

Parker County, Texas

Annual Financial Report

September 30, 2018

Parker County, Texas
 Annual Financial Report
 Year Ended September 30, 2018
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Financial Section

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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, 2018, 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.

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

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, 2018 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

As discussed in Note 9 and 13 to the financial statements, the County adopted new accounting guidance GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". Our opinion is 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, Texas County District Retirement System Pension and OPEB schedules, and Expenditures and Changes in Fund Balance – Budget to Actual General Fund and Lateral Road Fund 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 fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, 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
June 28, 2019

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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, 2018. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

Financial Highlights

- The assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources of the County's at September 30, 2018 by \$4,698,691 (net deficit). Of this amount, \$12,676,923 is restricted for specific purposes and \$17,722,945 represents a deficit in unrestricted net position. Net position also reflects net investment in capital assets of \$347,331.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at September 30, 2018 of \$55,616,682; of which \$5,442,342 represents nonspendable fund balance, \$32,640,564 represents fund balance restricted for funding of debt service, capital projects, the lateral road fund, and federal and state programs, \$107,404 represents fund balance committed to state and special programs, and \$17,426,372 or 31% represents unassigned fund balance.
- The general fund reports a fund balance of \$17,560,062; of which \$30,958 represents nonspendable fund balance and \$102,732 represents amounts restricted for federal and state programs, with the remaining reported as unassigned. Unassigned fund balance for the General fund equals 37% 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 are comprised of 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 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).

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, along with interest and other costs.

The government-wide financial statements can be found on pages 19 and 20 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, a 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 21 and 23 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 25 through 27 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 28 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 29 through 50 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pensions, OPEB and budget comparisons. The required supplementary information can be found on pages 53 through 58 of this report. Combining statements and schedules are also included in the report as other supplementary information and can be found on pages 61 through 74.

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, assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by \$4,698,691 as of September 30, 2018.

Parker County's Net Position

	Governmental Activities	
	2018	2017
Current and other assets	\$ 71,998,061	\$ 80,868,509
Capital assets, net of depreciation	71,849,764	70,660,255
Total assets	143,847,825	151,528,764
Deferred outflow of resources	7,716,400	13,072,213
Long-term liabilities, including due in one year	146,257,255	155,058,704
Other liabilities	8,886,287	7,597,405
Unearned revenue	-	57,935
Total liabilities	155,143,542	162,714,044
Deferred inflow of resources	1,119,374	540,694
Net position		
Net investment in capital assets	347,331	7,710,781
Restricted	12,676,923	10,743,597
Unrestricted	(17,722,945)	(17,108,139)
Total net position	\$ (4,698,691)	\$ 1,346,239

Net investment in capital assets (e.g., land, buildings, infrastructure, furniture and equipment, and work in progress, etc.) less any related debt used to acquire those assets that is still outstanding is \$347,331. 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 \$12,676,923 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 County currently has an unrestricted net deficit of \$17,722,945, which is the result of prior year conveyance of assets to other governmental entities.

The County's governmental activities decreased net position by \$5,075,051 during the current year. The total cost of all governmental activities this year was \$78,324,878. The amount that our taxpayers paid for these activities through property taxes was \$45,768,392 or 58%.

Parker County's Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues		
Program revenues		
Charges for services	\$ 12,425,032	\$ 10,476,895
Operating grants and contributions	4,638,627	6,039,109
General revenues		
Property taxes	45,768,392	42,274,338
Sales and other taxes	9,169,396	8,322,184
Investment earnings	1,040,543	402,500
Other	207,837	399,909
	73,249,827	67,914,935
Expenses		
General government	11,669,112	10,059,033
Roads and bridges	15,745,190	10,242,840
Public safety	1,987,319	1,447,004
Law enforcement	24,873,517	20,504,280
Judicial	13,061,741	11,563,895
Health and welfare	838,262	751,538
Recording	3,321,710	3,023,130
Tax assessing-collecting	1,225,688	1,139,151
Interest and other costs	5,602,339	3,469,451
	78,324,878	62,200,322
Change in net position	(5,075,051)	5,714,613
Net position-beginning	1,346,239	(4,368,374)
Cumulative effect of change in accounting principle	(969,879)	-
Net position-beginning, adjusted	376,360	(4,368,374)
Net position-ending	\$ (4,698,691)	\$ 1,346,239

Revenues by Source

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

- Program revenues of \$17,063,659 equaled 22% of governmental expenses of \$78,324,878. As expected, general revenues in the amount of \$56,186,168 provided the remaining support and coverage for expenses.
- 32% or \$24,873,517 of the expenses are law enforcement while this category provided 5% of total revenues.
- Roads and bridges and judicial account for \$28,806,931 or 37% of expenses while only providing about 11% of total revenues.
- Operating grant revenues and contributions comprised about 6% 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 \$55,616,682, a decrease of \$11,590,143 in comparison with the prior year. Approximately \$17,426,372 or 31% 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 \$5,442,342, committed fund balance of \$107,404, and restricted fund balance of \$32,640,564. Committed 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 \$1,186,755, and fund capital projects in the amount of \$19,564,194, lateral roads in the amount of \$6,380,384, and federal and state programs in the amount of \$5,509,231.

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 \$17,560,062, of which \$30,958 was nonspendable fund balance, \$102,732 was restricted 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 99%.

The fund balance of the County's general fund increased by \$493,448, which is primarily due to less expenditures than revenue to operate the County.

The debt service fund has a total fund balance of \$1,186,755, all of which is restricted for debt service. The decrease in the debt service fund was \$31,093.

The capital projects funds had a total fund balance of \$24,975,578, of which \$19,564,194 is restricted for construction and improvements of roads and bridges or acquisition of County-owned buildings and equipment and \$5,411,384 is nonspendable related to long-term receivables. The net decrease in fund balance during the current year in the capital projects funds was \$13,998,085 after capital outlay expenditures during the current year.

The lateral road fund had a total fund balance of \$6,380,384, 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 \$1,199,631 due to continued healthy property tax collections and less capital outlay than in the previous year.

General Fund Budgetary Highlights

The original fiscal year 2018 budget was adopted in September 2017, with total general fund expenditures in the amount of \$47,659,677.

In total, the original general fund budget for expenditures were \$100,000 less than 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 \$4,122,716 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 \$923,084 less than budgeted primarily due to lower costs in general government and judicial expenditures than anticipated.

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, 2018, capital assets, net of accumulated depreciation, in the governmental activities totaled \$71,849,764. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled \$6,810,833.

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

	Governmental Activities	
	2018	2017
Land	\$ 15,871,574	\$ 9,971,811
Work in progress	6,457,233	6,355,759
Buildings and improvements	21,364,614	24,819,857
Infrastructure	19,188,475	20,180,454
Office furniture and equipment	2,781,037	3,503,614
Transportation equipment	1,293,441	1,416,336
Road maintenance equipment	4,810,432	4,292,444
Emergency management equipment	17,729	29,600
Other	65,229	90,380
	<u>\$ 71,849,764</u>	<u>\$ 70,660,255</u>
Total	<u>\$ 71,849,764</u>	<u>\$ 70,660,255</u>

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

Long-term debt and capital leases. As of September 30, 2018, the County had unlimited tax road bonds, tax note, and general obligation refunding bonds of \$121,435,000. Total capital leases payable were \$3,446,147.

The County's total property tax rate for fiscal year 2018 was \$0.390199 per \$100 assessed valuation, of which \$0.07069 was for annual debt service, \$0.07848 was for maintenance of County roads accounted for in the lateral road fund with the remaining \$.24111 levied on general maintenance and operations in the general fund. Revenue in each of the taxing funds represented approximately 58%, 75% and 99% for the General Fund, Lateral Road Fund and Debt Service Fund, respectively. The revenue generated through property taxes largely offset the expenditure incurred in the respective funds, as shown below.

	General Fund	Lateral Road Fund	Debt Service Fund
Property Taxes	\$ 28,145,770	\$ 9,476,898	\$ 8,216,670
Other Revenue	20,185,889	3,208,111	52,117
Total Revenue	<u>48,331,659</u>	<u>12,685,009</u>	<u>8,268,787</u>
Expenditures	46,736,593	11,523,846	9,419,238
Other Financing Sources (Uses)	<u>(1,101,618)</u>	<u>38,468</u>	<u>1,119,358</u>
Change in Fund Balance	\$ 493,448	\$ 1,199,631	\$ (31,093)

Parker County's Outstanding Debt

	Governmental Activities	
	2018	2017
Unlimited tax road bonds	\$ 109,000,000	\$ 110,870,000
Tax note	2,335,000	2,775,000
General obligation refunding bonds	10,100,000	11,410,000
Capital leases payable	3,446,147	4,465,437
	\$ 124,881,147	\$ 129,520,437

Additional information on the County's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient and effective 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 2019, the County Commissioners and management considered that the County, which is located near the /Fort Worth Metroplex, is anticipating an increase in new large businesses and retail sales, therefore sales tax revenues for the County are expected to increase approximately 5.25%.

