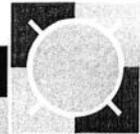


Accounting & Consulting Group, LLP

Certified Public Accountants



STATE OF TEXAS
PARMER COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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INTRODUCTORY SECTION

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STATE OF TEXAS
Parmer County
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December 31, 2012

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STATE OF TEXAS
Parmer County
Official Roster
December 31, 2012

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Kirk Frye		Precinct 1 - Commissioner
James Clayton		Precinct 2 - Commissioner
Ronald Byrd		Precinct 3 - Commissioner
Lloyd Bradshaw		Precinct 4 - Commissioner
Trey Ellis		County Judge
Altha Herington		Treasurer
Colleen Stover		County Clerk
Bobbie Pierson		Tax Assessor/Collector
Randy Geries		Sheriff
Pam Haseloff		JP Farwell
Sandra Clayton		JP Bovina
Jo Beth Gibson		JP Friona
Jeff Actkinson		County Attorney
Sandra Warren		District Clerk

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FINANCIAL SECTION

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Pratas, Smith & Moore, LLC

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and
Members of the Commissioners' Court
Parmer County
Farwell, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and the Road and Bridge Fund of Parmer County, Texas (the County), as of and for the year ended December 31, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinion.

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 Parmer County, as of December 31, 2012, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 18 and 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 position in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods 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 Parmer County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Pratas, Smith & Moore, LLC
A member of Accounting & Consulting Group, LLP
Lubbock, Texas
June 21, 2013

STATE OF TEXAS
Parmer County
Management's Discussion and Analysis
December 31, 2012

As management of Parmer County (the County), we offer readers of Parmer County financial statements this narrative overview and analysis of the financial activities of Parmer County for the calendar year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the financial statements of Parmer County and additional information provided.

Financial Highlights

- The assets of Parmer County exceeded its liabilities at the close of the most recent calendar year by \$9,057,702 (net assets). Of this amount, \$4,597,061 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors. The County's net assets that are restricted for debt service and special revenue funds is \$1,542,737. The County's net assets invested in capital assets, net of related debt are \$2,917,904.
- Change in net assets for the year end was a decrease of \$116,469. The decrease is primarily due to a decrease in charges for services and an increase in expenses.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$2,179,944 or 75 percent of total general fund expenditures.
- The County's total debt outstanding at December 31, 2012 is \$2,982,471.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Parmer County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Parmer 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 Parmer County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent calendar year. 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 only result in cash flows in future calendar periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Parmer County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs. The governmental activities of Parmer County include general government, judicial and legal, financial administration, law enforcement, building maintenance, public service, conservation, and road and bridge.

The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Parmer 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 Parmer County can be divided into two categories: governmental funds and fiduciary funds.