

PARKER COUNTY, TEXAS

**ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDED SEPTEMBER 30, 2011**

PARKER COUNTY, TEXAS
Annual Financial Statements
For the Fiscal Year Ended September 30, 2011

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SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Parker County, Texas, as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Parker County, Texas, as of September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012, on our consideration of Parker County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Page two

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

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

Snow Garrett Williams

Snow Garrett Williams
June 20, 2012

PARKER COUNTY, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) of Parker County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2011. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the Fiscal Year 2011 by \$24,858,596 (*net assets*). Of this amount, \$9,393,545 is restricted for specific purposes and \$856,709 represents unrestricted net assets that may be used to meet the County's ongoing obligations to citizens and creditors. As required by GASB 34, net assets also reflect \$14,608,342 that is invested in capital assets net of related debt.
- In contrast to the government-wide statements, the fund statements report a combined fund balance at year-end of \$34,510,319; of which \$61,077 represents non-spendable fund balance, \$32,370,575 represents fund balance restricted for funding of debt service, capital projects, the lateral road fund, and federal and state programs, \$211,496 represents fund balance assigned to state and special programs, and \$1,867,171 or 5% represents unassigned fund balance.
- The General fund reports a fund balance of \$1,929,316; of which \$18,232 represents non-spendable fund balance, and \$1,911,084 represents unassigned fund balance. Unassigned fund balance for the General fund equals 6% of total General fund expenditures.
- The County's total debt decreased by a net amount of \$2,759,208 during the current fiscal year due to principal retirements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 38 of this report.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budget comparisons and pension benefits. The required supplementary information can be found on pages 40 through 42 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$24,858,596 as of September 30, 2011.

Parker County's Net Assets

	Governmental Activities	
	2011	2010
Current and other assets	\$ 43,615,438	\$ 60,284,329
Capital assets, net of depreciation	75,438,618	62,362,765
Total assets	119,054,056	122,647,094
Long-term liabilities	87,756,223	90,515,431
Other liabilities	6,439,237	5,852,999
Total liabilities	94,195,460	96,368,430
Net assets:		
Invested in capital assets, net of related debt	14,608,342	14,372,097
Restricted	9,393,545	1,297,125
Unrestricted	856,709	10,609,442
Total Net Assets	\$ 24,858,596	\$ 26,278,664

Investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding is \$14,608,342. 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 \$9,393,545 of the County's net assets (38%) 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 remaining balance of unrestricted net assets (\$856,709) may be used to meet the County's ongoing obligations to citizens and creditors.

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

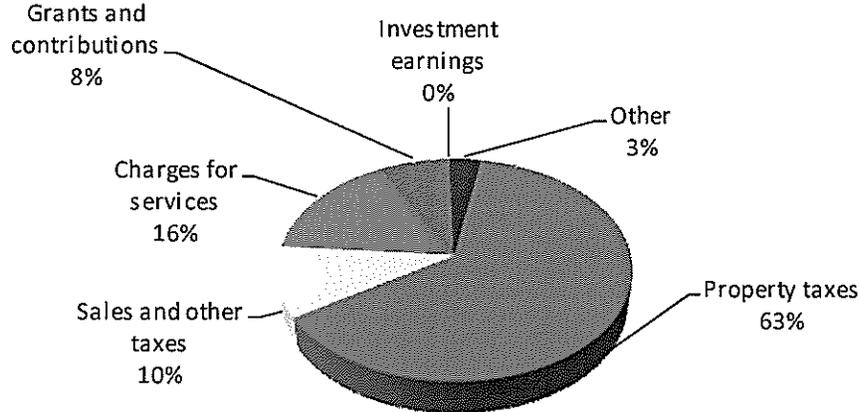
The County's governmental activities decreased net assets by \$1,420,068 during the current fiscal year. The total cost of all governmental activities this year was \$59,727,674. The amount that our taxpayers paid for these activities through property taxes was \$36,871,768 or 62%.

Parker County's Changes in Net Assets

	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 9,324,224	\$ 9,533,373
Operating grants and contributions	3,193,237	3,093,099
Capital grants and contributions	1,069,606	702,978
General revenues:		
Property taxes	36,871,768	34,873,763
Sales and other taxes	5,958,132	5,707,575
Investment earnings	18,532	32,463
Other	1,872,107	1,518,607
Total revenues	<u>58,307,606</u>	<u>55,461,858</u>
Expenses:		
General government	8,783,769	8,691,183
Public safety	2,906,111	2,941,916
Health and welfare	639,524	637,843
Highways, roads and streets	14,327,215	16,305,798
Law enforcement	15,131,125	15,301,309
Judicial	10,690,802	10,472,786
Recording	2,317,188	2,243,507
Tax assessing-collecting	791,131	834,776
Interest and other costs	4,140,809	4,174,962
Total expenses	<u>59,727,674</u>	<u>61,604,080</u>
Change in net assets	(1,420,068)	(6,142,222)
Net assets-beginning	26,278,664	32,069,587
Prior period adjustment		351,299
Net assets-beginning, restated	<u>26,278,664</u>	<u>32,420,886</u>
Net assets-ending	<u>\$ 24,858,596</u>	<u>\$ 26,278,664</u>

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

Revenues by Source



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

- Program revenues of \$13,587,067 equaled 23% of government expenses of \$59,727,674. As expected, general revenues (\$44,720,539) provided the remaining support and coverage for expenses.
- Over one-fourth of the expenses are law enforcement (\$15,131,125) while this category provided 3% of total revenues.
- The second largest category of expenses are highway, roads and streets (\$14,327,215) at 24% while it only provided about 6% of total revenues.
- Grant revenues and contributions comprised about 8% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds. The general government functions are reported in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, unreserved 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 \$34,510,319, a decrease of \$17,354,157 in comparison with the prior year. Approximately \$1,867,171 or 5% of the fund balance represents unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is made up of non-spendable fund balance (\$61,077), assigned fund balance (\$211,496), and restricted fund balance (\$32,370,575). Assigned fund balance is set aside for state and special programs while the restricted fund balance is set aside to pay debt service (\$1,795,771), and fund capital projects (\$24,174,427), lateral road (\$3,415,393), and federal and state programs (\$2,984,984).

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 \$1,929,316; of which \$18,232 is non-spendable fund balance, and the remainder is unassigned. As a measure of the general fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 6%, or slightly more than 20 days of total fund expenditures.

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

The fund balance of the County's general fund increased by \$547,316. Key factors in this increase are as follows:

- Increase in property tax revenues; and
- decreases for expenditures in public safety, law enforcement, and capital outlays.

The debt service fund has a total fund balance of \$1,795,771, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service funds was \$533,796. Total debt principal, interest and fiscal charges increased from the prior year primarily due to the payments on the 2009 Unlimited Tax Road Bonds.

The capital projects funds had a total fund balance of \$24,174,427, all of which is restricted for construction and improvements or acquisition of County-owned buildings and equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original fiscal year 2011 budget was adopted in September 2010, with the total beginning general fund expenditures amounting to \$33,798,929, a decrease of \$1,536,709 below the 2010 fiscal year final budgeted expenditures. The fiscal year 2011 budget decrease was primarily due to a decrease in buildings and grounds, emergency management, jail, courthouse security, and tax assessing-collecting expenditures.

In total, the original general fund budget for expenditures and the final general fund amended budget for expenditures were increased by \$235,931 from the original to the final budget. Most of this difference resulted from:

- A reduction of general government expenditures; and
- Increases in judicial and law enforcement expenditures.

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

- Actual revenues were greater than budgeted by \$85,627 primarily due to the increase in property tax collections from what was expected; and
- Actual expenses were \$466,525 less than budgeted primarily due to lower costs of buildings and grounds, public safety, law enforcement, judicial, and non-departmental expenditures than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The capital assets of the County are those assets (land, buildings and improvements, roads and bridges, office furnishings, transportation, road maintenance, fire-fighting, emergency management and other equipment), which are used in the performance of the County's functions including current year expenditures for infrastructure assets. At September 30, 2011, net capital assets of the governmental activities totaled \$75,438,618. Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation for buildings, improvements, infrastructure and machinery and equipment totaled \$6,521,747.

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

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

	Governmental Activities	
	2011	2010
Land	\$ 12,376,169	\$ 1,915,110
Work in progress	12,117,997	17,287,779
Buildings and improvements	26,572,727	27,243,316
Infrastructure	14,589,549	5,058,157
Office furniture and equipment	3,837,964	4,503,416
Transportation	1,154,762	1,437,926
Road maintenance equipment	4,636,665	4,738,864
Emergency management equipment	143,104	168,746
Other	9,681	9,451
Total	\$ 75,438,618	\$ 62,362,765

Additional information on the County's capital assets can be found in Note 6 on page 30 of this report.

Long-term debt and capital leases. As of September 30, 2011, the County had unlimited tax road bonds, general obligation refunding bonds, certificates of obligation and tax notes outstanding of \$78,959,975. Total capital leases payable were \$3,738,799.

The County's total property tax rate for 2010-11 was \$.38972 per \$100 assessed valuation, of which \$.06654 was for annual debt service.

