4,245
Constable #4	204,901	213,307	197,922	15,385
Sheriff administration	8,867,841	8,820,636	8,689,249	131,387
Sheriff investigation	103,130	100,753	75,751	25,002
Sheriff dispatching	21,904	37,437	33,695	3,742
Sheriff patrol	375,584	361,951	331,383	30,568
Training division	35,456	44,939	34,578	10,361
Jail transfer	116,875	102,407	86,122	16,285
Narcotics task force	134,863	135,562	114,635	20,927
Game warden	1,797	1,797	738	1,059
Animal control	484,919	482,419	373,830	108,589
Courthouse security	1,500	1,500	311	1,189
Highway patrol (North)	48,694	48,694	46,672	2,022
Highway patrol (South)	60,647	60,647	58,478	2,169
<b>Total law enforcement</b>	17,876,489	17,847,502	17,896,842	(49,340)

**PARKER COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Judicial				
District court 43rd	825,616	812,616	867,587	(54,971)
District court 415th	1,068,734	1,037,910	885,838	152,072
County court-at-law #1	765,273	765,273	832,702	(67,429)
County court-at-law #2	753,332	753,332	828,186	(74,854)
Justice of the peace #1	375,581	375,581	364,705	10,876
Justice of the peace #2	400,148	400,148	379,231	20,917
Justice of the peace #3	438,019	438,019	422,978	15,041
Justice of the peace #4	467,773	467,773	394,534	73,239
County attorney	2,071,092	2,084,333	2,027,292	57,041
District attorney	1,461,175	1,461,175	1,400,565	60,610
Adult probation	10,000	10,000	8,652	1,348
Probate	107,365	107,365	100,815	6,550
Juvenile probation	726,831	726,831	598,432	128,399
<b>Total judicial</b>	<b>9,470,939</b>	<b>9,440,356</b>	<b>9,111,517</b>	<b>328,839</b>
Health and welfare				
Medical examiner-investigator	267,942	267,942	261,780	6,162
911 addressing	56,070	56,070	55,151	919
Sanitations	305,262	309,262	306,905	2,357
<b>Total health and welfare</b>	<b>629,274</b>	<b>633,274</b>	<b>623,836</b>	<b>9,438</b>
Recording				
County clerk	541,163	540,863	507,624	33,239
County clerk court division	825,127	826,287	807,397	18,890
District clerk	911,041	911,041	873,796	37,245
<b>Total recording</b>	<b>2,277,331</b>	<b>2,278,191</b>	<b>2,188,817</b>	<b>89,374</b>
Tax assessing-collecting	916,342	916,342	918,031	(1,689)
<b>Total tax assessing-collecting</b>	<b>916,342</b>	<b>916,342</b>	<b>918,031</b>	<b>(1,689)</b>
Capital outlay	1,512,825	1,806,368	3,427,442	(1,621,074)
<b>Total capital outlay</b>	<b>1,512,825</b>	<b>1,806,368</b>	<b>3,427,442</b>	<b>(1,621,074)</b>
Capital lease				
Principal	700,430	1,092,701	909,525	183,176
Interest	132,404	186,063	159,603	26,460
<b>Total debt service</b>	<b>832,834</b>	<b>1,278,764</b>	<b>1,069,128</b>	<b>209,636</b>
<b>Total expenditures</b>	<b>43,172,751</b>	<b>43,211,228</b>	<b>43,207,784</b>	<b>3,444</b>
Excess (deficiency) of revenues over (under) expenditures	(2,818,796)	(2,818,796)	(1,194,651)	1,624,145
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	575,000	575,000	-	(575,000)
Operating transfers out	-	-	(7,852)	(7,852)
Proceeds from capital lease	45,000	45,000	2,039,400	1,994,400
Sale of assets	5,000	5,000	17,231	12,231
<b>Total other financing sources</b>	<b>625,000</b>	<b>625,000</b>	<b>2,048,779</b>	<b>1,423,779</b>
<b>Net changes in fund balances</b>	<b>(2,193,796)</b>	<b>(2,193,796)</b>	<b>854,128</b>	<b>3,047,924</b>
<b>FUND BALANCES, October 1</b>	<b>11,091,401</b>	<b>11,091,401</b>	<b>11,091,401</b>	<b>-</b>
<b>FUND BALANCES, September 30</b>	<b>\$ 8,897,605</b>	<b>\$ 8,897,605</b>	<b>\$ 11,945,529</b>	<b>\$ 3,047,924</b>