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.

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Basic Financial Statements

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Parker County, Texas
Statement of Net Position
September 30, 2018

Exhibit A-1

	<u>Primary Government</u>
	<u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 8,252,444
Investments	54,934,549
Receivables, net of allowance	8,685,109
Prepaid expenses and other assets	125,959
Land and work in progress	22,328,807
Other capital assets, net of depreciation	49,520,957
	<hr/>
Total assets	143,847,825
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	5,000,126
Deferred outflows related to pension	2,656,443
Deferred outflows related to OPEB	59,831
	<hr/>
Total deferred outflows of resources	7,716,400
LIABILITIES	
Accounts payable	6,325,086
Accrued salaries and benefits payable	1,333,589
Accrued interest payable	686,229
Due to other governmental entities	541,383
Noncurrent liabilities	
Due within one year	7,160,303
Due in more than one year	139,096,952
	<hr/>
Total liabilities	155,143,542
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	1,116,003
Deferred inflows related to OPEB	3,371
	<hr/>
Total deferred inflows of resources	1,119,374
NET POSITION	
Net investment in capital assets	347,331
Restricted for	
Debt service	613,796
Lateral road	6,553,896
State and federal programs	5,509,231
Unrestricted	(17,722,945)
	<hr/>
Total net position	<u>\$ (4,698,691)</u>

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

Parker County, Texas
Statement of Activities
Year Ended September 30, 2018

Exhibit A-2

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	\$ 11,669,112	\$ 418,181	\$ 532,289	\$ (10,718,642)
Roads and bridges	15,745,190	3,519,343	518,254	(11,707,593)
Public safety	1,987,319	100,933	325,416	(1,560,970)
Law enforcement	24,873,517	1,135,160	2,270,825	(21,467,532)
Judicial	13,061,741	2,924,515	950,357	(9,186,869)
Health and welfare	838,262	320,013	41,486	(476,763)
Recording	3,321,710	1,394,905	-	(1,926,805)
Tax assessing-collecting	1,225,688	2,611,982	-	1,386,294
Interest and other costs	5,602,339	-	-	(5,602,339)
Total primary government	<u>\$ 78,324,878</u>	<u>\$ 12,425,032</u>	<u>\$ 4,638,627</u>	(61,261,219)

General revenue	
Property taxes	45,768,392
Sales and other taxes	9,169,396
Investment earnings	1,040,543
Other general revenue	207,837
Total general revenues	<u>56,186,168</u>
Change in net position	(5,075,051)
Net position, beginning of year	1,346,239
Cumulative effect of change in accounting principle	<u>(969,879)</u>
Net position, beginning of year, as adjusted	<u>376,360</u>
Net position, end of year	<u>\$ (4,698,691)</u>

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

Parker County, Texas
Balance Sheet – Governmental Funds
September 30, 2018

Exhibit A-3

	General	Lateral Road	Capital Projects Tax Road Bonds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 2,400,382	\$ 911,389	\$ 2,574,874	\$ 139,056	\$ 826,796	\$ 6,852,497
Investments	18,070,730	5,901,498	18,578,913	1,003,362	5,167,826	48,722,329
Receivables, net of allowance						
Property taxes	490,505	212,482	-	143,645	-	846,632
Intergovernmental	2,097,862	-	5,411,384	-	67,518	7,576,764
Other	59,505	176,967	-	13,962	8,384	258,818
Prepaid items and other assets	30,958	-	-	-	-	30,958
Total assets	23,149,942	7,202,336	26,565,171	1,300,025	6,070,524	64,287,998
Total assets and deferred outflows of resources	\$ 23,149,942	\$ 7,202,336	\$ 26,565,171	\$ 1,300,025	\$ 6,070,524	\$ 64,287,998
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 4,149,694	\$ 421,745	\$ 1,589,593	\$ -	\$ 13,666	\$ 6,174,698
Accrued salaries and benefits payable	970,735	226,695	-	-	92,185	1,289,615
Due to other governmental entities	90,613	-	-	-	450,770	541,383
Total liabilities	5,211,042	648,440	1,589,593	-	556,621	8,005,696
Deferred inflows of resources						
Property taxes	378,838	173,512	-	113,270	-	665,620
Total deferred inflows of resources	378,838	173,512	-	113,270	-	665,620
Fund balances						
Nonspendable						
Inventory	29,277	-	-	-	-	29,277
Prepaid	1,681	-	-	-	-	1,681
Long term receivable	-	-	5,411,384	-	-	5,411,384
Restricted for						
Debt service	-	-	-	1,186,755	-	1,186,755
Capital projects	-	-	19,564,194	-	-	19,564,194
Lateral road	-	6,380,384	-	-	-	6,380,384
Federal and state programs	102,732	-	-	-	5,406,499	5,509,231
Committed to state and special programs	-	-	-	-	107,404	107,404
Unassigned	17,426,372	-	-	-	-	17,426,372
Total fund balances	17,560,062	6,380,384	24,975,578	1,186,755	5,513,903	55,616,682
Total liabilities, deferred inflows of resources and fund balances	\$ 23,149,942	\$ 7,202,336	\$ 26,565,171	\$ 1,300,025	\$ 6,070,524	\$ 64,287,998

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, 2018

Total fund balances – governmental funds		\$ 55,616,682
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.		71,849,764
Net of deferred outflows and inflows of resources related to the pension liability that are not due and payable in the current period, and therefore, have not been included in the fund financial statements.		
Deferred outflows related to pension	2,656,443	
Deferred inflows related to pension	<u>(1,116,003)</u>	
Net of deferred outflows and inflows		1,540,440
Net of deferred outflows and inflows of resources related to the OPEB liability that are not due and payable in the current period, and therefore, have not been included in the fund financial statements.		
Deferred outflows related to OPEB	59,831	
Deferred inflows related to OPEB	<u>(3,371)</u>	
Net of deferred outflows and inflows		56,460
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.		(686,229)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		665,620
Noncurrent liabilities, including bonds payable, compensated absences, and pension liability are not due and payable in the current period and therefore are not reported in the fund financial statements.		
Bonds payable	(121,435,000)	
Capital leases	(3,446,146)	
Deferred premiums on issuance	(10,890,473)	
Pension liability	(8,491,192)	
OPEB liability	(1,083,547)	
Compensated absences	<u>(910,897)</u>	
Total long-term liabilities		(146,257,255)
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.		5,000,127
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.		<u>7,515,700</u>
Total net position – governmental activities		<u>\$ (4,698,691)</u>

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

Parker County, Texas

Exhibit A-5

Statement of Revenues, Expenditures,
and Changes in Fund Balance – Governmental Funds
Year Ended September 30, 2018

	General	Lateral Road	Capital Projects Tax Road Bonds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 28,145,770	\$ 9,476,898	\$ -	\$ 8,216,670	\$ -	\$ 45,839,338
Sales taxes	8,976,703	-	-	-	-	8,976,703
Intergovernmental	3,069,221	587,114	808,582	-	911,418	5,376,335
Fees of office	6,809,898	1,962,308	-	-	1,472,596	10,244,802
Fines and forfeitures	-	378,557	-	-	-	378,557
Interest	535,928	185,012	-	52,117	112,029	885,086
Royalties	28,831	-	-	-	-	28,831
Miscellaneous	765,308	95,120	455,065	-	80,667	1,396,160
Total revenues	48,331,659	12,685,009	1,263,647	8,268,787	2,576,710	73,125,812
EXPENDITURES						
Current						
General government	8,054,262	-	59,403	-	224,147	8,337,812
Roads and bridges	-	8,057,409	-	-	-	8,057,409
Public safety	471,671	-	-	-	165,142	636,813
Law enforcement	21,468,178	-	-	-	151,051	21,619,229
Judicial	10,807,320	-	-	-	880,844	11,688,164
Health and welfare	743,119	-	-	-	-	743,119
Recording	2,516,633	-	-	-	409,570	2,926,203
Tax assessing-collecting	1,106,192	-	-	-	-	1,106,192
Capital outlay	597,434	3,272,184	15,202,329	-	-	19,071,947
Debt service						
Principal	902,913	176,734	-	3,620,000	-	4,699,647
Interest and other charges	68,871	17,519	-	5,799,238	-	5,885,628
Total expenditures	46,736,593	11,523,846	15,261,732	9,419,238	1,830,754	84,772,163
Excess (deficiency) of revenues over (under) expenditures	1,595,066	1,161,163	(13,998,085)	(1,150,451)	745,956	(11,646,351)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	1,119,358	-	1,119,358
Operating transfers out	(1,119,358)	-	-	-	-	(1,119,358)
Proceeds on sale of assets	17,740	38,468	-	-	-	56,208
Total other financing sources (uses)	(1,101,618)	38,468	-	1,119,358	-	56,208
NET CHANGES IN FUND BALANCES	493,448	1,199,631	(13,998,085)	(31,093)	745,956	(11,590,143)
FUND BALANCES, beginning of year	17,066,614	5,180,753	38,973,663	1,217,848	4,767,947	67,206,825
FUND BALANCES, end of year	\$ 17,560,062	\$ 6,380,384	\$ 24,975,578	\$ 1,186,755	\$ 5,513,903	\$ 55,616,682

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

Parker County, Texas

Exhibit A-6

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended September 30, 2018

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

Net changes in fund balances - total governmental funds \$ (11,590,143)

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.