Parker County's Outstanding Debt

	Governmental Activities	
	2011	2010
Unlimited tax road bonds	\$ 59,899,975	\$ 59,999,975
General obligation refunding bonds	3,030,000	3,190,000
Certificates of obligation	14,465,000	14,515,000
Tax notes	1,565,000	3,175,000
Capital leases payable	3,738,799	4,576,072
Total	\$ 82,698,774	\$ 85,456,047

Additional information on the County's long-term debt can be found in Note 9 on pages 31 through 35 of this report.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

In considering the County budget for fiscal year 2012, the County Commissioners and management considered the following factors:

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

REQUEST FOR INFORMATION

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

FINANCIAL STATEMENTS

PARKER COUNTY, TEXAS
Statement of Net Assets
As of September 30, 2011

Exhibit A-1

		Primary Government Activities
ASSETS:		
Current assets		
Cash	\$	1,052,678
Investments		10,588,355
Receivables (net of allowance for uncollectible accounts)		4,093,003
Prepaid expenses and other assets		61,077
Non-current assets		
Restricted cash		454,771
Restricted investments		26,025,812
Deferred bond issuance costs, net of amortization		1,339,742
Land and work in progress		24,494,166
Other capital assets, net of depreciation		50,944,452
Total assets		119,054,056
LIABILITIES:		
Current liabilities		
Accounts payable		4,170,216
Accrued salaries and benefits payable		717,835
Compensated absences payable		852,783
Accrued interest payable		649,672
Due to other governmental entities		48,731
Noncurrent liabilities		
Due within one year		2,887,335
Due in more than one year		84,868,888
Total liabilities		94,195,460
NET ASSETS:		
Invested in capital assets, net of related debt		14,608,342
Restricted for:		
Debt service		1,982,665
Lateral road		3,684,148
Federal and state programs		3,726,732
Unrestricted		856,709
	\$	24,858,596

PARKER COUNTY, TEXAS
Statement of Activities
For the Fiscal Year Ended September 30, 2011

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General government	\$ 8,783,769	244,088	569,938		(7,969,743)
Public safety	2,906,111	317	136,103	492,638	(2,277,053)
Health and welfare	639,524	143,467			(496,057)
Highways, roads and streets	14,327,215	2,738,869	73,719	576,968	(10,937,659)
Law enforcement	15,131,125	755,664	1,060,684		(13,314,777)
Judicial	10,690,802	3,217,406	1,352,793		(6,120,603)
Recording	2,317,188	1,319,645			(997,543)
Tax assessing-collecting	791,131	904,768			113,637
Interest and other costs	4,140,809				(4,140,809)
Total primary government	\$ 59,727,674	9,324,224	3,193,237	1,069,606	(46,140,607)

General revenue:	
Property taxes	36,871,768
Sales and other taxes	5,958,132
Investment earnings	18,532
Other general revenue	1,872,107
Total general revenues	<u>44,720,539</u>
Change in net assets	(1,420,068)
Net assets - beginning	26,278,664
Net assets - ending	<u>\$ 24,858,596</u>

PARKER COUNTY TEXAS
Balance Sheet
Governmental Funds
September 30, 2011

Exhibit A-3

	<u>General</u>	<u>Lateral Road</u>	<u>Capital Projects 2009 Tax Road Bonds</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Assets:						
Cash	\$ 38,493	71,232	454,771	30,305	122,400	717,201
Investments	1,788,130	4,076,480	26,025,812	1,734,283	2,752,513	36,377,218
Receivables, net of uncollectible allowance of \$521,395						
Property taxes	754,824	298,902		209,275		1,263,001
Intergovernmental	1,411,925	12,671		9,002	446,503	1,880,101
Other	159,457	22,765			20,196	202,418
Prepaid expenses and other assets	18,232	877			41,968	61,077
Total assets	\$ 4,171,061	4,482,927	26,480,583	1,982,865	3,383,580	40,501,016
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 997,076	652,619	2,306,156	200	138,333	4,094,384
Accrued salaries and benefits payable	540,797	145,283			31,755	717,835
Due to other governmental entities	29,774				18,957	48,731
Deferred revenues						
Property taxes	674,098	268,755		186,894		1,129,747
Total liabilities	2,241,745	1,066,657	2,306,156	187,094	189,045	5,990,697
Fund balances:						
Nonspendable	18,232	877			41,968	61,077
Restricted for:						
Debt service				1,795,771		1,795,771
Capital projects			24,174,427			24,174,427
Lateral road		3,415,393				3,415,393
Federal and state programs					2,984,984	2,984,984
Assigned to state and special programs					211,496	211,496
Unassigned	1,911,084				(43,913)	1,867,171
Total fund balances	1,929,316	3,416,270	24,174,427	1,795,771	3,194,535	34,510,319
Total liabilities and fund balances	\$ 4,171,061	4,482,927	26,480,583	1,982,865	3,383,580	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	75,438,618
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,129,747
Additional receivables and bond issuance costs are not measurable and available in the current period and are not reported in the funds.	2,081,490
Some liabilities, including bonds, capital leases and interest payable, accumulated accretion, unamortized premiums, and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(89,258,678)
Assets and liabilities of the internal service fund is included in governmental activities and are not reported with governmental funds.	957,100
Net assets of governmental activities - statement of net assets	\$ 24,858,596

PARKER COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended September 30, 2011

Exhibit A-4

	General	Lateral Road	Capital Projects 2009 Tax Road Bonds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 22,706,358	8,099,582		6,262,950		37,068,890
Sales taxes	5,865,381					5,865,381
Intergovernmental	1,366,141	73,719	576,968		2,416,981	4,433,809
Fees of Office	4,227,313	2,387,370			1,901,476	8,516,159
Fines and forfeitures		351,499				351,499
Interest	8,554	5,546		3,134	1,298	18,532
Royalties	228,137					228,137
Miscellaneous	575,556	109,387			170,202	855,145
Total revenues	34,977,440	11,027,103	576,968	6,266,084	4,489,957	57,337,552
EXPENDITURES						
Current:						
General government	5,659,241	811,549	57,161		591,532	7,119,483
Public safety	2,433,008				190,883	2,623,891
Health and welfare	609,583					609,583
Highways, roads and streets		10,065,502				10,065,502
Law enforcement	14,339,466				150,332	14,489,798
Judicial	7,132,444				3,370,747	10,503,191
Recording	2,053,504				189,624	2,243,128
Tax assessing-collecting	771,339					771,339
Capital outlays	43,896	1,211,314	17,844,773		657,598	19,757,581
Debt Service						
Principal	391,332	445,942		1,920,000		2,757,274
Interest	134,522	74,031		3,812,288		4,020,841
Total expenditures	33,568,335	12,608,338	17,901,934	5,732,288	5,150,716	74,961,611
Deficiency of revenues under expenditures	1,409,105	(1,581,235)	(17,324,966)	533,796	(660,759)	(17,624,059)
Other financing sources (uses):						
Operating transfers in		265,009			600,446	865,455
Operating transfers out	(865,455)					(865,455)
Sale of assets	3,666	266,236				269,902
Total other financing sources (uses)	(861,789)	531,245	-	-	600,446	269,902
Net changes in fund balances	547,316	(1,049,990)	(17,324,966)	533,796	(60,313)	(17,354,157)
Fund balances - October 1	1,382,000	4,466,260	41,499,393	1,261,975	3,254,848	51,864,476
Fund balances - September 30	\$ 1,929,316	3,416,270	24,174,427	1,795,771	3,194,535	34,510,319

PARKER COUNTY, TEXAS
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended September 30, 2011

Exhibit A-5

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

Net change in fund balances - total governmental funds \$ (17,354,157)

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

Capital outlay	\$ 19,757,581	
Depreciation	<u>(6,521,747)</u>	
Net capital outlay		13,235,834

The net effect of various miscellaneous transactions involving capital assets. (i.e., sales, trade-ins, disposals, donations) decreasing net assets (159,981)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (116,798)

Repayment of long-term debt principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,757,274

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

Amortization of deferred bond issuance costs	\$ (76,612)	
Amortization of premium from bond issuance	144,648	
Increase in accrued interest payable	(45,291)	
Accretion of capital appreciation bonds	(142,713)	
Increase in compensated absences payable	<u>(4,521)</u>	
Net increase in expenditures		(124,489)

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. 342,249

Change in net assets of governmental activities - statement of activities \$ (1,420,068)

PARKER COUNTY, TEXAS
Statement of Net Assets
Proprietary Fund
September 30, 2011

Exhibit A-6

			Insurance Escrow
ASSETS:			
Cash	\$	790,248	
Investment		236,949	
Accounts receivable		5,735	
Total assets		1,032,932	
LIABILITIES:			
Accounts payable		75,832	
Total liabilities		75,832	
NET ASSETS:			
Unrestricted		957,100	
Total net assets	\$	957,100	

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary Fund
For the Fiscal Year Ended September 30, 2011

Exhibit A-7

		Insurance Escrow
OPERATING REVENUE		
County contributions	\$	6,462,632
Total operating revenues		6,462,632
OPERATING EXPENSES		
Contractual		7,097,313
Total operating expenses		7,097,313
Operating loss		(634,681)
NON OPERATING REVENUES		
Miscellaneous		976,930
Total non operating revenues		976,930
Change in net assets		342,249
Net assets -October 1		614,851
Net assets -September 30	\$	957,100

PARKER COUNTY, TEXAS
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended September 30, 2011

Exhibit A-8

	<u>Insurance Escrow</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from interfund services provided	\$ 6,474,755
Payments to providers	<u>(7,041,467)</u>
Net cash used by operating activities	(566,712)
CASH FLOWS FROM INVESTING ACTIVITIES	
Change in investments	(212,322)
Miscellaneous revenues	<u>976,930</u>
Net cash provided by investment activities	<u>764,608</u>
Net increase in cash	197,896
Cash - October 1	<u>592,353</u>
Cash - September 30	\$ <u><u>790,248</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (634,681)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease in accounts receivable	12,123
Increase in accounts payable	<u>55,846</u>
Net cash used by operating activities	\$ <u><u>(566,712)</u></u>

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2011

Exhibit A-9

ASSETS

Cash	\$ 3,128,231
Investments	678,490
Accounts receivable	<u>15,590</u>
 Total assets	 \$ <u><u>3,822,311</u></u>

LIABILITIES

Deposits held and due to others	\$ 3,820,551
Accounts payable - State	<u>1,760</u>
 Total liabilities	 \$ <u><u>3,822,311</u></u>

NOTES TO FINANCIAL STATEMENTS

PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

There are no component units over which the County exercises significant controls or has oversight responsibility. The County is a general purpose government providing the following services to its citizens: public safety, health and welfare, public transportation through roads and bridges, law enforcement, judicial, recording, tax assessing-collecting, and general and financial administrative services.

The accounting and reporting framework and the more significant accounting principles and practices are discussed below. The remainder of the Notes is organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2011.

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

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

Government-wide financial statements

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

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

PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements

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

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

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenue is recognized when earned and expenses are recognized at the time the liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary fund include the cost of contractual services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Based on the accounting and reporting standards set forth in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*, the County has opted to apply only those accounting and reporting pronouncements issued by the GASB subsequent to November 30, 1989 as it pertains to the accounting for proprietary fund activity.

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

The County reports the following major governmental funds:

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

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The County also reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

Capital Project Funds are used to account for proceeds obtained for the purpose of County building improvements and equipment acquisition and costs associated capital projects.

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.
- (E) Budgets for the various funds are adopted on a basis consistent with United States generally accepted accounting principles (GAAP), with the exception of tax revenues being reported on the cash basis.
- (F) Expenditures in excess of appropriations are required by state statutes to be reported down to the department level.

PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (G) The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Commissioners Court during the year ended September 30, 2011.

C. ASSETS, LIABILITIES AND EQUITIES

Cash Equivalents

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

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

Restricted Assets

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

Capital Assets and Depreciation

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

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

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

Long-Term Obligations

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

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

PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

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

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

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

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

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

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

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

It is the County's goal to achieve and maintain an unassigned General Fund balance of approximately 25% to 50% of budgeted expenditures for the fiscal year, to be used for unanticipated needs and to maintain restricted fund balance of the Debt Service Fund of approximately 25% of the following year's debt service requirements, to be used for debt service. At the end of fiscal year 2011, the unassigned General Fund balance was 6% of budgeted expenditures and the Debt Service Fund balance was at 31% 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 Assets

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

Invested in capital assets, net of related debt—This category consists of all capital assets net of accumulated depreciation and reduced by outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets.