**PARKER COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
LATERAL ROAD FUND  
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 8,073,603	\$ 8,073,603	\$ 8,249,928	\$ 176,325
Intergovernmental	121,250	144,198	324,180	179,982
Fees of office	1,857,150	1,857,150	1,701,099	(156,051)
Fines and forfeitures	340,000	340,000	391,870	51,870
Interest	457	457	1,308	851
Miscellaneous	31,800	31,800	26,969	(4,831)
<b>Total revenues</b>	<b>10,424,260</b>	<b>10,447,208</b>	<b>10,695,354</b>	<b>248,146</b>
<b>EXPENDITURES</b>				
Roads and bridges				
General	39,396	39,396	53,605	(14,209)
Precinct 1	2,186,814	2,122,425	1,769,471	352,954
Precinct 2	2,175,369	2,048,923	1,785,778	263,145
Precinct 3	2,371,663	2,366,394	1,926,661	439,733
Precinct 4	1,996,240	1,843,609	1,671,618	171,991
<b>Total roads and bridges</b>	<b>8,769,482</b>	<b>8,420,747</b>	<b>7,207,133</b>	<b>1,213,614</b>
Capital outlay				
Precinct 1	688,913	565,913	376,676	189,237
Precinct 2	666,337	792,783	959,467	(166,684)
Precinct 3	659,744	739,004	925,075	(186,071)
Precinct 4	901,401	1,265,169	1,469,550	(204,381)
<b>Total capital outlay</b>	<b>2,916,395</b>	<b>3,362,869</b>	<b>3,730,768</b>	<b>(367,899)</b>
Debt service				
Precinct 1	119,531	119,531	119,530	1
Precinct 2	-	-	-	-
Precinct 3	-	-	-	-
Precinct 4	800	-	-	-
<b>Total debt service</b>	<b>120,331</b>	<b>119,531</b>	<b>119,530</b>	<b>1</b>
<b>Total expenditures</b>	<b>11,806,208</b>	<b>11,903,147</b>	<b>11,057,431</b>	<b>845,716</b>
Excess (deficiency) of revenues over (under) expenditures	(1,381,948)	(1,455,939)	(362,077)	1,093,862
<b>OTHER FINANCING SOURCES</b>				
Internal Transfers	1	1	-	(1)
Capital Lease Proceeds	-	-	646,271	646,271
Sale of assets	6,000	79,991	102,716	22,725
<b>Total other financing sources</b>	<b>6,000</b>	<b>79,991</b>	<b>748,987</b>	<b>668,996</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,375,948)</b>	<b>(1,375,948)</b>	<b>386,910</b>	<b>1,762,858</b>
<b>FUND BALANCES, beginning of year</b>	<b>4,271,217</b>	<b>4,271,217</b>	<b>4,271,217</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 2,895,269</b>	<b>\$ 2,895,269</b>	<b>\$ 4,658,127</b>	<b>\$ 1,762,858</b>

## **SUPPLEMENTARY INFORMATION**

## **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 Forfeiture and Evidence Funds** - Monies not returned to the defendant held for use by the Sheriff in drug enforcement activities.

**Law Enforcement Officers Standards and Education (LEOSE) Fund** - These funds are allocated by the Legislature to be used for continuing education of Law Enforcement Officers.

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

**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.

## **Nonmajor funds – Special Revenue Funds (Continued)**

**Road and Bridge Escrow Fund** - To account for funds held for road maintenance bonds.

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

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

**District Court Records Technology Fund** - To account for revenues and expenses associated with the district court records 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.

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

**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.

**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.

**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 other funds.

**PARKER COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	<u>Special Revenue Funds</u>				
	<u>Historical Commission</u>	<u>Estray</u>	<u>Abandoned Vehicle</u>	<u>Courthouse Security</u>	<u>Voter Registration</u>
<b>ASSETS</b>					
Cash	\$ 6,778	\$ 1,828	\$ 1,646	\$ 2,342	\$ 1,584
Investments	102,255	27,581	24,833	35,324	23,895
Receivables:					
Intergovernmental	-	-	-	-	-
Other	-	40	-	1,433	-
Prepaid expenses and other assets	-	-	-	-	-
<b>Total assets</b>	<u>109,033</u>	<u>29,449</u>	<u>26,479</u>	<u>39,099</u>	<u>25,479</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Grant resources provided in advance	-	-	-	-	-
<b>Total assets and deferred outflow of resources</b>	<u>\$ 109,033</u>	<u>\$ 29,449</u>	<u>\$ 26,479</u>	<u>\$ 39,099</u>	<u>\$ 25,479</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 225	\$ -
Accrued salaries and benefits payable	-	-	-	1,920	-
Due to other governmental entities	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,145</u>	<u>-</u>
Fund balances:					
Restricted for state and federal programs	-	29,449	26,479	36,954	25,479
Assigned to state and special programs	109,033	-	-	-	-
<b>Total fund balances</b>	<u>109,033</u>	<u>29,449</u>	<u>26,479</u>	<u>36,954</u>	<u>25,479</u>
<b>Total liabilities and fund balances</b>	<u>\$ 109,033</u>	<u>\$ 29,449</u>	<u>\$ 26,479</u>	<u>\$ 39,099</u>	<u>\$ 25,479</u>