Capital outlay	11,435,659	
Depreciation	(6,810,833)	
Net capital outlay		4,624,826

The net effect of capital asset disposals and conveyance of assets, decreases net position. (3,435,317)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (70,947)

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. (953,324)

Expenditures related to the County's participation in the Texas County and District Retirement System's Group Term Life program are recorded as they are paid in the governmental funds, but are recognized based on the change in total OPEB liability in the statement of activities. (57,208)

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. 4,639,291

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:

Amortization of deferred loss on refunding	(374,630)	
Amortization of premium from bond issuance	652,892	
Increase in accrued interest payable	65,383	
Decrease in compensated absences	(70,183)	
Net increase in expenditures		273,462

Internal service funds are used by the County to account for health insurance activities. The net activity of the internal service fund is reported with governmental activities. 1,494,309

Change in net position of governmental activities - statement of activities \$ (5,075,051)

Parker County, Texas
Statement of Net Position – Proprietary Fund
September 30, 2018

Exhibit A-7

	<u>Insurance Escrow</u>
ASSETS	
Cash	\$ 1,399,947
Investments	6,212,220
Receivables, net of allowance	2,895
Prepaid items and other assets	<u>95,000</u>
Total assets	7,710,062
LIABILITIES	
Accounts payable	150,388
Accrued salaries and benefits payable	<u>43,974</u>
Total liabilities	<u>194,362</u>
NET POSITION	
Unrestricted	<u>7,515,700</u>
TOTAL NET POSITION	<u><u>\$ 7,515,700</u></u>

Parker County, Texas
Statement of Revenues, Expenses,
and Changes in Net Position – Proprietary Fund
Year Ended September 30, 2018

Exhibit A-8

	<u>Insurance Escrow</u>
OPERATING REVENUES	
Contributions	\$ 7,413,949
Total operating revenues	7,413,949
OPERATING EXPENSES	
Contractual	<u>6,088,750</u>
Total operating expenses	<u>6,088,750</u>
Operating income	1,325,199
NONOPERATING REVENUES	
Miscellaneous	13,653
Interest	<u>155,457</u>
Total nonoperating revenues	<u>169,110</u>
Change in net position	1,494,309
NET POSITION, beginning of year	<u>6,021,391</u>
NET POSITION, end of year	<u>\$ 7,515,700</u>

Parker County, Texas
Statement of Cash Flows – Proprietary Fund
Year Ended September 30, 2018

Exhibit A-9

	<u>Insurance Escrow</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund services provided	\$ 7,416,355
Payments to providers	<u>(6,135,968)</u>
Net cash provided by operating activities	1,280,387
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(4,136,445)
Miscellaneous receipts	<u>169,110</u>
Net cash used in investing activities	(3,967,335)
NET DECREASE IN CASH	(2,686,948)
CASH, beginning of year	<u>4,086,895</u>
CASH, end of year	<u><u>\$ 1,399,947</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,325,199
Adjustments to reconcile operating income to net cash provided by operating activities	
Decrease in accounts receivable	2,406
Decrease in accounts payable	<u>(47,218)</u>
Net cash provided by operating activities	<u><u>\$ 1,280,387</u></u>

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, 2018

Exhibit A-10

ASSETS

Cash	\$	7,899,366
Investments		<u>638,944</u>
Total assets	\$	<u><u>8,538,310</u></u>

LIABILITIES

Deposits held and due to others	\$	<u>8,538,310</u>
Total liabilities	\$	<u><u>8,538,310</u></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 GAAP, 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

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. Nonmajor 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 the 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.

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.

Parker County, Texas

Notes to Financial Statements

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, Series 2013 and Series 2017 and the Tax Note – Series 2015 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:

Other 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.

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 GAAP. 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, 2018.

Parker County, Texas
Notes to Financial Statements

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.

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.

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.

Parker County, Texas

Notes to Financial Statements

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.

- 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/OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension/OPEB liabilities – This difference is deferred and amortized over a closed five year period.
- Difference in expected actual pension/OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

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, is 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, 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

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 2018, the unassigned General Fund balance was 37% of budgeted expenditures and the Debt Service Fund balance was at 17% 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 from financed capital assets owned by other governments, the portion of the capital assets owned by other governments add to the above equation. As of September 30, 2018 an estimated \$39,700,000 are County financed capital assets owned by other governments. This amount will be added to the net investment in capital assets.

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.

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.

Parker County, Texas

Notes to Financial Statements

Pensions

For purposes of measuring the net pension asset, pension related deferred outflows and inflows of resources, and pension expense, 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 TCERS. 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 TCERS through a report prepared for the County by TCERS consulting actuary, Milliman, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions".

Other Post-Employment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the County's actuary report. For this purpose, OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Information regarding the County's Total OPEB Liability is obtained from TCERS through a report prepared for the County by TCERS consulting actuary, Milliman, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

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;

Parker County, Texas

Notes to Financial Statements

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;
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, 2018, the County has the following pooled 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	25 days	AAAm	<u>\$ 55,473,493</u>	<u>100%</u>
Total pooled investments			<u><u>\$ 55,473,493</u></u>	<u><u>100%</u></u>

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP which establishes a three-level fair value hierarchy based on the inputs that are used to measure assets and liabilities. Financial instruments valued at net asset value (NAV) are excluded from the hierarchy. The Federated Government Obligation Fund Institutional Class is measured at net asset value and is therefore excluded from fair value reporting within the hierarchy.

As of September 30, 2018, the County has \$100,000 in long-term certificates of deposit that are considered level 2 within the hierarchy.

Parker County, Texas
Notes to Financial Statements

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, 2018, 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, 2018, 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, 2018, the County's deposits were insured or collateralized with securities held by the County or by its agent in the County's name.

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, 2018, excluding that portion budgeted for the retirement of long-term debt principal and interest was 0.319590 per \$100 valuation. The total tax rate for all purposes was 0.390199 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, 2018:

Fund	Delinquent Taxes	Allowance	Net Receivable
General	\$ 1,044,835	\$ (554,330)	\$ 490,505
Debt Service	305,980	(162,335)	143,645
Lateral Road	399,224	(186,742)	212,482
Total	<u>\$ 1,750,039</u>	<u>\$ (903,407)</u>	<u>\$ 846,632</u>

Parker County, Texas
Notes to Financial Statements

Note 5. Changes in Capital Assets

During the year ended September 30, 2018, 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, 2018 was as follows:

	Beginning 10/1/17	Transfers	Additions	Deletions	Balance 9/30/18
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 9,971,811	\$ -	\$ 5,899,763	\$ -	\$ 15,871,574
Work in progress	6,355,759	(1,057,573)	3,305,805	2,146,758	6,457,233
Total capital assets not being depreciated	16,327,570	(1,057,573)	9,205,568	2,146,758	22,328,807
Depreciable capital assets					
Buildings and improvements	38,927,030	-	59,915	-	38,986,945
Infrastructure	136,603,921	1,057,573	-	1,073,558	136,587,936
Office furniture and equipment	9,472,227	-	347,160	4,051,798	5,767,589
Transportation equipment	5,629,564	-	387,530	196,434	5,820,660
Road maintenance equipment	16,739,791	-	1,396,227	73,610	18,062,408
Emergency management equipment	571,554	-	22,491	-	594,045
Other	167,752	-	16,768	579	183,941
Total depreciable capital assets	208,111,839	1,057,573	2,230,091	5,395,979	206,003,524
Less accumulated depreciation for					
Buildings and improvements	14,107,173	-	3,515,158	-	17,622,331
Infrastructure	116,423,467	-	975,994	-	117,399,461
Office furniture and equipment	5,968,613	-	764,733	3,746,794	2,986,552
Transportation equipment	4,213,228	-	674,617	360,626	4,527,219
Road maintenance equipment	12,447,347	-	804,629	-	13,251,976
Emergency management equipment	541,954	-	34,362	-	576,316
Other	77,372	-	41,340	-	118,712
Total accumulated depreciation	153,779,154	-	6,810,833	4,107,420	156,482,567
Depreciable capital assets, net	54,332,685	1,057,573	(4,580,742)	1,288,559	49,520,957
Governmental activities capital assets, net	\$ 70,660,255	\$ -	\$ 4,624,826	\$ 3,435,317	\$ 71,849,764

Parker County, Texas
Notes to Financial Statements

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

Governmental activities	
General government	\$ 2,111,357
Roads and bridges	2,656,225
Public safety	1,157,842
Law enforcement	749,191
Judicial	68,109
Recording	68,109
	<hr/>
Total depreciation for governmental activities	<u>\$ 6,810,833</u>

Note 6. 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, 2018 the value of accumulated vacation and compensatory benefits amounted to \$910,897. The General Fund has been used to liquidate the liability.