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The government-wide statement of net assets reports \$9,419,680 of restricted net assets, of which \$2,678,158 are restricted by enabling legislation.

Use of Estimates

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

Encumbrances

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

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
SEPTEMBER 30, 2011**

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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

As of September 30, 2011, the County had the following investments:

	Weighted Average Maturity	Credit Rating	Market Value	% of Total
DWS Scudder - Government Cash Institutional Shares Fund	47 days	AAA	\$ 9,395,500	25.21%
Federated - Government Obligations Fund	45 days	AAAm	1,000,000	2.68%
Morgan Keegan - Federated Inv Government Obligations	43 days	AAA	5,000,000	13.42%
UBS - Federated Government Obligation Fund IS	21 days	AAA	21,865,995	58.68%
Total Investments			\$ 37,261,495	100.00%

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, 2011, 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, 2011, the County's investments in DWS Scudder - Government Cash Institutional Shares Fund, Federated - Government Obligations Fund, UBS – Federated Government Obligations Fund IS, and Morgan Keegan - Federated Inv Government Obligations were rated by Standard and Poor's (see credit ratings above) and have an average weighted maturity of less than 90 days.

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk - The County does not place a limit on the amount that may be invested. As of September 30, 2011, 100% of the County's investments were included in SEC regulated no-load money market mutual funds.

Custodial Credit Risk— Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. At September 30, 2011, 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 County is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to \$1.20 per \$100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal and interest on long-term debt. A practical limitation on taxes levied on debt service is \$1.50 per \$100 of assessed valuation as established by the Attorney General of the State of Texas. The tax rate for the year ended September 30, 2011, excluding that portion budgeted for the retirement of long-term debt principal and interest was \$.32318 per \$100 valuation. The total tax rate for all purposes was \$.38972 per \$100 valuation. The County's general obligation refunding bonds require an annual tax levy sufficient to pay principal and interest on the bonds with allowances being made for delinquent taxes.

NOTE 4: DELINQUENT PROPERTY TAXES

At the governmental fund level, property taxes are recognized as revenue when collected including those collected 60 days after fiscal year end. Delinquent property taxes receivable represent all uncollected property taxes and an account for estimated uncollectible taxes (allowance) is established based on the County's collection history. Deferred revenue is reported in connection with property taxes receivables 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:

Fund	Delinquent Taxes	Allowance	Net Receivable
General	\$ 1,038,593	\$ (283,769)	\$ 754,824
Debt Service	287,950	(78,675)	209,275
Lateral Road	457,853	(158,951)	298,902
Total	<u>\$ 1,784,396</u>	<u>\$ (521,395)</u>	<u>\$ 1,263,001</u>

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 5: CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

	Balance 10/1/10	Reclass / Additions	Reclass / Deletions	Balance 9/30/11
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,915,110	\$ 10,461,059	\$ -	\$ 12,376,169
Work in progress	17,287,779	17,844,773	23,014,555	12,117,997
Total capital assets not being depreciated	<u>19,202,889</u>	<u>28,305,832</u>	<u>23,014,555</u>	<u>24,494,166</u>
Depreciable capital assets				
Buildings and improvements	35,036,049	300,033	62,200	35,273,882
Infrastructure	114,330,389	12,629,810	999	126,959,200
Office furniture and equipment	9,602,815	444,064	168,035	9,878,844
Transportation equipment	4,603,472	278,718	181,344	4,700,846
Road maintenance equipment	13,338,120	1,007,858	395,363	13,950,615
Fire fighting equipment	2,825,496	-	-	2,825,496
Emergency management equipment	478,123	-	-	478,123
Other	48,473	5,855	-	54,328
Total other capital assets	<u>180,262,937</u>	<u>14,666,338</u>	<u>807,941</u>	<u>194,121,334</u>
Less accumulated depreciation for:				
Buildings and improvements	7,792,733	970,622	62,200	8,701,155
Infrastructure	109,272,232	3,097,419	-	112,369,651
Office furniture and equipment	5,099,399	941,481	-	6,040,880
Transportation equipment	3,165,546	554,676	174,138	3,546,084
Road maintenance equipment	8,599,256	926,282	211,588	9,313,950
Fire fighting equipment	2,825,496	-	-	2,825,496
Emergency management equipment	309,377	25,642	-	335,019
Other	39,022	5,625	-	44,647
Total accumulated depreciation	<u>137,103,061</u>	<u>6,521,747</u>	<u>447,926</u>	<u>143,176,882</u>
Other capital assets, net	<u>43,159,876</u>	<u>8,144,591</u>	<u>360,015</u>	<u>50,944,452</u>
Governmental activities capital assets, net	<u>\$ 62,362,765</u>	<u>\$ 36,450,423</u>	<u>\$ 23,374,570</u>	<u>\$ 75,438,618</u>

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 5: CHANGES IN CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 1,571,362
Public safety	269,206
Health and welfare	19,842
Highways, roads and streets	4,129,094
Law enforcement	457,733
Judicial	49,772
Recording	<u>24,738</u>
 Total depreciation for governmental activities	 <u><u>\$ 6,521,747</u></u>

NOTE 6: INTERFUND TRANSFERS

Interfund transfers during the year were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Lateral Road fund	\$ 265,009	reimburse expenditures
General fund	Other Governmental funds	<u>600,446</u>	supplement other funds
Total transfers		<u><u>\$ 865,455</u></u>	

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

NOTE 7: ACCUMULATED UNPAID VACATION AND SICK LEAVE

County policy allows the accrual of vacation, compensatory time, and sick pay benefits for all employees other than elected officials. The expense of the benefits is recognized when incurred. Vacation and compensatory pay is paid upon termination if the employee gives two weeks' notice or is terminated by the County. Sick pay is not paid upon termination for any reason. The liability for accrued vacation and compensatory pay is included below with general long-term debt. No liability has been recorded for sick pay since it is non-vesting. At September 30, 2011 the value of accumulated vacation and compensatory benefits amounted to \$852,783.

NOTE 8: LONG-TERM DEBT AND CAPITAL LEASES

Unlimited Tax Road Bonds

The County issued \$59,999,975 in unlimited tax road bonds in April of 2009 for the purpose of constructing, improving, extending, expanding, upgrading and / or developing macadamized, graveled, or paved roads in the County, right-of-way acquisition, utility relocation, traffic safety and operational improvements and other transportation related improvements. Principal payments are due in annual installments on February 15, maturing in February of 2034. Interest is payable February 15 and August 15, at interest rates ranging from 2.88% to 5.25%. The outstanding balance at September 30, 2011 was \$59,899,975. Current requirements for bonded indebtedness of the County are accounted for in the Debt Service funds.

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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

General Obligation Refunding Bonds

The County issued \$3,430,000 in refunding bonds in June of 2005 for the purpose of partial refunding of the 2002 and 2004 Tax Notes. Principal payments are due in annual installments on February 15, maturing in February of 2025. Interest is payable February 15 and August 15, at interest rates ranging from 3.10% to 4.50%. The outstanding balance at September 30, 2011 was \$3,030,000. Current requirements for bonded indebtedness of the County are accounted for in the Debt Service funds.

Certificates of Obligation

The County issued \$14,580,000 in certificates of obligation in June 2005 for the purpose of jail construction and improvement, with any excess funds to be used for the construction or acquisition and equipment of other County-owned buildings needed for the County's use. Principal payments are due in annual installments on February 15, maturing in February of 2025. Interest is payable February 15 and August 15, at interest rates ranging from 3.30% to 5.00%. The outstanding balance at September 30, 2011 was \$14,465,000.

Tax Notes

In January of 2006, the County issued Series 2005 Tax Notes in the amount of \$1,900,000. The proceeds from the notes were used for the purposes of County building improvements and equipment acquisition and costs associated with the issuance of these notes. Interest is due semi-annually at rates ranging from 3.50% to 4.00%. The notes mature serially through 2012. The outstanding balance as of September 30, 2011 was \$450,000.

In December of 2006, the County issued Series 2006 Tax Notes in the amount of \$3,000,000. The proceeds from the notes were used for the purposes of equipment acquisition and constructing improvements for County buildings, including public safety radio signal amplification equipment, professional fees for architects in connection with jail expansion, planning fees for a master planning consultant for County administration space needs, computer software, and costs associated with the issuance of these notes. Interest is due semi-annually at the rate of 4.10%. The notes mature serially through 2013. The outstanding balance as of September 30, 2011 was \$1,115,000.

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

Year	Principal	Interest	Annual
2012	\$ 2,020,000	\$ 3,734,932	\$ 5,754,932
2013	1,916,423	4,110,254	6,026,677
2014	1,417,414	4,353,111	5,770,525
2015	1,431,789	4,564,297	5,996,086
2016	1,389,349	4,607,374	5,996,723
2017-2021	13,920,000	16,056,986	29,976,986
2022-2026	17,600,000	12,386,124	29,986,124
2027-2031	22,630,000	7,336,006	29,966,006
2032-2035	16,635,000	1,340,719	17,975,719
Total	<u>\$ 78,959,975</u>	<u>\$ 58,489,803</u>	<u>\$ 137,449,778</u>

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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

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

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

	October 1, 2010	Additions	Retirements	September 30, 2011
General Obligation Refunding Bonds	\$ 3,190,000	\$ -	\$ 160,000	\$ 3,030,000
Certificates of Obligation	14,515,000	-	50,000	14,465,000
Unlimited Tax Road Bonds	59,999,975	-	100,000	59,899,975
Tax Notes-Series 2004	680,000	-	680,000	-
Tax Notes-Series 2005	855,000	-	405,000	450,000
Tax Notes-Series 2006	1,640,000	-	525,000	1,115,000
Plus: Deferred Premiums on Issuance	2,450,577	-	144,648	2,305,929
Plus: Accumulated Accretion	2,608,807	142,713	-	2,751,520
Capital Lease Payable	4,576,072	-	837,273	3,738,799
Compensated Absences	848,262	4,521	-	852,783
	<u>\$ 91,363,693</u>	<u>\$ 147,234</u>	<u>\$ 2,901,921</u>	<u>\$ 88,609,006</u>

Capital Leases Payable

Precinct 1

The County entered into a capital lease agreement in December 2009 in the amount of \$240,920. The lease balance is payable in five successive annual payments of \$56,921 each and a final payment of \$1, bearing interest at the rate of 6.07% per annum. The capital lease proceeds were used to purchase equipment by Precinct One (Fund 01). The balance at September 30, 2011 was \$196,937.