**Special Revenue Funds**

<b>Sheriff's Forfeiture Federal Share</b>	<b>Contract Elections</b>	<b>Pre-trial Intervention</b>	<b>Sheriff's Evidence</b>	<b>Sheriff's Forfeiture</b>	<b>LEOSE Education</b>	<b>District Attorney State Supplement</b>	<b>Special District Attorney</b>	<b>Special County Attorney</b>	<b>District Attorney Awarded</b>
\$ 24,593	\$ 3,271	\$ 1,751	\$ 632	\$ 8,358	\$ 683	\$ 59	\$ 1,159	\$ 160	\$ 20,408
254,058	49,340	26,412	9,532	27,258	10,304	894	17,488	2,420	151,463
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	40	-	-	-	1,169
-	-	-	-	-	-	-	-	-	-
278,651	52,611	28,163	10,164	35,616	11,027	953	18,647	2,580	173,040
-	-	-	-	-	-	-	-	-	-
<u>\$ 278,651</u>	<u>\$ 52,611</u>	<u>\$ 28,163</u>	<u>\$ 10,164</u>	<u>\$ 35,616</u>	<u>\$ 11,027</u>	<u>\$ 953</u>	<u>\$ 18,647</u>	<u>\$ 2,580</u>	<u>\$ 173,040</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41	\$ -
-	-	-	-	-	-	953	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	953	-	41	-
278,651	52,611	28,163	10,164	35,616	11,027	-	18,647	2,539	173,040
-	-	-	-	-	-	-	-	-	-
278,651	52,611	28,163	10,164	35,616	11,027	-	18,647	2,539	173,040
<u>\$ 278,651</u>	<u>\$ 52,611</u>	<u>\$ 28,163</u>	<u>\$ 10,164</u>	<u>\$ 35,616</u>	<u>\$ 11,027</u>	<u>\$ 953</u>	<u>\$ 18,647</u>	<u>\$ 2,580</u>	<u>\$ 173,040</u>

**PARKER COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
SEPTEMBER 30, 2015**

	Special Revenue Funds						
	Justice Technology Fund	Law Library	Road and Bridge Escrow	Juvenile Probation Fees and Grant Funds	Adult Probation Bond Fund	District Court Records Technology	Justice Court Security
<b>ASSETS</b>							
Cash	\$ 25,582	\$ 14,646	\$ 4,787	\$ 5,377	\$ 2,839	\$ 3,458	\$ 6,392
Investments	385,923	220,952	72,213	81,125	42,833	52,163	96,436
Receivables:							
Intergovernmental	-	-	-	85,891	-	-	-
Other	297	3,294	-	-	-	1,069	73
Prepaid expenses and other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>411,802</b>	<b>238,892</b>	<b>77,000</b>	<b>172,393</b>	<b>45,672</b>	<b>56,690</b>	<b>102,901</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>							
Grant resources provided in advance	-	-	-	-	-	-	-
<b>Total assets and deferred outflow of resources</b>	<b>\$ 411,802</b>	<b>\$ 238,892</b>	<b>\$ 77,000</b>	<b>\$ 172,393</b>	<b>\$ 45,672</b>	<b>\$ 56,690</b>	<b>\$ 102,901</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 1,196	\$ 1,541	\$ -	\$ -	\$ 4,991	\$ -	\$ -
Accrued salaries and benefits payable	-	107	-	62,589	-	-	-
Due to other governmental entities	-	-	77,000	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,196</b>	<b>1,648</b>	<b>77,000</b>	<b>62,589</b>	<b>4,991</b>	<b>-</b>	<b>-</b>
Fund balances:							
Restricted for state and federal programs	410,606	237,244	-	109,804	40,681	56,690	102,901
Assigned to state and special programs	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>410,606</b>	<b>237,244</b>	<b>-</b>	<b>109,804</b>	<b>40,681</b>	<b>56,690</b>	<b>102,901</b>
<b>Total liabilities and fund balances</b>	<b>\$ 411,802</b>	<b>\$ 238,892</b>	<b>\$ 77,000</b>	<b>\$ 172,393</b>	<b>\$ 45,672</b>	<b>\$ 56,690</b>	<b>\$ 102,901</b>