Note 7. 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. In April of 2016, the County refunded \$53,885,000 of the bonds outstanding. Principal payments are due in annual installments on February 15. The remaining bonds are scheduled to mature in February of 2019. Interest is payable February 15 and August 15, at interest rates ranging from 3.75% to 5.25%. The outstanding balance at September 30, 2018 was \$1,525,000.

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, 2018 was \$17,930,000.

The County issued \$36,325,000 in unlimited tax road bonds in February 2017 for the purpose of (1) construction, acquisition by purchase, maintenance, and operation of macadamized, graveled or paved roads, or in aid thereof, within the County, including, but not limited to, constructing, improving, extending, expanding, upgrading and/or developing roads in the county, including 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 2042. Interest is payable February 15 and August 15, at interest rates ranging from 2.0% to 5.0%. The outstanding balance at September 30, 2018 was \$36,325,000.

Parker County, Texas
Notes to Financial Statements

Unlimited Tax Refunding Bonds

The County issued \$53,350,000 in refunding bonds in April of 2016 with interest rates ranging from 2 to 5%. The proceeds were used to advance refund \$53,885,000 of Unlimited Tax Road Bond, Series 2009 which had interests rate ranging from 3 to 5.25%. The proceeds were placed in an irrevocable trust with an escrow agent to provide funds for future debt service payment on the refunded bonds. As a result, \$53,885,000 of Unlimited Tax Road Bonds, Series 2009 are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The outstanding balance at September 30, 2018 was \$53,220,000.

General Obligation Refunding Bonds

On December 15, 2015, the County issued \$2,435,000 General Obligation Refunding Bonds, Series 2015 with an interest rate of 2.09%. The proceeds were used to refund \$2,335,000 of General Obligation Refunding Bonds, Series 2005 which had interest rates ranging from 3.8 to 4.5%. The proceeds were placed with an escrow agent and refunded all of the General Obligation Refunding Bonds, Series 2005 on January 21, 2016. The outstanding balance at September 30, 2018 was \$1,725,000.

The County issued refunding General Obligation Bonds; Series 2014 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, 2018 was \$8,375,000. Principal payments are due in annual installments on February 15. Interest is due on February 15 and August 15 of each year. The bonds are scheduled to mature in February of 2025.

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

Tax Note

The County issued Tax Note - Series 2015 in December of 2015 in the amount of \$3,175,000 with an interest rate of 2.020% to fund capital projects related to building renovations. The outstanding balance on the Series 2015 bonds at September 30, 2018 was \$2,335,000. Principal payments are due in annual installments on December 15. Interest is due on June 15 and December 15. The bonds are scheduled to mature in February of 2023.

Parker County, Texas
Notes to Financial Statements

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

Year	Principal	Interest	Total
2019	\$ 4,600,000	\$ 4,885,847	\$ 9,485,847
2020	3,965,000	4,775,536	8,740,536
2021	4,345,000	4,647,592	8,992,592
2022	4,670,000	4,480,733	9,150,733
2023	4,965,000	4,298,319	9,263,319
2024-2028	28,115,000	18,240,046	46,355,046
2029-2033	35,050,000	11,689,644	46,739,644
2034-2038	23,070,000	5,379,438	28,449,438
2039-2042	12,655,000	1,305,125	13,960,125
	<u>\$ 121,435,000</u>	<u>\$ 59,702,280</u>	<u>\$ 181,137,280</u>

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

	October 1, 2017	Additions	Retirements	September 30, 2018	Due Within One Year
General Obligation Refunding Bonds, Series 2014	\$ 9,455,000	\$ -	\$ 1,080,000	\$ 8,375,000	\$ 1,105,000
General Obligation Refunding Bonds, Series 2015	1,955,000	-	230,000	1,725,000	230,000
Unlimited Tax Road Bonds 2009	2,990,000	-	1,465,000	1,525,000	1,525,000
Unlimited Tax Road Bonds 2013	18,270,000	-	340,000	17,930,000	415,000
Tax Note, Series 2015	2,775,000	-	440,000	2,335,000	450,000
Unlimited Tax Refunding, Series 2016	53,285,000	-	65,000	53,220,000	65,000
Unlimited Tax Road Bonds 2017	36,325,000	-	-	36,325,000	810,000
Plus deferred premiums on issuance	11,543,365	-	652,892	10,890,473	652,892
Capital lease payable	4,465,437	-	1,019,291	3,446,146	996,514
Net pension liability	13,154,188	-	4,662,996	8,491,192	-
Total OPEB liability	983,967	99,580	-	1,083,547	-
Compensated absences	840,714	1,172,378	1,102,195	910,897	910,897
Totals	<u>\$ 156,042,671</u>	<u>\$ 1,271,958</u>	<u>\$ 11,057,374</u>	<u>\$ 146,257,255</u>	<u>\$ 7,160,303</u>

Capital Leases Payable

Precinct One

The County entered into a capital lease agreement in December 2015 in the amount of \$226,162. The lease balance is payable in four successive annual payments of \$60,898 and a final of \$1, bearing interest at the rate of 3.185% per annum. The capital lease proceeds were used to purchase equipment by Precinct One (Fund 01). The balance as of September 30, 2018 was \$116,215.

Parker County, Texas
Notes to Financial Statements

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, 2018 was \$131,607.

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, 2018 was \$155,208.

Emergency Management

The County has a capital lease agreement related to County-wide communications equipment with an ending balance at September 30, 2018 in the amount of \$2,611,016. The lease balance is payable in five successive annual payments of \$525,853 and a final payment of \$274,214 in fiscal year 2024 bearing interest at the rate of 3.33% per annum.

Sheriff Administration

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, 2018 was \$432,102.

Parker County, Texas
Notes to Financial Statements

The following is analysis of equipment leased under capital leases as of September 30, 2018:

	Governmental Activities
Equipment	\$ 9,768,248
Less accumulated depreciation	<u>(7,588,833)</u>
Total	<u>\$ 2,179,415</u>

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

Scheduled minimum lease payments	\$ 3,781,634
Amount representing interest	<u>(335,487)</u>
Present value of future minimum capital lease payments (principal payoff)	<u>\$ 3,446,147</u>

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

Year	Principal	Interest	Total
2019	\$ 996,514	\$ 113,774	\$ 1,110,288
2020	583,064	81,295	664,359
2021	541,435	62,026	603,461
2022	559,401	44,060	603,461
2023	500,354	25,498	525,852
2024	265,379	8,834	274,213
	<u>\$ 3,446,147</u>	<u>\$ 335,487</u>	<u>\$ 3,781,634</u>
Total	<u>\$ 3,446,147</u>	<u>\$ 335,487</u>	<u>\$ 3,781,634</u>

Note 8. 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 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 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.

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.

Parker County, Texas
Notes to Financial Statements

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.

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 10.9% and 10.8% for the months of the accounting year in 2018 and 2017, respectively.