The County entered into a capital lease agreement in July 2010 in the amount of \$94,850. The lease balance is payable in three successive annual payments of \$34,096 each and a final payment of \$1, bearing interest at the rate of 6.01% per annum. The capital lease proceeds were used to purchase equipment by Precinct One (Fund 01). The balance at September 30, 2011 was \$62,521.

The County entered into a capital lease agreement in April 2010 in the amount of \$265,000. The lease balance is payable in five successive annual payments of \$62,610 each and a final payment of \$1, bearing interest at the rate of 6.79% per annum. The capital lease proceeds were used to purchase equipment by Precinct One (Fund 01). The balance at September 30, 2011 was \$213,198.

Precinct 2

The County entered into a capital lease agreement in May 2008 in the amount of \$103,434. The lease balance is payable in five successive annual payments of \$23,918 each, bearing interest at the rate of 6.05% per annum. The capital lease proceeds were used to purchase equipment by Precinct Two (Fund 02). The balance at September 30, 2011 was \$43,745.

The County entered into a capital lease agreement in December 2008 in the amount of \$244,530. The lease balance is payable in five successive annual payments of \$56,482 each, bearing interest at the rate of 5.47% per annum. The capital lease proceeds were used to purchase equipment by Precinct Two (Fund 02). The balance at September 30, 2011 was \$104,163.

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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

Precinct 3

The County entered into a capital lease agreement in December 2007 in the amount of \$156,000. The lease balance is payable in five successive annual payments of \$35,623 each, bearing interest at the rate of 6.03% per annum. The capital lease proceeds were used to purchase equipment by Precinct Three (Fund 03). The balance at September 30, 2011 was \$33,551.

The County entered into a capital lease agreement in June 2008 in the amount of \$84,904. The lease balance is payable in four successive annual payments of \$23,973 each, bearing interest at the rate of 6.44% per annum. The capital lease proceeds were used to purchase equipment by Precinct Three (Fund 03). The balance at September 30, 2011 was \$22,495.

The County entered into a capital lease agreement in November 2008 in the amount of \$207,000. The lease balance is payable in five successive annual payments of \$47,328 each, bearing interest at the rate of 5.75% per annum. The capital lease proceeds were used to purchase equipment by Precinct Three (Fund 03). The balance at September 30, 2011 was \$86,924.

The County entered into a capital lease agreement in December 2008 in the amount of \$139,113. The lease balance is payable in five successive annual payments of \$30,635 each, bearing interest at the rate of 4.98% per annum. The capital lease proceeds were used to purchase equipment by Precinct Three (Fund 03). The balance at September 30, 2011 was \$57,232.

The County entered into a capital lease agreement in March 2009 in the amount of \$89,375. The lease balance is payable in three successive annual payments of \$33,059 each, bearing interest at the rate of 6.37% per annum. The capital lease proceeds were used to purchase equipment by Precinct Three (Fund 03). The balance at September 30, 2011 was \$31,048.

The County entered into a capital lease agreement in April 2009 in the amount of \$223,268. The lease balance is payable in three successive annual payments of \$81,971 each, bearing interest at the rate of 6.18% per annum. The capital lease proceeds were used to purchase equipment by Precinct Three (Fund 03). The balance at September 30, 2011 was \$77,130.

The County entered into a capital lease agreement in January 2010 in the amount of \$89,538. The lease balance is payable in three successive annual payments of \$33,357 each, bearing interest at the rate of 6.56% per annum. The capital lease proceeds and a down payment of \$67,125 were used to purchase equipment by Precinct Three (Fund 03). The balance at September 30, 2011 was \$60,718.

Emergency Management

The County entered into a capital lease agreement in February 2007 in the amount of \$3,787,122. The lease balance is payable in nine successive annual payments of \$470,877 and a final payment of \$493,761, bearing interest at the rate of 4.17% per annum. The capital lease proceeds were used to purchase County-wide communications equipment for emergency services. The balance at September 30, 2011 was \$2,466,217.

Sheriff Administration

The County entered into a capital lease agreement in October 2009 in the amount of \$411,915. The lease balance is payable in nine successive annual payments of \$54,976, bearing interest at the rate of 4.57% per annum. The capital lease proceeds were used to purchase County-wide CAD mapping software and equipment. The balance at September 30, 2011 was \$282,920.

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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

The following analysis of equipment leased under capital leases as of September 30, 2011:

	Governmental Activities
Equipment	\$ 6,204,094
Less accumulated depreciation	(2,223,932)
Total	<u>\$ 3,980,162</u>

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

Scheduled minimum lease payments	\$ 4,282,387
Amount representing interest	(543,588)
Present value of future minimum capital lease payments (principal payoff)	<u>\$ 3,738,799</u>

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

Year	Principal	Interest	Total
2012	\$ 867,335	\$ 178,491	\$ 1,045,826
2013	738,230	132,971	871,201
2014	549,346	96,038	645,384
2015	575,134	70,250	645,384
2016	482,643	43,211	525,854
2017-2021	526,111	22,624	548,735
Total	<u>\$ 3,738,799</u>	<u>\$ 543,585</u>	<u>\$ 4,282,384</u>

NOTE 9: RETIREMENT PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 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 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 9: RETIREMENT PLAN (Continued)

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

Funding Policy

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 10.79% for the months of the accounting year in 2010, and 11.07% for the months of the accounting year in 2011.

The contribution rate payable by the employee members for calendar years 2011 and 2010 is the rate of 7%, adopted by Commissioners Court. The employee contribution rate and the employer contribution rate may be changed by the Commissioners Court within the options available in the TCDRS Act.

Annual Pension Cost

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 82.52% funded. The actuarial accrued liability for benefits was \$50,335,288, and the actuarial value of assets was \$41,536,327, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,798,961. The covered payroll (annual payroll of active employees covered by the plan) was \$20,035,025 and the ratio of the UAAL to the covered payroll was 43.92%.

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

Trend Information for the
Parker County Employee's Retirement Plan

Accounting Year End	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2009	\$ 1,952,758	100%	\$ -
9/30/2010	\$ 2,128,660	100%	\$ -
9/30/2011	\$ 2,254,527	100%	\$ -

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 9: RETIREMENT PLAN (Continued)

Actuarial Valuation Information

Actuarial valuation date	12/31/08	12/31/09	12/31/10
Actuarial cost method	entry age	entry age	entry age
Amortization method closed	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll,
Amortization period in years	20	20	20
Asset valuation method Subdivision Accumulation Fund smoothed	10-yr smoothed	10-yr smoothed	10-yr
Employees Saving Fund	value Fund value	value Fund value	value Fund value
Actuarial Assumptions:			
Investment return*	8.0%	8.0%	8.0%
Projected salary increases*	5.3%	5.3%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost of living adjustments	0.0%	0.0%	0.0%

* Includes inflation at the stated rate

NOTE 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description:

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

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

Funding Policy:

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended September 30, 2011, 2010, and 2009 were \$80,095, \$82,517, and \$73,594, respectively, which equaled the contractually required contributions each year.

**PARKER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 11: COMMITMENTS AND CONTINGENCIES

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

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

The County has entered into various construction commitments. Such contracts include contracts for improvements to roads and bridges within the County. Several of these contracts were in progress but not completed as of September 30, 2011. The total contractual commitments outstanding as of September 30, 2011 aggregated approximately \$14,495,788. The County has sufficient funds available to cover these commitments.

NOTE 12: RISK MANAGEMENT

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

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

REQUIRED
SUPPLEMENTARY
INFORMATION

PARKER COUNTY, TEXAS
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended September 30, 2011

Exhibit B-1

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Property taxes	\$ 23,426,532	22,625,633	22,706,358	80,725
Sales taxes	5,400,000	5,865,382	5,865,381	(1)
Intergovernmental	1,133,509	1,357,901	1,366,141	8,240
Fees of office	4,185,085	4,230,659	4,227,313	(3,346)
Interest	4,000	8,554	8,554	-
Royalties	200,000	228,137	228,137	-
Miscellaneous	191,000	575,547	575,556	9
	<u>34,540,126</u>	<u>34,891,813</u>	<u>34,977,440</u>	<u>85,627</u>
Total revenues				
EXPENDITURES				
Current:				
General government	6,168,886	5,766,935	5,659,241	107,694
Public safety	2,587,484	2,548,121	2,433,008	115,113
Health and welfare	586,531	616,501	609,583	6,918
Law enforcement	14,124,349	14,455,485	14,339,466	116,019
Judicial	6,910,442	7,223,192	7,132,444	90,748
Recording	2,090,537	2,071,086	2,053,504	17,582
Tax assessing-collecting	760,846	783,686	771,339	12,347
Capital outlays	44,000	44,000	43,896	104
Debt service				
Principal	391,332	391,332	391,332	-
Interest	134,522	134,522	134,522	-
	<u>33,798,929</u>	<u>34,034,860</u>	<u>33,568,335</u>	<u>466,525</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>741,197</u>	<u>856,953</u>	<u>1,409,105</u>	<u>552,152</u>
Other financing sources (uses):				
Operating transfers out	(752,197)	(869,469)	(865,455)	4,014
Sale of assets	2,000	3,666	3,666	-
	<u>(750,197)</u>	<u>(865,803)</u>	<u>(861,789)</u>	<u>4,014</u>
Total other financing sources (uses)				
Net changes in fund balances	(9,000)	(8,850)	547,316	556,166
Carryover of prior year fund balance	9,000	8,850	-	(8,850)
Fund balances - October 1	<u>1,382,000</u>	<u>1,382,000</u>	<u>1,382,000</u>	<u>-</u>
Fund balances - September 30	\$ <u><u>1,382,000</u></u>	<u><u>1,382,000</u></u>	<u><u>1,929,316</u></u>	<u><u>547,316</u></u>

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
Required Supplementary Information
Lateral Road Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended September 30, 2011

Exhibit B-2

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 7,997,709	8,069,436	8,099,582	30,146
Intergovernmental	86,700	49,690	73,719	24,029
Fees of office	2,506,400	2,444,818	2,387,370	(57,448)
Fines and forfeitures	327,650	351,500	351,499	(1)
Interest	2,000	6,707	5,546	(1,161)
Miscellaneous	64,000	99,099	109,387	10,288
Total revenues	<u>10,984,459</u>	<u>11,021,250</u>	<u>11,027,103</u>	<u>5,853</u>
EXPENDITURES				
Current:				
General government	776,403	811,558	811,549	9
Highways, roads and streets	11,337,088	11,523,809	10,065,502	1,458,307
Capital outlays	1,677,000	1,859,716	1,211,314	648,402
Debt service				
Principal	81,000	81,000	445,942	(364,942)
Interest	-	-	74,031	(74,031)
Total expenditures	<u>13,871,491</u>	<u>14,276,082</u>	<u>12,608,338</u>	<u>1,667,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,887,032)</u>	<u>(3,254,833)</u>	<u>(1,581,235)</u>	<u>1,673,598</u>
Other financing sources:				
Transfer in	-	265,010	265,009	(1)
Sale of assets	14,000	99,003	266,236	167,234
Total other financing sources	<u>14,000</u>	<u>364,013</u>	<u>531,245</u>	<u>167,232</u>
Net changes in fund balances	<u>(2,873,032)</u>	<u>(2,890,820)</u>	<u>(1,049,990)</u>	<u>1,840,830</u>
Carryover from prior year fund balance	2,873,032	2,890,820	-	(2,890,820)
Fund balances - October 1	<u>4,466,260</u>	<u>4,466,260</u>	<u>4,466,260</u>	<u>-</u>
Fund balances - September 30	<u>\$ 4,466,260</u>	<u>4,466,260</u>	<u>3,416,270</u>	<u>(1,049,990)</u>

The accompanying notes are an integral part of this statement.