**Special Revenue Funds**

<b>County/ District Technology Fund</b>	<b>County Clerk Records Management</b>	<b>County Clerk Vital Records</b>	<b>Records Management County Wide</b>	<b>District Clerk Records Management</b>	<b>Court Reporters Service</b>	<b>District Clerk</b>	<b>Court Record Preservation</b>	<b>Document Preservation</b>	<b>Other Grant Funds</b>	<b>Total Special Revenue Funds</b>
\$ 1,003	\$ 31,740	\$ 1,738	\$ 13,538	\$ 6,062	\$ 15,032	\$ 12,139	\$ 7,744	\$ 34,286	\$ 3,179	\$ 264,794
15,124	478,826	26,218	204,227	91,448	226,767	183,126	116,832	517,231	47,952	3,622,453
-	-	-	-	-	-	-	-	-	13,783	99,674
212	1,311	20	2,223	593	2,028	1,653	1,716	1,980	-	19,151
-	-	-	-	-	-	-	-	-	-	-
16,339	511,877	27,976	219,988	98,103	243,827	196,918	126,292	553,497	64,914	4,006,072
-	-	-	-	-	-	-	-	-	352,905	352,905
<b>\$ 16,339</b>	<b>\$ 511,877</b>	<b>\$ 27,976</b>	<b>\$ 219,988</b>	<b>\$ 98,103</b>	<b>\$ 243,827</b>	<b>\$ 196,918</b>	<b>\$ 126,292</b>	<b>\$ 553,497</b>	<b>\$ 417,819</b>	<b>\$ 4,358,977</b>
\$ -	\$ 14	\$ 895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38	\$ -	\$ 8,941
-	1,784	-	-	-	-	-	-	1,644	-	68,997
-	-	-	-	-	-	-	-	-	-	77,000
-	-	-	-	-	-	-	-	-	352,905	352,905
-	1,798	895	-	-	-	-	-	1,682	352,905	507,843
16,339	510,079	27,081	219,988	98,103	243,827	196,918	126,292	551,815	64,914	3,742,101
-	-	-	-	-	-	-	-	-	-	109,033
16,339	510,079	27,081	219,988	98,103	243,827	196,918	126,292	551,815	64,914	3,851,134
<b>\$ 16,339</b>	<b>\$ 511,877</b>	<b>\$ 27,976</b>	<b>\$ 219,988</b>	<b>\$ 98,103</b>	<b>\$ 243,827</b>	<b>\$ 196,918</b>	<b>\$ 126,292</b>	<b>\$ 553,497</b>	<b>\$ 417,819</b>	<b>\$ 4,358,977</b>



**PARKER COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE (DEFICIT)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue Funds					Sheriff's Forfeiture Federal Share
	Historical Commission	Estray	Abandoned Vehicle	Courthouse Security	Voter Registration	
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 4,006	\$ 71,335
Fees of office	-	-	-	69,015	-	-
Interest	22	-	-	-	-	4
Miscellaneous	900	12,416	6,060	-	-	-
<b>Total revenues</b>	<b>922</b>	<b>12,416</b>	<b>6,060</b>	<b>69,015</b>	<b>4,006</b>	<b>71,339</b>
<b>EXPENDITURES</b>						
Current						
General government	10,759	-	-	-	4,289	-
Public safety	-	-	-	69,030	-	-
Law enforcement	-	25	5,953	-	-	27,950
Judicial	-	-	-	-	-	-
Recording	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>10,759</b>	<b>25</b>	<b>5,953</b>	<b>69,030</b>	<b>4,289</b>	<b>27,950</b>
Excess (deficiency) of revenues						
Net changes in fund balances	(9,837)	12,391	107	(15)	(283)	43,389
<b>OTHER FINANCING USES</b>						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
<b>Total financing other uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(9,837)</b>	<b>12,391</b>	<b>107</b>	<b>(15)</b>	<b>(283)</b>	<b>43,389</b>
<b>Fund balances (deficit) - beginning of year</b>	<b>118,870</b>	<b>17,058</b>	<b>26,372</b>	<b>36,969</b>	<b>25,762</b>	<b>235,262</b>
<b>Fund balances - end of year</b>	<b>\$ 109,033</b>	<b>\$ 29,449</b>	<b>\$ 26,479</b>	<b>\$ 36,954</b>	<b>\$ 25,479</b>	<b>\$ 278,651</b>