The deposit rate payable by the employee members for calendar year 2018 and 2017 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2017
Actuarial cost method	Entry Age Normal
Asset valuation method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary increase	Varies by age and service
	4.9% average over career, including inflation
Investment rate of return	8%, net of administration and investment expenses
Payroll growth	3.25%

Parker County, Texas
Notes to Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. 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 8.00%. The long term expected rate of return on pension plan 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, 2017 are summarized below:

<u>Asset Class</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Geometric Real ⁽²⁾</u>
US Equities	11.50%	4.55%
Private Equities	16.00%	7.55%
Global Equities	1.50%	4.85%
International Equities - Developed	11.00%	4.55%
International Equities - Emerging	8.00%	5.55%
Investment - Grade Bonds	3.00%	0.75%
Strategic Credit	8.00%	4.12%
Direct Lending	10.00%	8.06%
Distressed Debt	2.00%	6.30%
REIT Equities	2.00%	4.05%
Master Limited Partnerships (MLPs)	3.00%	6.00%
Private Real Estate Partnerships	6.00%	6.25%
Hedge Funds	18.00%	4.10%
Total	100.00%	

(1) Target asset allocation adopted at the April 2018 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 capital market assumptions.

Parker County, Texas
Notes to Financial Statements

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 net pension liability at December 31, 2017:

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 118,170,351	\$ 104,296,732	\$ 92,625,521
Fiduciary net pension	95,805,540	95,805,540	95,805,540
Net pension liability / (asset)	<u>\$ 22,364,811</u>	<u>\$ 8,491,192</u>	<u>\$ (3,180,019)</u>

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

At September 30, 2018, the County reported \$8,491,192 for the net pension liability and pension expense of \$3,784,641 related to the December 31, 2017 valuation. The breakdown of the components of pension expense follows:

	Pension Expense
Service cost	\$ 3,393,141
Interest on total pension liability (1)	7,918,571
Effect of plan changes	-
Administrative expenses	63,714
Member contributions	(1,713,434)
Expected investment return net of investment expenses	(6,750,259)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(125,656)
Recognition of assumption changes or inputs	280,949
Recognition of investment gains or losses	726,712
Other (2)	(9,097)
Pension expense	<u>\$ 3,784,641</u>

(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.

Parker County, Texas
Notes to Financial Statements

At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Differences between expected and actual economic experience	\$ 154,757	\$ 319,822
Change in assumption	420,304	-
Net difference between projected and actual investment earnings	-	796,181
Contributions subsequent to the measurement date	2,081,382	-
Total	<u>\$ 2,656,443</u>	<u>\$ 1,116,003</u>

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
2018	\$ 838,374
2019	534,429
2020	(838,199)
2021	(1,075,546)
Total	<u>\$ (540,942)</u>

Note 9. Postemployment Benefits other than Pensions

Plan Description

The County participates in a defined-benefit group-term life insurance plan operated by 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. As the GTLF covers both active and retiree participants, with no segregation of assets, the GTLF is considered to be a single-employer unfunded OPEB plan.

Membership in the plan at December 31, 2017, the date of the latest actuarial valuation, consists of the following:

Inactive employees currently receiving benefits	207
Inactive employees entitled to but not yet receiving benefits	116
Active employees	<u>463</u>
Total	<u><u>786</u></u>

Parker County, Texas
Notes to Financial Statements

Valuation of Assets

For purposes of calculating the total OPEB liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.

Actuarial Assumptions

The OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions. All actuarial assumptions that determined the total OPEB liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

Annual rates of disability and annual rates of retirement were based on a service-related table. Mortality rates for depositing members were based on 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014. Mortality rates for Service retirees, beneficiaries and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. Mortality rates for disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Discount Rate

Because the Group Term Life Fund is considered an unfunded trust under GASB Statement No. 75, paragraph 155, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Based on the 20 Year Bond GO Index published by bondbuyer.com as of the measurement date of December 31, 2017, a discount rate of 3.44% is used. At transition, GASB 75 also requires that the Total OPEB Liability (TOL) be estimated based on the 20 Year Bond GO Index as of the prior year end. The TOL is estimated as of December 31, 2016 using a discount rate of 3.78%.

	OPEB Liability
Beginning Liability	\$ 983,967
Changes for the year:	
Service cost	33,002
Interest (on total OPEB liability)	38,075
Change of benefit terms	-
Difference between expected and actual experience	(4,045)
Changes of assumptions	52,130
Benefit payments, including refunds of employee contributions	(19,582)
Net changes	99,580
Ending Liability	\$ 1,083,547

Parker County, Texas
Notes to Financial Statements

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.44%) in measuring the total OPEB liability at December 31, 2017:

	1% Decrease in Discount Rate (2.44%)	Discount Rate (3.44%)	1% Increase in Discount Rate (4.44%)
Total OPEB liability	\$ 1,309,508	\$ 1,083,547	\$ 910,021

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the County recognized OPEB expense of \$79,091.

At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,371
Changes of assumptions	43,442	-
Contributions made subsequent to measurement date	16,389	-
Total	\$ 59,831	\$ 3,371

The \$16,389 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the measurement year ending December 30, 2018 (i.e. recognized in the County's financial statements for the year ended September 30, 2019). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending September 30	Net deferred outflows (inflows) of resources
2018	\$ 8,014
2019	8,014
2020	8,014
2021	8,014
2022	8,015
Total	\$ 40,071

Parker County, Texas
Notes to Financial Statements

Note 10. 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 subject to various lawsuits. With the exception of a judgment in the amount of approximately \$1.4 million accrued in the General Fund, the outcome of any 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.

Note 11. 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.

Note 12. Tax Abatements

The County has economic development agreements which are negotiated under Chapter 381 of the Texas Local Government Code. This act allows localities to rebate property taxes for economic development purposes which include business relocation, retention and expansion.

The County has entered into agreements that reduce property taxes. The agreements call for a 50% rebate of County general and road property taxes paid for a period of 10 years. Property taxes for County debt service are excluded from the property tax rebate. Each agreement requires a developer to maintain a minimum assessed valuation. Property taxes rebated for the fiscal year ended September 30, 2018 amounted to \$293,983.

Note 13. Cumulative Effect of Change in Accounting Principle

As a result of the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions", an adjustment has been made to record the County's total OPEB liability as of October 1, 2017. As a result, beginning net position of the governmental activities has been decreased by \$969,879.

Required Supplementary Information

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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, 2018

	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 3,393,141	\$ 3,460,575	\$ 2,887,467	\$ 2,748,729
Interest (on the total pension liability)	7,918,571	7,222,780	6,688,056	6,158,291
Effect of plan changes	-	-	(556,380)	-
Effect of assumption changes or inputs	278,709	-	845,089	-
Effect of economic/demographic (gains) or losses	206,343	(395,797)	(487,692)	174,522
Benefit payments/refunds of contributions	(3,662,750)	(3,135,686)	(2,701,616)	(2,798,116)
Net Change in Total Pension Liability	8,134,014	7,151,872	6,674,924	6,283,426
Total Pension Liability - Beginning	96,162,717	89,010,845	82,335,921	76,052,495
Total Pension Liability - Ending (a)	\$ 104,296,731	\$ 96,162,717	\$ 89,010,845	\$ 82,335,921
Plan Fiduciary Net Position				
Contributions - Employer	\$ 2,672,957	\$ 2,576,021	\$ 2,557,388	\$ 2,317,316
Contributions - Employee	1,713,434	1,674,294	1,627,429	1,475,998
Investment income net of investment expenses	12,127,987	5,644,776	(1,089,605)	4,721,721
Benefit payments/refunds of contributions	(3,662,750)	(3,135,686)	(2,701,616)	(2,798,116)
Administrative expense	(63,714)	(61,520)	(54,895)	(56,458)
Other	9,097	(53,623)	34,155	(100,779)
Net Change in Plan Fiduciary Net Position	12,797,011	6,644,262	372,856	5,559,682
Plan Fiduciary Net Position - Beginning	83,008,529	76,364,267	75,991,412	70,431,730
Plan Fiduciary Net Position - Ending (b)	\$ 95,805,540	\$ 83,008,529	\$ 76,364,268	\$ 75,991,412
Net Pension Liability - Ending (a) - (b)	\$ 8,491,191	\$ 13,154,188	\$ 12,646,577	\$ 6,344,509
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.86%	86.32%	85.79%	92.29%
Covered Employee Payroll	\$ 24,477,626	\$ 23,918,485	\$ 23,248,980	\$ 21,085,679
Net Pension Liability as a Percentage of Covered Employee Payroll	34.69%	55.00%	54.40%	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 four 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."