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

Exhibit B-3

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered ((b-a)/c)
12/31/2008	\$ 32,660,863	\$ 39,922,485	\$ 7,261,622	81.81%	\$ 18,066,809	40.19%
12/31/2009	38,291,168	45,982,066	7,690,898	83.27%	19,679,211	39.08%
12/31/2010	41,536,327	50,335,288	8,798,961	82.52%	20,035,025	43.92%

COMBINING AND BUDGET STATEMENTS

GENERAL FUND
(MAJOR FUND)

To account for resources traditionally associated with governments
which are not required to be accounted for in another fund.

PARKER COUNTY, TEXAS
Schedule of Revenues, Departmental Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2011
(With Comparative Amounts for the Fiscal Year Ended September 30, 2010)

Exhibit C-1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	2010 Actual
	Original	Final		Positive (Negative)	
REVENUES					
Property taxes	\$ 23,426,532	22,625,633	22,706,358	80,725	21,634,314
Sales taxes	5,400,000	5,865,382	5,865,381	(1)	5,608,069
Intergovernmental	1,133,509	1,357,901	1,366,141	8,240	1,817,542
Fees of Office	4,185,085	4,230,659	4,227,313	(3,346)	4,112,211
Fines and forfeitures	4,000	8,554	8,554	-	12,275
Interest	200,000	228,137	228,137	-	252,560
Royalties	191,000	575,547	575,556	9	578,267
Miscellaneous					
Total revenues	34,540,126	34,891,813	34,977,440	85,627	34,015,238
EXPENDITURES					
General government					
Commissioners' court	91,100	112,742	108,559	4,183	88,874
County judge	413,476	423,268	411,358	11,910	441,850
Veterans' service officer	58,360	59,029	58,958	71	58,491
Non-departmental	2,004,261	1,708,872	1,686,948	21,924	1,565,745
Election expenses	438,115	438,034	419,730	18,304	559,434
County auditor	459,950	462,924	453,526	9,398	446,734
County treasurer	299,366	305,515	303,869	1,646	297,334
Building and grounds	1,541,858	1,404,899	1,379,038	25,861	1,355,387
Purchasing administration	310,000	312,720	309,935	2,785	312,119
Information technology	573,719	594,661	590,630	4,031	561,576
Social services	225,574	180,510	178,228	2,282	205,574
County extension services	267,984	278,638	273,235	5,403	270,491
Total general government	6,683,763	6,281,812	6,174,014	107,798	6,163,609
Public safety					
Emergency management	678,087	704,652	651,009	53,643	728,341
Fire protection	1,173,950	1,120,303	1,062,640	57,663	1,151,587
Animal Control	735,447	723,166	719,359	3,807	643,243
Total public safety	2,587,484	2,548,121	2,433,008	115,113	2,523,171
Health and welfare					
911 addressing	71,599	73,431	72,906	525	97,800
Medical examiner-investigator	236,372	258,971	256,582	2,389	239,398
Sanitations	278,560	284,099	280,095	4,004	275,303
Total health and welfare	586,531	616,501	609,583	6,918	612,501
Law enforcement					
Jail	7,050,795	7,129,426	7,096,578	32,848	7,326,002
Constable #1	155,106	162,615	154,934	7,681	149,782
Constable #2	162,341	174,251	169,788	4,463	166,143
Constable #3	166,496	171,803	166,307	5,496	163,380
Constable #4	168,266	173,217	169,987	3,230	165,579
Sheriff administration	521,185	522,726	509,445	13,281	725,817

PARKER COUNTY, TEXAS
Schedule of Revenues, Departmental Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2011
(With Comparative Amounts for the Fiscal Year Ended September 30, 2010)

Exhibit C-1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	2010 Actual
	Original	Final		Positive (Negative)	
Law enforcement (continued)					
Sheriff investigation	\$ 1,172,848	1,247,986	1,235,371	12,615	1,116,386
Sheriff dispatching	831,117	830,430	827,439	2,991	1,028,167
Sheriff patrol	2,716,307	2,852,925	2,839,674	13,251	2,973,921
Narcotics task force	692,244	686,550	677,713	8,837	665,082
Courthouse security	445,574	459,586	451,104	8,482	577,082
Game Warden	1,750	2,398	648	1,750	1,114
Highway patrol	95,297	96,549	95,455	1,094	98,285
Total law enforcement	14,179,326	14,510,462	14,394,443	116,019	15,156,740
Judicial					
District court 43rd	613,508	739,770	724,387	15,383	667,391
District court 415th	623,279	684,096	677,215	6,881	763,063
County court-at-law #1	584,637	621,663	614,916	6,747	573,618
County court-at-law #2	600,601	637,797	625,367	12,430	594,687
Justice of the peace #1	338,562	345,261	342,378	2,883	343,215
Justice of the peace #2	349,002	367,633	364,699	2,934	352,982
Justice of the peace #3	457,789	465,194	460,459	4,735	457,210
Justice of the peace #4	341,507	318,706	316,292	2,414	341,494
County attorney	1,734,246	1,763,962	1,746,368	17,594	1,774,211
District attorney	1,267,311	1,279,110	1,260,363	18,747	1,231,016
Total Judicial	6,910,442	7,223,192	7,132,444	90,748	7,098,887
Recording					
County clerk	1,201,794	1,211,273	1,196,432	14,841	1,206,115
District clerk	888,743	859,813	857,072	2,741	869,261
Total recording	2,090,537	2,071,086	2,053,504	17,582	2,075,376
Tax assessing-collecting	760,846	783,686	771,339	12,347	823,742
Total expenditures	33,798,929	34,034,860	33,568,335	466,525	34,454,026
Excess (deficiency) of revenues over (under) expenditures	741,197	856,953	1,409,105	552,152	(438,788)
Other financing sources (uses):					
Operating transfers in	-	-	-	-	351,828
Operating transfers out	(752,197)	(869,469)	(865,455)	4,014	(670,431)
Sale of assets	2,000	3,666	3,666	-	2,570
Proceeds from capital leases	-	-	-	-	411,915
Total other financing sources (uses)	(750,197)	(865,803)	(861,789)	4,014	95,882
Net changes in fund balances	(9,000)	(8,850)	547,316	556,166	(342,906)
Carryover of prior year fund balance	9,000	8,850	-	(8,850)	-
Fund balances - October 1	1,382,000	1,382,000	1,382,000	1,724,906	1,724,906
Fund balances - September 30	\$ 1,382,000	1,382,000	1,929,316	2,272,222	1,382,000

LATERAL ROAD FUND
(MAJOR FUND)

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.

PARKER COUNTY, TEXAS
Lateral Road Fund
Combining Balance Sheet
September 30, 2011
(With Comparative Totals at September 30, 2010)

Exhibit C-2

	Precinct #1	Precinct #2	Precinct #3	Precinct #4	Road & Bridge	Total	2010 Actual
ASSETS							
Cash	\$ 19,117	11,373	18,387	19,917	2,438	71,232	77,578
Investments	1,094,029	650,871	1,052,254	1,139,816	139,510	4,076,480	4,887,290
Receivables:							
Property taxes (net of allowance)					298,902	298,902	332,435
Intergovernmental					12,671	12,671	97,644
Other			13,974		8,791	22,765	34,180
Prepaid expense			877			877	-
Total assets	\$ 1,113,146	662,244	1,085,492	1,159,733	462,312	4,482,927	5,429,127
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 184,347	58,968	203,344	205,389	571	652,619	426,264
Accrued salaries and benefits payable	31,007	34,619	38,284	29,520	11,853	145,283	204,168
Deferred revenues					268,755	268,755	332,435
Total liabilities	215,354	93,587	241,628	234,909	281,179	1,066,657	962,867
Fund balances							
Nonspendable			877			877	-
Restricted for lateral road	897,792	568,657	842,987	924,824	181,133	3,415,393	4,466,260
Total fund balances	897,792	568,657	843,864	924,824	181,133	3,416,270	4,466,260
Total liabilities and fund balances	\$ 1,113,146	662,244	1,085,492	1,159,733	462,312	4,482,927	5,429,127

PARKER COUNTY, TEXAS
Schedule of Revenues, Departmental Expenditures and Changes in Fund Balances -
Budget and Actual
Lateral Road Fund
For the Fiscal Year Ended September 30, 2011
(With Comparative Amounts for the Fiscal Year Ended September 30, 2010)