**Special Revenue Funds**

<b>Contract Elections</b>	<b>Pre-trial Intervention</b>	<b>Sheriff's Evidence</b>	<b>Sheriff's Forfeiture</b>	<b>LEOSE Education</b>	<b>District Attorney State Supplement</b>	<b>Special District Attorney</b>	<b>Special County Attorney</b>	<b>District Attorney Awarded</b>	<b>Justice Technology Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,500	\$ -	\$ -	\$ -	\$ -
75,467	4,503	-	-	3,801	-	630	5,865	-	30,831
-	-	-	(4)	-	-	4	2	38	-
-	-	-	25,988	-	-	-	-	42,681	-
<u>75,467</u>	<u>4,503</u>	<u>-</u>	<u>25,984</u>	<u>3,801</u>	<u>22,500</u>	<u>634</u>	<u>5,867</u>	<u>42,719</u>	<u>30,831</u>
78,459	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	4,950	2,284	-	-	-	-	-
-	-	-	-	445	24,215	-	22,362	19,869	29,179
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>78,459</u>	<u>-</u>	<u>-</u>	<u>4,950</u>	<u>2,729</u>	<u>24,215</u>	<u>-</u>	<u>22,362</u>	<u>19,869</u>	<u>29,179</u>
(2,992)	4,503	-	21,034	1,072	(1,715)	634	(16,495)	22,850	1,652
-	-	-	-	-	4,000	-	-	-	-
-	-	-	-	-	-	-	-	(4,000)	-
-	-	-	-	-	4,000	-	-	(4,000)	-
(2,992)	4,503	-	21,034	1,072	2,285	634	(16,495)	18,850	1,652
55,603	23,660	10,164	14,582	9,955	(2,285)	18,013	19,034	154,190	408,954
<u>\$ 52,611</u>	<u>\$ 28,163</u>	<u>\$ 10,164</u>	<u>\$ 35,616</u>	<u>\$ 11,027</u>	<u>\$ -</u>	<u>\$ 18,647</u>	<u>\$ 2,539</u>	<u>\$ 173,040</u>	<u>\$ 410,606</u>

**PARKER COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE (DEFICIT)**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue Funds						
	Law Library	Road and Bridge Escrow	Juvenile Probation Fees and Grant Funds	Adult Probation Bond Fund	District Court Records Technology	Justice Court Security	County/ District Technology Fund
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ 528,732	\$ -	\$ -	\$ -	\$ -
Fees of office	38,598	-	20,292	106,373	15,045	7,591	4,088
Interest	-	-	-	11	-	-	-
Miscellaneous	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>38,598</b>	<b>-</b>	<b>549,024</b>	<b>106,384</b>	<b>15,045</b>	<b>7,591</b>	<b>4,088</b>
<b>EXPENDITURES</b>							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-	-
Judicial	18,675	-	515,284	127,366	-	3,594	-
Recording	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>18,675</b>	<b>-</b>	<b>515,284</b>	<b>127,366</b>	<b>-</b>	<b>3,594</b>	<b>-</b>
Excess (deficiency) of revenues							
Net changes in fund balances	19,923	-	33,740	(20,982)	15,045	3,997	4,088
<b>OTHER FINANCING USES</b>							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-
<b>Total financing other uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>19,923</b>	<b>-</b>	<b>33,740</b>	<b>(20,982)</b>	<b>15,045</b>	<b>3,997</b>	<b>4,088</b>
<b>Fund balances (deficit) - beginning of year</b>	<b>217,321</b>	<b>-</b>	<b>76,064</b>	<b>61,663</b>	<b>41,645</b>	<b>98,904</b>	<b>12,251</b>
<b>Fund balances - end of year</b>	<b>\$ 237,244</b>	<b>\$ -</b>	<b>\$ 109,804</b>	<b>\$ 40,681</b>	<b>\$ 56,690</b>	<b>\$ 102,901</b>	<b>\$ 16,339</b>

**Special Revenue Funds**

<b>County Clerk Records Management</b>	<b>County Clerk Vital Records</b>	<b>Records Management County Wide</b>	<b>District Clerk Records Management</b>	<b>Court Reporters Service</b>	<b>District Clerk</b>	<b>Court Record Preservation</b>	<b>Document Preservation</b>	<b>Other Grant Funds</b>	<b>Total Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,558	\$ 800,131
278,210	5,434	37,841	8,535	23,459	19,294	24,259	284,297	18,364	1,081,792
81	-	-	-	-	-	-	95	-	253
-	-	-	-	-	-	-	-	-	88,045
<u>278,291</u>	<u>5,434</u>	<u>37,841</u>	<u>8,535</u>	<u>23,459</u>	<u>19,294</u>	<u>24,259</u>	<u>284,392</u>	<u>191,922</u>	<u>1,970,221</u>
-	-	-	-	-	-	-	-	83,736	177,243
-	-	-	-	-	-	-	-	13,176	82,206
-	-	-	-	-	-	-	-	-	41,162
-	-	-	-	-	-	-	-	58,779	819,768
66,628	4,309	1,024	4,820	-	-	285	255,106	-	332,172
-	-	-	-	-	-	-	5,400	-	5,400
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>66,628</u>	<u>4,309</u>	<u>1,024</u>	<u>4,820</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>260,506</u>	<u>155,691</u>	<u>1,457,951</u>
<u>211,663</u>	<u>1,125</u>	<u>36,817</u>	<u>3,715</u>	<u>23,459</u>	<u>19,294</u>	<u>23,974</u>	<u>23,886</u>	<u>36,231</u>	<u>512,270</u>
-	-	-	-	-	-	-	-	7,852	11,852
-	-	-	-	-	-	-	-	-	(4,000)
-	-	-	-	-	-	-	-	7,852	7,852
211,663	1,125	36,817	3,715	23,459	19,294	23,974	23,886	44,083	520,122
298,416	25,956	183,171	94,388	220,368	177,624	102,318	527,929	20,831	3,331,012
<u>\$ 510,079</u>	<u>\$ 27,081</u>	<u>\$ 219,988</u>	<u>\$ 98,103</u>	<u>\$ 243,827</u>	<u>\$ 196,918</u>	<u>\$ 126,292</u>	<u>\$ 551,815</u>	<u>\$ 64,914</u>	<u>\$ 3,851,134</u>