Parker County, Texas
Texas County District Retirement System
Schedule of Employer Contributions
Year Ended September 30, 2018

	Year Ended December 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 2,672,957	\$ 2,576,021	\$ 2,557,388	\$ 2,317,316	\$ 2,134,740	\$ 1,936,701	\$ 2,173,044	\$ 2,161,779	\$ 2,003,344	\$ 1,761,514
Contributions in relation to the actuarially determined contribution	2,672,957	2,576,021	2,557,388	2,317,316	2,134,740	1,936,701	2,173,044	2,161,779	2,003,344	1,761,514
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 24,477,626	\$ 23,918,485	\$ 23,248,980	\$ 21,085,679	\$ 20,234,526	\$ 19,483,984	\$ 19,629,775	\$ 20,035,025	\$ 19,679,211	\$ 18,066,809
Contributions as a percentage of covered-employee payroll	10.9%	10.8%	11.0%	11.0%	10.5%	9.9%	11.1%	10.8%	10.2%	9.8%

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	14 years (based on contribution rate calculated in 12/31/17 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of return	8.00%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Parker County, Texas

Texas County District Retirement System Schedule of Changes in Employer's Total OPEB Liability and Related Ratios for the Employees of Parker County
Year Ended September 30, 2018

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 33,002
Interest (on the total OPEB liability)	38,075
Effect of plan changes	-
Effect of assumption changes or inputs	52,130
Effect of economic/demographic (gains) or losses	(4,045)
Benefit payments/refunds of contributions	(19,582)
	<hr/>
Net Change in Total OPEB Liability	99,580
Total OPEB Liability - Beginning	983,967
	<hr/>
Total OPEB Liability - Ending (a)	<u>\$ 1,083,547</u>
	<hr/>
Covered Employee Payroll	\$ 24,477,626
Total OPEB Liability as a Percentage of Covered Employee Payroll	4.43%

Notes to Schedule:

As of December 31 - Measurement date

Only one year of data is presented in accordance with GASB 75, Paragraph 245. "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
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance – Budget and Actual
 General Fund
 Year Ended September 30, 2018

Exhibit B-1
 Page 1 of 2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 28,067,576	\$ 28,067,576	\$ 28,145,770	\$ 78,194
Sales taxes	7,500,000	7,500,000	8,976,703	1,476,703
Intergovernmental	2,560,333	2,660,333	3,069,221	408,888
Fees of office	5,400,695	5,400,695	6,809,898	1,409,203
Interest	68,081	68,081	535,928	467,847
Royalties	55,000	55,000	28,831	(26,169)
Miscellaneous	457,258	457,258	765,308	308,050
Total revenues	44,108,943	44,208,943	48,331,659	4,122,716
EXPENDITURES				
General government				
Commissioners' court	204,448	208,948	81,819	127,129
County judge	372,700	372,700	287,517	85,183
Veterans' service officer	75,404	75,404	74,751	653
Non-departmental	2,980,039	2,930,139	2,518,185	411,954
Employee benefits	201,336	201,336	196,063	5,273
Election expenses	874,680	874,680	643,016	231,664
County auditor	634,165	634,165	633,076	1,089
County treasurer	331,544	331,544	330,207	1,337
Building and grounds	1,716,896	1,715,248	1,615,201	100,047
Purchasing administration	305,928	305,928	285,529	20,399
Information technology	997,023	991,023	854,798	136,225
Social services	223,940	223,940	192,040	31,900
County extension services	354,690	354,690	342,060	12,630
Total general government	9,272,793	9,219,745	8,054,262	1,165,483
Public safety				
Emergency management	250,196	250,196	146,955	103,241
Fire protection	517,819	504,454	324,716	179,738
Total public safety	768,015	754,650	471,671	282,979
Law enforcement				
Jail	6,777,922	6,877,922	7,933,636	(1,055,714)
Constable #1	205,084	205,084	183,330	21,754
Constable #2	225,706	225,706	190,788	34,918
Constable #3	192,388	193,088	186,203	6,885
Constable #4	197,009	197,009	178,362	18,647
Sheriff administration	10,481,942	10,559,013	11,611,462	(1,052,449)
Sheriff investigation	113,930	112,587	89,145	23,442
Sheriff dispatching	8,500	7,647	6,449	1,198
Sheriff patrol	377,699	327,235	299,903	27,332
Training division	39,956	38,782	34,905	3,877
Jail transfer	116,287	115,287	86,422	28,865
Narcotics task force	106,124	101,185	92,050	9,135
Game warden	1,797	1,797	700	1,097
Animal control	489,169	488,768	442,878	45,890
Highway patrol (North)	59,913	59,913	59,748	165
Highway patrol (South)	73,775	73,775	72,197	1,578
Total law enforcement	19,467,201	19,584,798	21,468,178	(1,883,380)

Parker County, Texas
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance – Budget and Actual
 General Fund – Continued
 Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Judicial				
District court 43rd	994,369	994,369	895,371	98,998
District court 415th	988,513	988,513	1,000,864	(12,351)
County court-at-law #1	981,461	981,461	1,032,480	(51,019)
County court-at-law #2	958,375	958,375	972,902	(14,527)
Justice of the peace #1	418,817	418,817	391,156	27,661
Justice of the peace #2	478,295	478,295	479,294	(999)
Justice of the peace #3	563,474	563,474	553,462	10,012
Justice of the peace #4	481,517	481,517	475,314	6,203
County attorney	2,463,704	2,463,704	2,398,680	65,024
District attorney	1,705,673	1,705,673	1,556,102	149,571
Adult probation	10,000	10,000	6,549	3,451
Probate	146,479	146,479	131,914	14,565
Juvenile probation	827,497	927,497	913,232	14,265
Total judicial	11,018,174	11,118,174	10,807,320	310,854
Health and welfare				
Medical examiner-investigator	291,341	291,341	272,600	18,741
911 addressing	66,054	70,454	69,938	516
Sanitations	441,102	441,102	400,581	40,521
Total health and welfare	798,497	802,897	743,119	59,778
Recording				
County clerk	585,328	585,828	578,350	7,478
County clerk court division	990,096	990,096	958,434	31,662
District clerk	1,063,585	1,063,585	979,849	83,736
Total recording	2,639,009	2,639,509	2,516,633	122,876
Tax assessing-collecting	1,138,030	1,138,030	1,106,192	31,838
Total tax assessing-collecting	1,138,030	1,138,030	1,106,192	31,838
Capital outlay	1,486,174	1,430,090	597,434	832,656
Total capital outlay	1,486,174	1,430,090	597,434	832,656
Capital lease				
Principal	902,913	902,913	902,913	-
Interest	68,871	68,871	68,871	-
Total debt service	971,784	971,784	971,784	-
Total expenditures	47,559,677	47,659,677	46,736,593	923,084
Excess (deficiency) of revenues over (under) expenditures	(3,450,734)	(3,450,734)	1,595,066	5,045,800
OTHER FINANCING SOURCES				
Operating transfers in	275,000	275,000	-	(275,000)
Operating transfers out	(558,288)	(558,288)	(1,119,358)	(561,070)
Sale of assets	5,000	5,000	17,740	12,740
Total other financing sources	(278,288)	(278,288)	(1,101,618)	(823,330)
Net changes in fund balances	(3,729,022)	(3,729,022)	493,448	4,222,470
FUND BALANCES, October 1	17,066,614	17,066,614	17,066,614	-
FUND BALANCES, September 30	<u>\$ 13,337,592</u>	<u>\$ 13,337,592</u>	<u>\$ 17,560,062</u>	<u>\$ 4,222,470</u>

Parker County, Texas
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance – Budget and Actual
 Lateral Road Fund
 Year Ended September 30, 2018

Exhibit B-2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 9,437,127	\$ 9,437,127	\$ 9,476,898	\$ 39,771
Intergovernmental	793,288	793,288	587,114	(206,174)
Fees of office	1,809,700	1,809,700	1,962,308	152,608
Fines and forfeitures	278,000	278,000	378,557	100,557
Interest	14,250	14,250	185,012	170,762
Miscellaneous	137,300	137,300	95,120	(42,180)
Total revenues	12,469,665	12,469,665	12,685,009	215,344
EXPENDITURES				
Roads and bridges				
General	87,276	87,276	40,205	47,071
Precinct 1	2,581,757	2,581,690	2,005,894	575,796
Precinct 2	2,414,141	2,414,141	2,026,727	387,414
Precinct 3	2,721,908	2,726,214	2,236,313	489,901
Precinct 4	1,966,391	1,933,508	1,748,270	185,238
Total roads and bridges	9,771,473	9,742,829	8,057,409	1,685,420
Capital outlay				
Precinct 1	552,455	552,455	487,100	65,355
Precinct 2	1,114,774	1,114,774	850,269	264,505
Precinct 3	1,300,540	1,296,234	825,273	470,961
Precinct 4	1,127,010	1,159,893	1,109,542	50,351
Total capital outlay	4,094,779	4,123,356	3,272,184	851,172
Debt service				
Precinct 1	100,435	100,502	100,416	86
Precinct 2	52,560	52,560	51,842	718
Precinct 4	43,500	43,500	41,995	1,505
Total debt service	196,495	196,562	194,253	2,309
Total expenditures	14,062,747	14,062,747	11,523,846	2,538,901
Excess (deficiency) of revenues over (under) expenditures	(1,593,082)	(1,593,082)	1,161,163	2,754,245
OTHER FINANCING SOURCES				
Operating transfers in	-	-	-	-
Capital lease proceeds	-	-	-	-
Sale of assets	20,000	20,000	38,468	18,468
Total other financing sources	20,000	20,000	38,468	18,468
NET CHANGE IN FUND BALANCES	(1,573,082)	(1,573,082)	1,199,631	2,772,713
FUND BALANCES, beginning of year	5,180,753	5,180,753	5,180,753	-
FUND BALANCES, end of year	\$ 3,607,671	\$ 3,607,671	\$ 6,380,384	\$ 2,772,713