Exhibit C-3

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>2010 Actual</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
Property taxes	\$ 7,997,709	8,069,436	8,099,582	30,146	8,429,779
Intergovernmental	86,700	49,690	73,719	24,029	483,132
Fees of office	2,506,400	2,444,818	2,387,370	(57,448)	2,493,588
Fines and forfeitures	327,650	351,500	351,499	(1)	395,002
Interest	2,000	6,707	5,546	(1,161)	11,129
Miscellaneous	64,000	99,099	109,387	10,288	67,111
	<u>10,984,459</u>	<u>11,021,250</u>	<u>11,027,103</u>	<u>5,853</u>	<u>11,879,741</u>
EXPENDITURES					
General government	776,403	811,558	811,549	9	761,781
Highways, roads and streets					
Precinct 1	2,587,032	2,775,116	2,404,520	370,596	1,969,820
Precinct 2	3,249,911	3,229,911	2,665,412	564,499	2,578,959
Precinct 3	3,154,400	3,154,400	2,831,263	323,137	2,960,461
Precinct 4	2,345,745	2,364,381	2,164,307	200,074	2,099,801
Capital outlays					
Precinct 1	405,000	216,916	63,269	153,647	973,901
Precinct 2	498,000	518,000	489,960	28,040	138,744
Precinct 3	307,000	307,000	102,157	204,843	373,767
Precinct 4	467,000	817,800	555,928	261,872	408,673
Debt service					
Precinct 1	-	-	153,626	(153,626)	61,441
Precinct 2	81,000	81,000	80,400	600	95,318
Precinct 3	-	-	285,947	(285,947)	256,189
Precinct 4	-	-	-	-	66,415
	<u>13,871,491</u>	<u>14,276,082</u>	<u>12,608,338</u>	<u>1,667,744</u>	<u>12,745,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,887,032)</u>	<u>(3,254,833)</u>	<u>(1,581,235)</u>	<u>1,673,598</u>	<u>(865,529)</u>
Other financing sources:					
Transfer in	-	265,010	265,009	(1)	(312,336)
Sale of assets	14,000	99,003	266,236	167,234	74,499
Proceeds from capital leases	-	-	-	-	690,308
Total other financing sources	<u>14,000</u>	<u>364,013</u>	<u>531,245</u>	<u>167,232</u>	<u>452,471</u>
Net changes in fund balances	<u>(2,873,032)</u>	<u>(2,890,820)</u>	<u>(1,049,990)</u>	<u>1,840,830</u>	<u>(413,058)</u>
Carryover from prior year fund balance	2,873,032	2,890,820	-	(2,890,820)	-
Fund balances - October 1	<u>4,466,260</u>	<u>4,466,260</u>	<u>4,466,260</u>	<u>-</u>	<u>4,879,318</u>
Fund balances - September 30	<u>\$ 4,466,260</u>	<u>4,466,260</u>	<u>3,416,270</u>	<u>(1,049,990)</u>	<u>4,466,260</u>

The accompanying notes are an integral part of this statement.

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.

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.

Escrow Road & Bridge - To account for funds held for road maintenance bonds.

Community Development Block Grant Fund - To account for the revenues and expenses associated with the contract with the Office of Rural and Community Affairs.

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

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

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

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

NONMAJOR FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

Emergency Management - To account for all emergency management grant related revenues and expenditures.

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

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

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

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

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

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

Jury Fund – A portion of the property tax is allocated to pay the cost of jurors for the County and District Courts.

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

NONMAJOR FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

Juvenile Probation Progressive Sanctions JPO Fund – To account for revenues and expenses associated with this juvenile probation program.

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

Juvenile Probation Salary Supplement Grant Fund – To account for the grant proceeds and expenses to supplement the salary of certified probationers.

Juvenile Probation Community Corrections Assistance Fund – To account for the grant proceeds and expenses associated with developing community-based probation programs alternative for juveniles at risk of commitment to the Texas Youth Commission.

Juvenile Probation Intensive Community Based Program Regional Fund – To account for grant proceeds and expenses associated with providing services to habitual misdemeanor youth.

Juvenile Probation Diversionary Fund – To account for grant proceeds and expenses associated with providing secure post-adjudication or non-secure residential placement of juveniles as a diversionary placement.

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

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

NONMAJOR FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

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

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

Pass-Thru Grant Fund (LIRAP) – To account for the revenues and expenditures of Air Check Texas grant funds passed through the County.

911 Addressing Grant Fund – To account for countywide 911 addressing system and mapping of locations for emergency and law enforcement.

NONMAJOR FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects 2005 Tax Notes Fund - To account for the proceeds of the Tax Notes-Series 2005 which was obtained for the purpose of County building improvements and equipment acquisition and costs associated with the issuance.

Capital Projects 2006 Tax Notes Fund - To account for the proceeds of the Tax Notes-Series 2006 which was obtained for the purpose of County building improvements and equipment acquisition and costs associated with the issuance.

PARKER COUNTY, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Special Revenue Funds						
	Historical Commission	Stray	Abandoned Vehicle	Courthouse Security	Voter Registration	Escrow For Road & Bridge	Community Development Block Grant
ASSETS							
Cash	\$ 2,029	535	499	2,123	(5)	197	111
Investments	116,105	30,619	28,565	121,473	(305)	11,283	6,325
Receivables:							
Intergovernmental					20,639		
Other	1,100			791			
Prepaid expenses and other assets							
Total assets	\$ 119,234	31,154	29,064	124,387	20,329	11,480	6,436
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	461	3,009	159	20,639		
Accrued salaries and benefits payable				1,577			
Due to other governmental agencies						11,480	6,436
Total liabilities	-	461	3,009	1,736	20,639	11,480	6,436
Fund balances (deficit)							
Nonspendable							
Restricted for state and federal programs		30,693	26,055	122,651			
Assigned to state and special programs	119,234				(310)		
Unassigned							
Total fund balances (deficit)	119,234	30,693	26,055	122,651	(310)	-	-
Total liabilities and fund balances	\$ 119,234	31,154	29,064	124,387	20,329	11,480	6,436

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Special Revenue Funds					
	Special County Attorney	District Attorney Awarded	Justice Technology Fund	Law Library	Jury	Juvenile Probation Fees
ASSETS						
Cash	\$ 1,186	17,158	6,475	2,679	(3,120)	711
Investments	67,851	174,873	370,575	153,306	3,119	40,663
Receivables:						
Intergovernmental						
Other	1,311		170	1,200	9,383	
Prepaid expenses and other assets						
Total assets	\$ 70,348	192,031	377,220	157,185	9,382	41,374
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,277		980	2,128		279
Accrued salaries and benefits payable	1,891	118		100		
Due to other governmental agencies						
Total liabilities	3,168	118	980	2,228	-	279
Fund balances (deficit)						
Nonspendable						
Restricted for state and federal programs		191,913	376,240	154,957	9,382	41,095
Assigned to state and special programs	67,180					
Unassigned						
Total fund balances (deficit)	67,180	191,913	376,240	154,957	9,382	41,095
Total liabilities and fund balances	\$ 70,348	192,031	377,220	157,185	9,382	41,374

The accompanying notes are an integral part of this statement.

Special Revenue Funds

Juvenile Probation County Funded	Juvenile Probation Grant Funds	Adult Probation County Funded	Adult Probation Bond Fund	Adult Probation Grant Funds	District Court Records Technology	Justice Court Security	County/District Technology Fund	County Clerk Records Management
\$ 550	743	1	300	5,994	244	1,120	79	363
31,497	42,553	78	17,161	343,047	13,982	64,071	4,533	20,757
	84,183			21,108	430	40	29	1,386
<u>\$ 32,047</u>	<u>127,479</u>	<u>79</u>	<u>17,461</u>	<u>370,149</u>	<u>14,656</u>	<u>65,231</u>	<u>4,641</u>	<u>22,506</u>
\$ 24,481	2,469	79	195	588				14,165
7,566	2,472			11,767				1,412
				1,041				
<u>32,047</u>	<u>4,941</u>	<u>79</u>	<u>195</u>	<u>13,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,577</u>
	122,538		17,266	356,753	14,656	65,231	4,641	6,929
-	122,538	-	17,266	356,753	14,656	65,231	4,641	6,929
<u>32,047</u>	<u>127,479</u>	<u>79</u>	<u>17,461</u>	<u>370,149</u>	<u>14,656</u>	<u>65,231</u>	<u>4,641</u>	<u>22,506</u>

PARKER COUNTY, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Special Revenue Funds					
	County Clerk Vital Records	District Clerk Records Management	Records Management County Wide	Court Reporters Service	District Clerk	
ASSETS						
Cash	\$ 279	1,308	1,727	2,430	1,991	
Investments	15,969	74,854	98,833	139,089	113,958	
Receivables:						
Intergovernmental						
Other	13	459	794	825	610	
Prepaid expenses and other assets						
Total assets	<u>\$ 16,261</u>	<u>76,621</u>	<u>101,354</u>	<u>142,344</u>	<u>116,559</u>	
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable			1,413			
Accrued salaries and benefits payable						
Due to other governmental agencies						
Total liabilities	<u>-</u>	<u>-</u>	<u>1,413</u>	<u>-</u>	<u>-</u>	
Fund balances (deficit)						
Nonspendable						
Restricted for state and federal programs	16,261	76,621	99,941	142,344	116,559	
Assigned to state and special programs						
Unassigned						
Total fund balances (deficit)	<u>16,261</u>	<u>76,621</u>	<u>99,941</u>	<u>142,344</u>	<u>116,559</u>	
Total liabilities and fund balances	<u>\$ 16,261</u>	<u>76,621</u>	<u>101,354</u>	<u>142,344</u>	<u>116,559</u>	

The accompanying notes are an integral part of this statement.

Exhibit C-4

Special Revenue Funds					Total
Court Record Preservation	Document Preservation	Pass-Thru Grant Fund LIRAP	911 Addressing Grant	Special Revenue Funds	
\$ 566	9,863		615	121,942	
32,382	564,447		35,199	2,726,256	
900	755		6,411	446,503	
<u>33,848</u>	<u>575,065</u>	-	<u>42,225</u>	<u>3,356,865</u>	
\$ -					
	1,415			111,618	
	1,415		15	31,755	
			738	18,957	
			<u>753</u>	<u>162,330</u>	
33,848	573,650		41,472	41,968	
				2,984,984	
				211,496	
				<u>(43,913)</u>	
<u>33,848</u>	<u>573,650</u>	-	<u>41,472</u>	<u>3,194,535</u>	
\$ <u>33,848</u>	<u>575,065</u>	-	<u>42,225</u>	<u>3,356,865</u>	

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

Exhibit C-4

	Capital Project Funds				Total Nonmajor Governmental Funds
	Capital Projects 2005 Tax Notes	Capital Projects 2006 Tax Notes	Total Capital Projects Funds	Total Capital Projects Funds	
ASSETS					
Cash	51	407	458	122,400	
Investments	2,940	23,317	26,257	2,752,513	
Receivables:					
Intergovernmental			-	446,503	
Other			-	20,196	
Prepaid expenses and other assets			-	41,968	
Total assets	<u>2,991</u>	<u>23,724</u>	<u>26,715</u>	<u>3,383,580</u>	

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts payable	2,991	23,724	26,715	138,333	
Accrued salaries and benefits payable			-	31,755	
Due to other governmental agencies			-	18,957	
Total liabilities	<u>2,991</u>	<u>23,724</u>	<u>26,715</u>	<u>189,045</u>	
Fund balances (deficit)					
Nonspendable				41,968	
Restricted for state and federal programs				2,984,984	
Assigned to state and special programs				211,496	
Unassigned				(43,913)	
Total fund balances (deficit)	-	-	-	<u>3,194,535</u>	
Total liabilities and fund balances	<u>2,991</u>	<u>23,724</u>	<u>26,715</u>	<u>3,383,580</u>	