## **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.

**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.

**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.

**Adult Probation Funds** - To account for funds relating to the adult probation supervision grant and the adult probation CCP grant.

## **Agency Funds (Continued)**

**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.

**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.

**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.

**PARKER COUNTY, TEXAS  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –  
 AGENCY FUNDS  
 SEPTEMBER 30, 2015**

	<b>Sheriff's Jail Trust Account</b>	<b>Auto Registration Account</b>	<b>Vehicle Inventory Tax Escrow</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	\$ 29,583	\$ 656,132	\$ 735,084	\$ 281,990	\$ 93,654	\$ 2,058	\$ 512,100
Investments	-	-	-	-	-	-	-
Total assets	<u>\$ 29,583</u>	<u>\$ 656,132</u>	<u>\$ 735,084</u>	<u>\$ 281,990</u>	<u>\$ 93,654</u>	<u>\$ 2,058</u>	<u>\$ 512,100</u>
<b>LIABILITIES</b>							
Deposits held and due to others	\$ 29,583	\$ 656,132	\$ 735,084	\$ 281,990	\$ 93,654	\$ 2,058	\$ 512,100
Total liabilities	<u>\$ 29,583</u>	<u>\$ 656,132</u>	<u>\$ 735,084</u>	<u>\$ 281,990</u>	<u>\$ 93,654</u>	<u>\$ 2,058</u>	<u>\$ 512,100</u>



**PARKER COUNTY, TEXAS  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –  
AGENCY FUNDS (CONTINUED)  
SEPTEMBER 30, 2015**

	<b>County Clerk's Registry Account</b>	<b>County Clerk's Individual Trust Account</b>	<b>District Court Deposit Account</b>	<b>District Clerk's Registry Account</b>	<b>District Clerk's Individual Trust Account</b>	<b>Sherriff's Inmate Trust Account</b>	<b>County Jail Commissary Fund</b>
<b>ASSETS</b>							
Cash	\$ 1,870,111	\$ 936,853	\$ 157,789	\$ 632,428	\$ 209,111	\$ 98	\$ 37,265
Investments	-	-	-	-	-	-	-
Total assets	<u>\$ 1,870,111</u>	<u>\$ 936,853</u>	<u>\$ 157,789</u>	<u>\$ 632,428</u>	<u>\$ 209,111</u>	<u>\$ 98</u>	<u>\$ 37,265</u>
<b>LIABILITIES</b>							
Deposits held and due to others	<u>\$ 1,870,111</u>	<u>\$ 936,853</u>	<u>\$ 157,789</u>	<u>\$ 632,428</u>	<u>\$ 209,111</u>	<u>\$ 98</u>	<u>\$ 37,265</u>
Total liabilities	<u>\$ 1,870,111</u>	<u>\$ 936,853</u>	<u>\$ 157,789</u>	<u>\$ 632,428</u>	<u>\$ 209,111</u>	<u>\$ 98</u>	<u>\$ 37,265</u>

**PARKER COUNTY, TEXAS  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –  
 AGENCY FUNDS (CONTINUED)  
 SEPTEMBER 30, 2015**

	<b>Adult Probation Fund</b>	<b>V.I.T Interest Account</b>	<b>District Attorney Trust Account</b>	<b>County Clerk's Probate Fund</b>	<b>TPWD Funds Account</b>	<b>Juvenile Probation Restitution Account</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>							
Cash	\$ 32,629	\$ 48,038	\$ 64,034	\$ 7,719	\$ 1,149	\$ 4,325	\$ 6,312,150
Investments	492,226	-	-	-	-	-	492,226
Total assets	<u>\$ 524,855</u>	<u>\$ 48,038</u>	<u>\$ 64,034</u>	<u>\$ 7,719</u>	<u>\$ 1,149</u>	<u>\$ 4,325</u>	<u>\$ 6,804,376</u>
<b>LIABILITIES</b>							
Deposits held and due to others	<u>\$ 524,855</u>	<u>\$ 48,038</u>	<u>\$ 64,034</u>	<u>\$ 7,719</u>	<u>\$ 1,149</u>	<u>\$ 4,325</u>	<u>\$ 6,804,376</u>
Total liabilities	<u>\$ 524,855</u>	<u>\$ 48,038</u>	<u>\$ 64,034</u>	<u>\$ 7,719</u>	<u>\$ 1,149</u>	<u>\$ 4,325</u>	<u>\$ 6,804,376</u>