Supplementary Information

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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 district 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, 2018

Special Revenue Funds					
	Historical Commission	Estray	Abandoned Vehicle	Courthouse Security	Voter Registration
ASSETS					
Cash	\$ 976	\$ 9,025	\$ 3,313	\$ 12,663	\$ 2,784
Investments	107,042	65,116	23,908	91,365	19,585
Receivables:					
Intergovernmental	-	-	-	-	-
Other	-	-	-	599	-
Prepaid expenses and other assets	-	-	-	-	-
Total assets	\$ 108,018	\$ 74,141	\$ 27,221	\$ 104,627	\$ 22,369
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 614	\$ 1,221	\$ -	\$ 2,188	\$ -
Accrued salaries and benefits payable	-	-	-	2,123	-
Due to other governmental entities	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total liabilities	614	1,221	-	4,311	-
Fund balances:					
Restricted for state and federal programs	-	72,920	27,221	100,316	22,369
Committed to state and special programs	107,404	-	-	-	-
Total fund balances	107,404	72,920	27,221	100,316	22,369
Total liabilities and fund balances	\$ 108,018	\$ 74,141	\$ 27,221	\$ 104,627	\$ 22,369

Special Revenue Funds

Sheriff's Forfeiture Federal Share	Contract Elections	Pre-trial Intervention	Sheriff's Evidence	Sheriff's Forfeiture	LEOSE Education	District Attorney State Supplement	Special District Attorney	Special County Attorney	District Attorney Awarded
\$ 114,817	\$ 15,598	\$ 6,608	\$ 1,266	\$ 12,861	\$ 1,529	\$ 783	\$ 2,566	\$ 968	\$ 31,118
63,202	112,546	47,679	9,131	1,360	11,036	5,650	18,513	6,982	184,155
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	330	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>\$ 178,019</u>	<u>\$ 128,144</u>	<u>\$ 54,287</u>	<u>\$ 10,397</u>	<u>\$ 14,221</u>	<u>\$ 12,895</u>	<u>\$ 6,433</u>	<u>\$ 21,079</u>	<u>\$ 7,950</u>	<u>\$ 215,273</u>
\$ -	\$ 236	\$ -	\$ -	\$ -	\$ 208	\$ -	\$ -	\$ 51	\$ -
-	4,375	-	-	-	-	1,131	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	4,611	-	-	-	208	1,131	-	51	-
178,019	123,533	54,287	10,397	14,221	12,687	5,302	21,079	7,899	215,273
-	-	-	-	-	-	-	-	-	-
178,019	123,533	54,287	10,397	14,221	12,687	5,302	21,079	7,899	215,273
<u>\$ 178,019</u>	<u>\$ 128,144</u>	<u>\$ 54,287</u>	<u>\$ 10,397</u>	<u>\$ 14,221</u>	<u>\$ 12,895</u>	<u>\$ 6,433</u>	<u>\$ 21,079</u>	<u>\$ 7,950</u>	<u>\$ 215,273</u>

Parker County, Texas
Combining Balance Sheet
Nonmajor Governmental Funds – Continued
September 30, 2018

	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
ASSETS							
Cash	\$ 59,633	\$ 37,851	\$ 54,868	\$ 22,481	\$ 5,658	\$ 12,953	\$ 15,375
Investments	430,279	273,113	395,902	150,946	40,828	93,461	110,938
Receivables:							
Intergovernmental	-	-	-	52,300	-	-	-
Other	277	879	-	-	-	159	69
Prepaid expenses and other assets	-	-	-	-	-	-	-
Total assets	\$ 490,189	\$ 311,843	\$ 450,770	\$ 225,727	\$ 46,486	\$ 106,573	\$ 126,382
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 485	\$ 3,767	\$ -	\$ 28	\$ -	\$ -	\$ 1
Accrued salaries and benefits payable	-	133	-	80,939	-	-	-
Due to other governmental entities	-	-	450,770	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Total liabilities	485	3,900	450,770	80,967	-	-	1
Fund balances:							
Restricted for state and federal programs	489,704	307,943	-	144,760	46,486	106,573	126,381
Committed to state and special programs	-	-	-	-	-	-	-
Total fund balances	489,704	307,943	-	144,760	46,486	106,573	126,381
Total liabilities and fund balances	\$ 490,189	\$ 311,843	\$ 450,770	\$ 225,727	\$ 46,486	\$ 106,573	\$ 126,382

Special Revenue Funds										
County/ District Technology Fund	County Clerk Records Management	County Clerk Vital Records	Records Management County Wide	District Clerk Records Management	Court Reporters Service	District Clerk	Court Record Preservation	Document Preservation	Other Grant Funds	Total Non-major Governmental Funds
\$ 3,559	\$ 158,095	\$ 4,386	\$ 42,498	\$ 15,195	\$ 40,064	\$ 32,397	\$ 25,228	\$ 72,773	\$ 6,907	\$ 826,796
25,680	1,140,731	31,647	306,649	109,644	289,075	233,761	182,031	525,089	60,782	5,167,826
-	-	-	-	-	-	-	-	-	15,218	67,518
29	1,380	19	489	85	569	431	439	1,550	1,080	8,384
-	-	-	-	-	-	-	-	-	-	-
<u>\$ 29,268</u>	<u>\$ 1,300,206</u>	<u>\$ 36,052</u>	<u>\$ 349,636</u>	<u>\$ 124,924</u>	<u>\$ 329,708</u>	<u>\$ 266,589</u>	<u>\$ 207,698</u>	<u>\$ 599,412</u>	<u>\$ 83,987</u>	<u>\$ 6,070,524</u>
\$ -	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 729	\$ 4,128	\$ 13,666
-	840	-	-	-	-	-	-	2,644	-	92,185
-	-	-	-	-	-	-	-	-	-	450,770
-	-	-	-	-	-	-	-	-	-	-
-	850	-	-	-	-	-	-	3,373	4,128	556,621
29,268	1,299,356	36,052	349,636	124,924	329,708	266,589	207,698	596,039	79,859	5,406,499
-	-	-	-	-	-	-	-	-	-	107,404
<u>29,268</u>	<u>1,299,356</u>	<u>36,052</u>	<u>349,636</u>	<u>124,924</u>	<u>329,708</u>	<u>266,589</u>	<u>207,698</u>	<u>596,039</u>	<u>79,859</u>	<u>5,513,903</u>
<u>\$ 29,268</u>	<u>\$ 1,300,206</u>	<u>\$ 36,052</u>	<u>\$ 349,636</u>	<u>\$ 124,924</u>	<u>\$ 329,708</u>	<u>\$ 266,589</u>	<u>\$ 207,698</u>	<u>\$ 599,412</u>	<u>\$ 83,987</u>	<u>\$ 6,070,524</u>

Parker County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) Nonmajor Governmental Funds Year Ended September 30, 2018

	Special Revenue Funds					Sheriff's Forfeiture Federal Share
	Historical Commission	Estray	Abandoned Vehicle	Courthouse Security	Voter Registration	
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 6,017	\$ 87,345
Fees of office	-	-	-	100,883	-	-
Interest	196	1,535	611	1,993	496	2,644
Miscellaneous	250	20,362	-	-	-	-
Total revenues	446	21,897	611	102,876	6,513	89,989
EXPENDITURES						
Current						
General government	2,927	-	-	-	7,206	-
Public safety	-	-	-	65,373	-	-
Law enforcement	-	7,040	-	-	-	31,342
Judicial	-	-	-	-	-	-
Recording	-	-	-	-	-	-
Total expenditures	2,927	7,040	-	65,373	7,206	31,342
Excess (deficiency) of revenues						
Net changes in fund balances	(2,481)	14,857	611	37,503	(693)	58,647
OTHER FINANCING USES						
Proceeds from sale of capital assets	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Total financing other uses	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	(2,481)	14,857	611	37,503	(693)	58,647
Fund balances (deficit) - beginning of year	109,885	58,063	26,610	62,813	23,062	119,372
Fund balances - end of year	\$ 107,404	\$ 72,920	\$ 27,221	\$ 100,316	\$ 22,369	\$ 178,019