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2011

	Special Revenue Funds						
	Historical Commission	Estray	Abandoned Vehicle	Courthouse Security	Voter Registration	Escrow for Road & Bridge	Community Development Block Grant
REVENUES							
Intergovernmental					40,770		8,750
Fees of office				83,268			
Interest	1,100	12,720	6,649				
Miscellaneous	1,100	12,720	6,649	83,268	40,770	-	8,750
Total revenues							
EXPENDITURES							
Current:							
General government		8,307	3,132		41,080		8,750
Public safety							
Law enforcement				76,784			
Judicial							
Recording							
Capital outlay							
Total expenditures	-	8,307	3,132	76,784	41,080	-	8,750
Excess (deficiency) of revenues Net changes in fund balances	1,100	4,413	3,517	6,484	(310)	-	-
Other financing sources:							
Operating transfers in							
Total financing other sources	-	-	-	-	-	-	-
Net changes in fund balances	1,100	4,413	3,517	6,484	(310)	-	-
Fund balances (deficit) - October 1	118,134	26,280	22,538	116,167	-	-	-
Fund balances (deficit) - September 30	\$ 119,234	\$ 30,693	\$ 26,055	\$ 122,651	\$ (310)	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Exhibit C-5

	Sheriff's Forfeiture Federal Share	Contract Elections	Pre-trial Intervention	Sheriff's Evidence	Sheriff's Forfeiture	LEOSE Education	Emergency Management	District Attorney State Supplement	Special District Attorney
\$	145,984	107,870	2,266			3,689	559,113	36,554	1,087 15
				989	49,044				
	145,984	107,870	2,266	989	49,044	3,689	559,113	36,554	1,102
	32,422	127,902			66,649	1,904	158,461	32,362	
							399,828		
	32,422	127,902	-	-	66,649	1,904	558,289	32,362	-
	113,562	(20,032)	2,266	989	(17,605)	1,785	824	4,192	1,102
	-	-	-	-	-	-	-	-	-
	113,562	(20,032)	2,266	989	(17,605)	1,785	824	4,192	1,102
	9,563	96,059	5,592	9,175	138,753	9,153	(2,459)	-	13,816
\$	123,125	76,027	7,858	10,164	121,148	10,938	(1,635)	4,192	14,918

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2011

	Special Revenue Funds						
	Special County Attorney	District Attorney Awarded	Justice Technology Fund	Law Library	Jury	Juvenile Probation Fees	
REVENUES							
Infergovernmental							
Fees of office	10,214		49,525	44,985		5,750	14,445
Interest	95	232					
Miscellaneous	1,311	35,124			31,905		
Total revenues	<u>11,620</u>	<u>35,356</u>	<u>49,525</u>	<u>44,985</u>	<u>31,905</u>	<u>20,195</u>	
EXPENDITURES							
Current:							
General government							
Public safety							
Law enforcement							
Judicial	36,613	49,323	19,779	23,376	48,711	30,795	
Recording			9,559				
Capital outlays							
Total expenditures	<u>36,613</u>	<u>49,323</u>	<u>29,338</u>	<u>23,376</u>	<u>48,711</u>	<u>30,795</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(24,993)</u>	<u>(13,967)</u>	<u>20,187</u>	<u>21,609</u>	<u>(16,806)</u>	<u>(10,600)</u>	
Other financing sources:							
Operating transfers in					26,188		
Total financing other sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,188</u>	<u>-</u>	
Net changes in fund balances	<u>(24,993)</u>	<u>(13,967)</u>	<u>20,187</u>	<u>21,609</u>	<u>9,382</u>	<u>(10,600)</u>	
Fund balances (deficit) - October 1	92,173	205,880	356,053	133,348	-	51,695	
Fund balances (deficit) - September 30	<u>\$ 67,180</u>	<u>191,913</u>	<u>376,240</u>	<u>154,957</u>	<u>9,382</u>	<u>41,095</u>	

The accompanying notes are an integral part of this statement.

Special Revenue Funds

	Juvenile Probation County Funded	Juvenile Probation Grant Funds	Adult Probation County Funded	Adult Probation Bond Fund	Adult Probation Grant Funds	District Court Records Technology	Justice Court Security	County/ District Technology Fund	County Clerk Records Management
\$	35,280	605,179		25,314	594,136	8,017	11,766	2,420	129,980
	198	3		3	649				302
	35,478	605,182	-	25,317	1,771,568	8,017	11,766	2,420	130,282
	547,929	556,404	9,800	8,051	2,004,613		4,995		107,521
	44,445								
	592,374	556,404	9,800	8,051	2,004,613	-	4,995	-	107,521
	(556,896)	48,778	(9,800)	17,266	(233,045)	8,017	6,771	2,420	22,761
	564,458		9,800						
	564,458	-	9,800	-	-	-	-	-	-
	7,562	48,778	-	17,266	(233,045)	8,017	6,771	2,420	22,761
	(7,562)	73,760	-	-	589,798	6,639	58,460	2,221	(15,832)
\$	-	122,538	-	17,266	356,753	14,656	65,231	4,641	6,929

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2011

	Special Revenue Funds				
	County Clerk Vital Records	District Clerk Records Management	Records Management County Wide	Court Reporters Service	District Clerk
REVENUES					
Intergovernmental					
Fees of office	3,621	9,370	39,526	28,785	22,405
Interest					
Miscellaneous					
Total revenues	3,621	9,370	39,526	28,785	22,405
EXPENDITURES					
Current:					
General government					
Public safety					
Law enforcement					
Judicial					
Recording	1,683	2,193	25,865		
Capital outlay					
Total expenditures	1,683	2,193	25,865	-	-
Excess (deficiency) of revenues over (under) expenditures	1,938	7,177	13,661	28,785	22,405
Other financing sources:					
Operating transfers in					
Total financing other sources	-	-	-	-	-
Net changes in fund balances	1,938	7,177	13,661	28,785	22,405
Fund balances (deficit) - October 1	14,323	69,444	86,280	113,559	94,154
Fund balances (deficit) - September 30	\$ 16,261	\$ 76,621	\$ 99,941	\$ 142,344	\$ 116,559

The accompanying notes are an integral part of this statement.

Exhibit C-5

Special Revenue Funds					Total
Court Record Preservation	Document Preservation	Pass-Thru Grant Fund LIRAP	911 Addressing Grant	Special Revenue Funds	
\$					
23,216	137,671	356,130	25,646	2,416,981	
	103			1,901,476	
				1,298	
				170,202	
23,216	137,774	356,130	25,646	4,489,957	
		356,130	39,591	584,892	
				190,883	
				150,332	
	52,362			3,367,756	
				189,624	
				453,832	
-	52,362	356,130	39,591	4,937,319	
23,216	85,412	-	(13,945)	(447,362)	
				600,446	
				600,446	
23,216	85,412	-	(13,945)	153,084	
10,632	488,238	-	55,417	3,041,451	
33,848	573,650	-	41,472	3,194,535	

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2011

Exhibit C-5

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Capital Projects 2005 Tax Notes	Capital Projects 2006 Tax Notes	Total Capital Projects Funds	Total Capital Projects Funds	
REVENUES					
Intergovernmental			-	-	2,416,981
Fees of office			-	-	1,901,476
Interest			-	-	1,298
Miscellaneous			-	-	170,202
Total revenues	-	-	-	-	4,489,957
EXPENDITURES					
Current:					
General government		6,640	6,640	6,640	591,532
Public safety			-	-	190,883
Law enforcement			-	-	150,332
Judicial	2,991		2,991	2,991	3,370,747
Recording			-	-	189,624
Capital outlay		203,766	203,766	203,766	657,598
Total expenditures	2,991	210,406	213,397	213,397	5,150,716
Excess (deficiency) of revenues over (under) expenditures	(2,991)	(210,406)	(213,397)	(213,397)	(660,759)
Other financing sources:					
Operating transfers in			-	-	600,446
Total financing other sources	-	-	-	-	600,446
Net changes in fund balances	(2,991)	(210,406)	(213,397)	(213,397)	(60,313)
Fund balances (deficit) - October 1	2,991	210,406	213,397	213,397	3,254,848
Fund balances (deficit) - September 30	-	-	-	-	3,194,535

The accompanying notes are an integral part of this statement.

FIDUCIARY FUND

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

AGENCY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

AGENCY FUNDS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

LEOSE Account – To account for monies associated with Law Enforcement Officer Standards and Education.

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

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 Balance Sheet
 All Agency Funds
 September 30, 2011

Exhibit C-6

	Sheriff's Jail Trust Account	Auto Registration Account	Vehicle Inventory Tax- Escrow	Auto Registration Credit Card Account	Auto Registration Internet Account	Vehicle Comptroller Account	County Clerk's Court Fund Account	County Attorney's Escrow Account	County Clerk's Deposit Account
Assets									
Cash	\$ 16,074	666,205	518,699	8,292	67	453,358	46,779	2,803	460,940
Investments									
Accounts receivable									
Total assets	\$ 16,074	666,205	518,699	8,292	67	453,358	46,779	2,803	460,940
Liabilities									
Deposits held and due to others	\$ 16,074	666,205	518,699	8,292	67	453,358	46,779	2,803	460,940
Accounts payable - State									
Total liabilities	\$ 16,074	666,205	518,699	8,292	67	453,358	46,779	2,803	460,940

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
 Combining Balance Sheet
 All Agency Funds
 September 30, 2011

Exhibit C-6

	County Clerk's Registry Account	County Clerk's Individual Trust Account	District Court Deposit Account	District Clerk's Registry Account	District Clerk's Individual Trust Account	Sheriff's Inmate Trust Account	County Jail Commissary Fund	Criminal Justice Fund	V.I.T. Interest Account	T.A.C. Boat Comptroller Fund
Assets										
Cash	144,319		100,368	454,016	100,077	36,817	17,647	11,311	61,209	71
Investments		31,160						647,330		
Accounts receivable								15,590		
Total assets	144,319	31,160	100,368	454,016	100,077	36,817	17,647	674,231	61,209	71
Liabilities										
Deposits held and due to others	144,319	31,160	100,368	454,016	100,077	36,817	17,647	672,471	61,209	71
Accounts payable - State								1,760		
Total liabilities	144,319	31,160	100,368	454,016	100,077	36,817	17,647	674,231	61,209	71

The accompanying notes are an integral part of this statement.