**THIS PAGE INTENTIONALLY BLANK**

## **STATE AWARDS SECTION**

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, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Parker County, Texas (the County) as of and for the year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 1, 2016.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances, 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. 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. We consider the deficiency 2015-001, described in the accompanying schedule of findings and question costs, to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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.

### **Parker County's Response to Findings**

The County's response to the findings identified in our audit is described in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
September 1, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH *THE STATE OF TEXAS*  
*UNIFORM GRANT MANAGEMENT STANDARDS*

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

**Report on Compliance for Each Major State Program**

We have audited Parker County, Texas' (the County) compliance with the types of compliance requirements described in the *State of Texas Uniform Grant Management Standards (UGMS)* that could have direct and material effect on the County's major state program for the year ended September 30, 2015. The County's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the County's major state program based on our audit of the types of compliance requirements referred to above. 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 the *State of Texas Uniform Grant Management Standards (UGMS)*. Those standards and UGMS 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 state 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 on compliance for each major state program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major State Program**

In our opinion, Parker County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended September 30, 2015.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with UGMS and which are described in the accompanying schedule of findings and questioned costs as 2015-003. Our opinion on each major state program is not modified with respect to these matters.

Parker County's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. Parker County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of Parker County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Parker County's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with UGMS, 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 Parker 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 state 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 state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003 that we consider to be a significant deficiencies.



Parker County, Texas

Page 3

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of UGMS. Accordingly, this report is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
September 1, 2016

**PARKER COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED SEPTEMBER 30, 2015**

State Grantor/Pass-Through Grantor Program Title	Pass-Through Disbursements and Expenditures
<b><u>TEXAS DEPARTMENT OF TRANSPORTATION</u></b>	
County Transportation Infrastructure Fund Grant Program	\$ 1,010,947
<b>Total Texas Department of Transportation</b>	<b>1,010,947</b>
<b><u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u></b>	
Passed Through North Central Texas Council of Governments Regional Solid Waste Grant	62,048
Total Passed Through North Central Texas Council of Governments	62,048
Emissions Reduction Incentive Grant (ERIG)	177,000
Low Income Vehicle Repair Assistance, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP)	44,973
<b>Total Texas Commission on Environmental Quality</b>	<b>284,021</b>
<b><u>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</u></b>	
Passed Through North Central Texas Council of Governments Texas Rural Addressing Maintenance Project (911 Grant)	25,646
<b>Total Commission on State Emergency Communications</b>	<b>25,646</b>
<b><u>OFFICE OF THE GOVERNOR</u></b>	
Assault Family Violence Staff Grant	33,990
<b>Total Office of the Governor</b>	<b>33,990</b>
<b><u>TEXAS DEPARTMENT OF MOTOR VEHICLES</u></b>	
Passed Through Tarrant County Tarrant Regional Auto Crimes Task Force	61,875
<b>Total Texas Department of Transportation</b>	<b>61,875</b>
<b><u>TEXAS STATE COMPTROLLER</u></b>	
County Lateral Road Funds	79,003
<b>Total Texas State Comptroller</b>	<b>79,003</b>
<b><u>TEXAS INDIGENT DEFENSE COMMISSION</u></b>	
Indigent Defense Grant	102,998
<b>Total Texas Indigent Defense Commission</b>	<b>102,998</b>
<b><u>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</u></b>	
Passed Through Texas State University Tobacco Enforcement Program	7,657
<b>Total U.S. Department of Health and Human Services</b>	<b>7,657</b>
<b><u>TEXAS SECRETARY OF STATE</u></b>	
Chapter 19 Funds	4,006
<b>Total Texas Secretary of State</b>	<b>4,006</b>
<b>Total Expenditures of State Awards</b>	<b>\$ 1,610,143</b>

**PARKER COUNTY, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state awards includes the state grant activity of Parker County, Texas under programs of the state of Texas for the fiscal year ended September 30, 2015.

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. See Note 1 of the notes to the financial statements for Parker County's significant accounting policies.