Special Revenue Funds									
Contract Elections	Pre-trial Intervention	Sheriff's Evidence	Sheriff's Forfeiture	LEOSE Education	District Attorney State Supplement	Special District Attorney	Special County Attorney	District Attorney Awarded	Justice Technology Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,500	\$ -	\$ -	\$ -	\$ -
162,627	9,452	-	-	3,859	-	286	3,525	-	65,086
2,693	1,142	233	857	290	61	469	161	4,860	10,629
-	-	-	30,227	-	-	-	-	9,228	-
165,320	10,594	233	31,084	4,149	22,561	755	3,686	14,088	75,715
154,651	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	112,096	573	-	-	-	-	-
-	-	-	-	1,715	28,645	18	1,431	14,625	23,845
-	-	-	-	-	-	-	-	-	-
154,651	-	-	112,096	2,288	28,645	18	1,431	14,625	23,845
10,669	10,594	233	(81,012)	1,861	(6,084)	737	2,255	(537)	51,870
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	5,241	-	-	-	-
-	-	-	-	-	-	-	-	(5,241)	-
-	-	-	-	-	5,241	-	-	(5,241)	-
10,669	10,594	233	(81,012)	1,861	(843)	737	2,255	(5,778)	51,870
112,864	43,693	10,164	95,233	10,826	6,145	20,342	5,644	221,051	437,834
\$ 123,533	\$ 54,287	\$ 10,397	\$ 14,221	\$ 12,687	\$ 5,302	\$ 21,079	\$ 7,899	\$ 215,273	\$ 489,704

Parker County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit) Nonmajor Governmental Funds – Continued Year Ended September 30, 2018

	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
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 583,026	\$ -	\$ -	\$ -	\$ -
Fees of office	43,465	-	88,231	138,415	15,955	16,244	4,274
Interest	8,091	-	538	937	2,228	2,681	613
Miscellaneous	-	-	-	-	-	-	-
Total revenues	51,556	-	671,795	139,352	18,183	18,925	4,887
EXPENDITURES							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-	-
Judicial	23,861	-	577,214	118,850	-	-	-
Recording	-	-	-	-	-	-	-
Total expenditures	23,861	-	577,214	118,850	-	-	-
Excess (deficiency) of revenues							
Net changes in fund balances	27,695	-	94,581	20,502	18,183	18,925	4,887
OTHER FINANCING USES							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-
Total financing other uses	-	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	27,695	-	94,581	20,502	18,183	18,925	4,887
Fund balances (deficit) - beginning of year	280,248	-	50,179	25,984	88,390	107,456	24,381
Fund balances - end of year	\$ 307,943	\$ -	\$ 144,760	\$ 46,486	\$ 106,573	\$ 126,381	\$ 29,268

Special Revenue Funds									
County Clerk Records Management	County Clerk Vital Records	Records Management County Wide	District Clerk Records Management	Court Reporters Service	District Clerk	Court Record Preservation	Document Preservation	Other Grant Funds	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,530	\$ 911,418
336,010	5,782	43,450	8,876	26,665	21,404	25,399	339,745	12,963	1,472,596
26,439	772	7,395	2,712	7,108	5,755	4,397	10,784	2,709	112,029
-	-	-	-	-	-	-	-	20,600	80,667
362,449	6,554	50,845	11,588	33,773	27,159	29,796	350,529	248,802	2,576,710
-	-	-	-	-	-	-	-	59,363	224,147
-	-	-	-	-	-	-	-	99,769	165,142
-	-	-	-	-	-	-	-	-	151,051
-	-	-	-	-	-	-	-	90,640	880,844
64,913	2,998	-	-	-	-	-	341,659	-	409,570
64,913	2,998	-	-	-	-	-	341,659	249,772	1,830,754
297,536	3,556	50,845	11,588	33,773	27,159	29,796	8,870	(970)	745,956
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	5,241
-	-	-	-	-	-	-	-	-	(5,241)
-	-	-	-	-	-	-	-	-	-
297,536	3,556	50,845	11,588	33,773	27,159	29,796	8,870	(970)	745,956
1,001,820	32,496	298,791	113,336	295,935	239,430	177,902	587,169	80,829	4,767,947
\$ 1,299,356	\$ 36,052	\$ 349,636	\$ 124,924	\$ 329,708	\$ 266,589	\$ 207,698	\$ 596,039	\$ 79,859	\$ 5,513,903

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.

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.

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, 2018

Exhibit C-4

Page 1 of 3

	Sheriff's Jail Trust Account	Auto Registration Account	Vehicle Inventory Tax Escrow	County Clerk's Court Fund Account	County Attorney's Escrow Account	County Clerk's Deposit Account
ASSETS						
Cash	\$ 12,631	\$ 558,699	\$ 952,289	\$ 51,952	\$ 2,607	\$ 583,091
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
	<hr/>					
Total assets	<u>\$ 12,631</u>	<u>\$ 558,699</u>	<u>\$ 952,289</u>	<u>\$ 51,952</u>	<u>\$ 2,607</u>	<u>\$ 583,091</u>
LIABILITIES						
Deposits held and due to others	<u>\$ 12,631</u>	<u>\$ 558,699</u>	<u>\$ 952,289</u>	<u>\$ 51,952</u>	<u>\$ 2,607</u>	<u>\$ 583,091</u>
	<hr/>					
Total liabilities	<u>\$ 12,631</u>	<u>\$ 558,699</u>	<u>\$ 952,289</u>	<u>\$ 51,952</u>	<u>\$ 2,607</u>	<u>\$ 583,091</u>

Parker County, Texas

Combining Statement of Fiduciary Assets and Liabilities –
 Agency Funds – Continued
 September 30, 2018

Exhibit C-4

Page 2 of 3

	County Clerk's Registry Account	County Clerk's Individual Trust Account	District Court Deposit Account	District Clerk's Registry Account	District Clerk's Individual Trust Account	Sherriff's Inmate Trust Account	County Jail Commissary Fund
ASSETS							
Cash	\$ 1,334,222	\$ 3,002,380	\$ 68,220	\$ 677,180	\$ 204,535	\$ 42,011	\$ 47,346
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 1,334,222</u>	<u>\$ 3,002,380</u>	<u>\$ 68,220</u>	<u>\$ 677,180</u>	<u>\$ 204,535</u>	<u>\$ 42,011</u>	<u>\$ 47,346</u>
LIABILITIES							
Deposits held and due to others	<u>\$ 1,334,222</u>	<u>\$ 3,002,380</u>	<u>\$ 68,220</u>	<u>\$ 677,180</u>	<u>\$ 204,535</u>	<u>\$ 42,011</u>	<u>\$ 47,346</u>
Total liabilities	<u>\$ 1,334,222</u>	<u>\$ 3,002,380</u>	<u>\$ 68,220</u>	<u>\$ 677,180</u>	<u>\$ 204,535</u>	<u>\$ 42,011</u>	<u>\$ 47,346</u>

Parker County, Texas

Combining Statement of Fiduciary Assets and Liabilities –
 Agency Funds – Continued
 September 30, 2018

Exhibit C-4

Page 3 of 3

	Adult Probation Fund	V.I.T Interest Account	District Attorney Trust Account	County Clerk's Probate Fund	TPWD Funds Account	Juvenile Probation Restitution Account	Total Agency Funds
ASSETS							
Cash	\$ 88,552	\$ 47,670	\$ 177,770	\$ 40,419	\$ 4,269	\$ 3,523	\$ 7,899,366
Investments	638,944	-	-	-	-	-	638,944
Accounts receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 727,496</u>	<u>\$ 47,670</u>	<u>\$ 177,770</u>	<u>\$ 40,419</u>	<u>\$ 4,269</u>	<u>\$ 3,523</u>	<u>\$ 8,538,310</u>
LIABILITIES							
Deposits held and due to others	<u>\$ 727,496</u>	<u>\$ 47,670</u>	<u>\$ 177,770</u>	<u>\$ 40,419</u>	<u>\$ 4,269</u>	<u>\$ 3,523</u>	<u>\$ 8,538,310</u>
Total liabilities	<u>\$ 727,496</u>	<u>\$ 47,670</u>	<u>\$ 177,770</u>	<u>\$ 40,419</u>	<u>\$ 4,269</u>	<u>\$ 3,523</u>	<u>\$ 8,538,310</u>