PARKER COUNTY, TEXAS
 Combining Balance Sheet
 All Agency Funds
 September 30, 2011

Exhibit C-6

	District Attorney Trust Account	County Clerk Probate Fund	IRP Funds Account	TPWD Funds Account	LEOSE Account	Juvenile Probation Restitution Account	CSCD Restitution Account	Total
Assets								
Cash	366	10,100	4,838	129	10,938	2,808	-	3,128,231
Investments								678,490
Accounts receivable								15,590
Total assets	366	10,100	4,838	129	10,938	2,808	-	3,822,311
Liabilities								
Deposits held and due to others	366	10,100	4,838	129	10,938	2,808	-	3,820,551
Accounts payable - State								1,760
Total liabilities	366	10,100	4,838	129	10,938	2,808	-	3,822,311

The accompanying notes are an integral part of this statement.

STATISTICAL AND SUPPLEMENTARY
INFORMATION

PARKER COUNTY, TEXAS
Schedule of Delinquent Taxes Receivable
General and Debt Service Funds
September 30, 2011

Exhibit D-1

Year of Levy	Tax Rate	Assessed Valuation	Balance 10/01/2010	Current Levy	Total Collections	Adjustments Increase (Decrease)	Balance 9/30/2011
2000 and prior	Various	Various	\$ 315,969	\$ -	\$ 3,187	\$ (173,123)	\$ 139,658
2001	0.2610	3,521,249,803	41,136	-	1,242	(1,253)	38,641
2002	0.2471	4,122,871,175	42,389	-	1,966	(1,725)	38,697
2003	0.2477	4,488,305,475	48,846	-	2,576	(1,829)	44,441
2004	0.2472	4,916,779,079	50,378	-	2,888	(2,761)	44,729
2005	0.2472	5,700,079,719	67,105	-	7,930	(2,899)	56,276
2006	0.2472	6,486,893,567	81,162	-	14,542	(3,898)	62,723
2007	0.2503	7,657,985,982	110,808	-	28,034	(6,529)	76,245
2008	0.2652	8,585,416,969	199,961	-	72,569	(6,696)	120,695
2009	0.2872	9,452,531,486	535,397	-	282,085	(24,454)	228,858
2010	0.3065	9,611,330,022	-	28,706,070	28,134,241	(96,252)	475,577
			<u>\$1,493,152</u>	<u>\$28,706,070</u>	<u>\$ 28,551,260</u>	<u>\$ (321,420)</u>	<u>\$ 1,326,543</u>

PARKER COUNTY, TEXAS
Schedule of Delinquent Taxes Receivable
Lateral Road Fund
September 30, 2011

Exhibit D-2

Year of Levy	Tax Rate	Assessed Valuation	Balance 10/01/2010	Current Levy	Total Collections	Adjustments Increase (Decrease)	Balance 9/30/2011
2000 and prior	Various	Various	\$ 171,882	\$ -	\$ 1,471	\$ (99,800)	\$ 70,612
2001	0.1179	3,519,299,663	18,669	-	557	(562)	17,550
2002	0.0947	4,121,856,831	16,353	-	757	(659)	14,936
2003	0.0948	4,486,782,802	18,844	-	981	(696)	17,166
2004	0.0945	4,914,193,382	19,366	-	1,099	(1,052)	17,214
2005	0.0927	5,699,036,536	25,554	-	2,987	(1,094)	21,473
2006	0.0914	6,487,190,814	30,722	-	5,452	(1,450)	23,819
2007	0.0869	7,659,110,899	39,574	-	9,864	(2,283)	27,427
2008	0.0893	8,587,017,483	69,033	-	24,704	(2,267)	42,063
2009	0.0882	9,454,827,201	167,552	-	87,656	(7,475)	72,421
2010	0.0832	9,615,365,350	-	7,998,351	7,838,918	(26,261)	133,173
			<u>\$ 577,548</u>	<u>\$ 7,998,351</u>	<u>\$ 7,974,447</u>	<u>\$ (143,599)</u>	<u>\$ 457,853</u>

PARKER COUNTY, TEXAS
Schedule of Principal and Interest Payments
September 30, 2011

Unlimited Tax Road Bonds, Series 2009

Exhibit D-3

Year	Principal February 15	Interest February 15	Interest August 15	Total Due Each Year
2012	\$ 105,000	\$ 1,448,425	\$ 1,446,850	\$ 3,000,275
2013	391,423	1,890,427	1,446,850	3,728,700
2014	422,414	2,184,436	1,446,850	4,053,700
2015	391,789	2,440,061	1,446,850	4,278,700
2016	304,349	2,527,496	1,446,850	4,278,695
2017-2021	7,655,000	6,943,713	6,786,313	21,385,026
2022-2026	11,365,000	6,019,319	5,735,406	23,119,725
2027-2031	22,630,000	3,952,438	3,383,569	29,966,007
2032-2036	16,635,000	888,694	452,025	17,975,719
	<u>\$ 59,899,975</u>	<u>\$ 28,295,009</u>	<u>\$ 23,591,563</u>	<u>\$ 111,786,547</u>

PARKER COUNTY, TEXAS
Schedule of Principal and Interest Payments
September 30, 2011

General Obligation Refunding Bonds, Series 2005

Exhibit D-4

Year	Principal February 15	Interest February 15	Interest August 15	Total Due Each Year
2012	\$ 165,000	\$ 63,241	\$ 60,354	\$ 288,595
2013	170,000	60,354	57,294	287,648
2014	175,000	57,294	54,057	286,351
2015	185,000	54,057	50,541	289,598
2016	190,000	50,541	46,836	287,377
2017-2021	1,090,000	191,282	168,053	1,449,335
2022-2026	1,055,000	60,378	36,770	1,152,148
	<u>\$ 3,030,000</u>	<u>\$ 537,147</u>	<u>\$ 473,905</u>	<u>\$ 4,041,052</u>

PARKER COUNTY, TEXAS
Schedule of Principal and Interest Payments
September 30, 2011

Certificates of Obligation, Series 2005

Exhibit D-5

Year	Principal February 15	Interest February 15	Interest August 15	Total Due Each Year
2012	\$ 755,000	\$ 343,338	\$ 329,181	\$ 737,537
2013	785,000	329,181	314,463	1,427,519
2014	820,000	314,463	296,013	1,428,644
2015	855,000	296,012	276,775	1,430,475
2016	895,000	276,775	258,875	1,430,650
2017-2021	5,175,000	1,048,500	919,125	7,142,625
2022-2026	5,180,000	331,875	202,375	5,714,250
	<u>\$ 14,465,000</u>	<u>\$ 2,940,144</u>	<u>\$ 2,596,807</u>	<u>\$ 19,311,700</u>

PARKER COUNTY, TEXAS
Schedule of Principal and Interest Payments
September 30, 2011

Tax Notes

Exhibit D-6

Series 2005

Year	Principal February 15	Interest February 15	Interest August 15	Total Due Each Year
2012	\$ 450,000	\$ 9,000	\$ -	\$ 459,000
	<u>\$ 450,000</u>	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ 459,000</u>

Series 2006

Year	Principal February 15	Interest February 15	Interest August 15	Total Due Each Year
2012	\$ 545,000	\$ 22,858	\$ 11,685	\$ 579,543
2013	570,000	11,685	-	581,685
	<u>\$ 1,115,000</u>	<u>\$ 34,543</u>	<u>\$ 11,685</u>	<u>\$ 1,161,228</u>

OVERALL COMPLIANCE AND
INTERNAL CONTROL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Parker County, Texas, as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Parker County, Texas, in a separate letter dated June 20, 2012.

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

Snow Garrett Williams

Snow Garrett Williams
June 20, 2012

PARKER COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year ended September 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

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

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

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

Identification of Major Programs:

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

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

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

Section II – Financial Statement Findings

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

None reported.

Section III – Federal Award Findings and Questioned Costs

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

**PARKER COUNTY, TEXAS
CORRECTIVE ACTION PLAN
September 30, 2011**

Findings – Financial Statement Audit

There are no current year financial statement findings.

Findings – Federal Award Programs

There are no current year federal award findings.

FEDERAL AWARDS SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Compliance

We have audited Parker County, Texas' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. Parker County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Parker County's management. Our responsibility is to express an opinion on Parker County's compliance based on our audit.

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

In our opinion, Parker County, Texas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

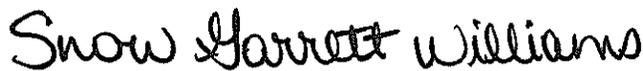
Internal Control Over Compliance

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

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

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

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



Snow Garrett Williams
June 20, 2012

PARKER COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Agriculture Community Development Block Grant	14.228	710559	\$ 8,750
Total U.S. Department of Housing and Urban Development			<u>8,750</u>
<u>U.S. Department of Justice</u>			
Direct Programs			
State Criminal Alien Assistance Program	16.606	2010-AP-BX-0286	46,883
Equitable Sharing Program (Asset Forfeiture Funds) - Sheriff	16.922	N/A	32,422
Passed through Office of the Governor Criminal Justice Division			
Violence Against Women Formula Grant Program-2009 ARRA	16.588	EF-09-V30-22913-01	5,632
Violence Against Women Formula Grants	16.588	WF-10-V30-20588-03	43,947
Total CFDA# 16.588			<u>49,579</u>
Total U.S. Department of Justice			<u>128,884</u>
<u>General Services Administration</u>			
Passed through Texas Facilities Commission Surplus Property Program Donation of Federal Surplus Personal Property (Note 2)	39.003	24170	24,349
Passed through Secretary of State Help America Vote Act- General HAVA Compliance	90.401	77479	20,639
Total General Services Administration			<u>44,988</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through Texas Department of Public Safety			
2008 Urban Areas Security Initiative Grant	* 97.008	2008-GE-T8-0034	74,649
2010 Urban Areas Security Initiative Grant	* 97.008	2010-SS-T0-0008	8,564
Total CFDA# 97.008			<u>83,213</u>
Emergency Management Performance Grants	97.042	11TX-EMPG-0999	16,487
2008 Citizen Corp Program	* 97.053	2008-GE-T8-0034	12,268
2009 Citizen Corp Program	* 97.053	2009-SS-T9-0064	5,710
Total CFDA# 97.053			<u>17,978</u>
2009 State Homeland Security Grant Program	* 97.073	2009-SS-T9-0064	391,100
Total U.S. Department of Homeland Security			<u>508,778</u>
Total Expenditures of Federal Awards			<u>\$ 691,400</u>

* Homeland Security Cluster of Programs

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Parker County, Texas under programs of the federal government for the fiscal year ended September 30, 2011. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Parker County, it is not intended to and does not present the financial position or changes in net assets of Parker County, Texas.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Reconciliation of Federal Surplus Property

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

Property (Non-cash)	\$ 10,564
Handling Fees Paid	13,785
Total for CFDA# 39.003	<u>\$ 24,349</u>