**PARKER COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2015**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes      No
- Significant deficiency(s) identified that are not considered to be material weakness(es)?      Yes   X   None reported
- Noncompliance material to financial statements noted?      Yes   X   No

**State Awards**

Internal control over major programs:

- Material weakness(es) identified?      Yes   X   No
- Significant deficiency(s) identified that are not considered to be material weakness(es)?   X   Yes      None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State of Texas Uniform Grant Management Standards?   X   Yes      No

Identification of major programs:

County Transportation Infrastructure Fund Grant

Dollar threshold used to distinguish between type A and type B programs? \$300,000

Auditee qualified as low-risk auditee?      Yes   X   No

**PARKER COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
YEAR ENDED SEPTEMBER 30, 2015**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2015-001**

**Material Weakness – Capital Assets**

**Criteria:**

In accordance with *Governmental Auditing Standards*, governments are required to report all capital assets, including accumulated depreciation, on the government wide statement of net position with the related gains, losses and depreciation expense recognized on the government wide statement of activities.

**Context:**

During the year ended September 30, 2015, the County did not have an effective method by which to track additions, disposals and conveyance of assets to other entities related to projects in process. Further, the County does not have an effective process or controls in place to monitor or review the listing throughout the year.

**Effect:**

As a result of lack of controls and an accurate and effective method to track capital assets, several modifications were made to the listing to accurately reflect current year activity.

**Recommendation:**

We recommend that the County implement processes to track capital assets and maintain supporting documentation as well as controls to review and monitor the process throughout the year.

**Management's Response:**

See Corrective Action Plan

**PARKER COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
YEAR ENDED SEPTEMBER 30, 2015**

**SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2015-002**

**Significant Deficiency – Identification of Grant Awards**

**Criteria:**

Management is responsible for identifying all federal expenditures of federal or state awards.

**Context:**

The schedule of expenditures of state awards originally delivered to the auditors was missing \$596,447 in expenditures in the major state program.

**Effect:**

Without inclusion of the \$596,477, amount subject to audit procedures would have been less than necessary to render an opinion on compliance over direct and material compliance requirements for the major state program.

**Recommendation:**

We recommend that the County implement processes to routinely review, track and monitor grant funding from all federal, state and local sources on an accrual basis.

**Management's Response:**

See Corrective Action Plan

**PARKER COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
YEAR ENDED SEPTEMBER 30, 2015**

**SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS – CONTINUED**

**Finding 2015-003**

**Major Program** – County Transportation Infrastructure Fund Grant  
**Compliance Requirement:** Reporting

**Criteria:**

Within 60 days after the date of completion, a county must submit a written certification that it has complied with the requirements of this subchapter, including a certification that the project has been constructed in accordance with the applicable requirements. The certification must describe the allowable costs for the project and the amount reimbursed from the fund. The county shall send a copy of a document evidencing inspection and acceptance of the project to the state within 30 days after the inspection is complete.

**Condition:**

(X) Compliance Finding ( X ) Significant Deficiency ( ) Material Weakness

**Context:**

Two projects were completed as of September 30, 2015, however final reports were not submitted until August 2016.

**Effect:**

Due to lack of controls in place to monitor submission of reports in accordance with compliance requirements, the County did not submit reports timely.

**Recommendation:**

We recommend that the County implement processes to monitor timely and accurate submission of report in accordance with grant requirements.

**Management's Response:**

See Corrective Action Plan

**PARKER COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED  
YEAR ENDED SEPTEMBER 30, 2015**

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Federal Award Findings and Questioned Costs**

**Finding 2014-001: Material Weakness – Capital Assets**

**Status:** See finding 2015-001

**Finding 2014-002: Significant Deficiency – Bank Reconciliations**

**Status:** The County has implemented its planned corrective action

**Finding 2014-003: Material Weakness – Identification of Federal Awards**

**Status:** See finding 2015-002 reported as a significant deficiency



**PARKER COUNTY, TEXAS  
CORRECTIVE ACTION PLAN  
YEAR ENDED SEPTEMBER 30, 2015**

**Finding 2015-001**

Changes have been implemented to audit the capital assets acquisition, depreciation and disposal monthly instead of annually. Capital assets monitoring duties have been reassigned internally. The change will be implemented during September 2016. Mike Rhoten, County Auditor, was responsible for implementation and is responsible for monitoring.

**Finding 2015-002:**

Changes were instituted to work with the County Attorney's office regarding contract agreements to identify funding as Federal or State Grants. The change will be implemented during September 2016. Mike Rhoten, County Auditor, was responsible for implementation and is responsible for monitoring.

**Finding 2015-003:**

Changes were instituted to monitor each grant separately and by precinct in order to facilitate accurate and timely reporting as well as monitor the various reporting requirements for each grant. The change will be implemented during September 2016. Mike Rhoten, County Auditor, was responsible for implementation and is responsible for monitoring.