

**POTTER COUNTY, TEXAS**

**Comprehensive Annual  
Financial Report**

**For the Year Ended  
September 30, 2019**

POTTER COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED SEPTEMBER 30, 2019

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## **INTRODUCTORY SECTION**

**County of Potter**  
**State of Texas**  
**900 S. Polk, Suite 716**  
**Amarillo, Texas 79101-3412**



**Kerry Hood**  
**County Auditor**  
**aukeh@co.potter.tx.us**

**806-349-4800**  
**Fax: 806-349-4808**

March 13, 2020

Honorable District Judges of Potter County  
Honorable Members of the Potter County Commissioners' Court  
Citizens of Potter County and the Financial Community:

The Comprehensive Annual Financial Report of Potter County, Texas (the County) for the year ended September 30, 2019 is submitted herewith. This report is submitted in accordance with Section 114.025 of the Local Government Code.

This report consists of management's representations concerning the finances of Potter County, Texas. Management assumes full responsibility for both the accuracy of the data and the completeness and fairness of this report, including all disclosures. To provide a reasonable basis of making these representations, Potter County management has established a comprehensive internal control framework designed both to protect governmental assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. The internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with existing law and regulations. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

These financial statements and supplemental financial information have been audited by Doshier, Pickens & Francis, LLC, a firm of licensed certified public accountants engaged by the Potter County Commissioners' Court. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2019, are free of material misstatement. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2019 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Potter County was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Other Supplemental Information sections of the financial report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. Potter County's MD&A can be found immediately following the report of the independent auditors.

***Profile of the Government***

Potter County, created in 1876 from Bexar District, was organized in 1887 and named for a Republic of Texas leader, Robert Potter. The County consists of approximately 591,577 acres of mostly level plain, broken by the Canadian River and its tributaries. Potter County is located in the Texas Panhandle with the City of Amarillo as the county seat. Due to its strategic location, the County, along with Randall County to the south, has become a trade center for a five-state area.

The County is traversed from east and west by Interstate Highway 40 and from north and south by U.S. 287/87 along with State Highway 136. Railroads and an international airport serve the County along with bus lines and other motor-freight carriers.

Potter County, operating as specified under the Constitution and statutes, is governed by a Commissioners' Court, which consists of the County Judge and four Commissioners, one from each of the four geographical precincts and elected for staggered four year terms. Commissioners' Court duties include setting the County Ad Valorem tax rate, approval of the budget, calling certain elections, approval and awarding contracts, issuance of bonds, and appointing or participating in the appointment of certain county officials and boards.

The County, as a political subdivision of the State of Texas provides only those services allowed, or implied, by the State Constitution or statutes. These services include, but are not limited to, judicial, law enforcement, detention facilities, juvenile services, health and human services, county roads and recording functions of Potter County.

The annual budget serves as the foundation of Potter County's financial planning and control. All departments of the County are required to submit requests for appropriation to the County Judge, who serves as the Budget Officer. The County Judge uses these requests as the starting point for developing a proposed budget, with revenue estimates provided by the County Auditor. The appropriated budget is adopted by fund, then by department, then by the categories of salaries and benefits, travel, contract services, general operations, prisoner care, equipment/vehicle maintenance, building repairs/maintenance, special expense, juvenile services and other. The County's budgetary system is fully integrated with the accounting and financial system to allow for the matching of budget appropriations with actual expenditures, obligations, and encumbrances on a daily basis. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

All governmental funds are appropriated annually with the exception of the following funds: District Attorney Crime Victim and Sheriff's Commissary.

### ***Local Economy***

Although Potter County's economy has greatly diversified, historically, major industries in the Amarillo area include grains, cattle, beef processing, natural gas, oil, helium and other petroleum by-products, refining operations and nuclear weapons processing. A significant portion of its economy is still based upon this important economic activity. In addition to these industries, today, our economy also includes food processing, defense industry, manufacturing, distribution, traffic and transportation, general retail, banking, criminal justice, medical facilities and higher education.

### ***Long-term Financial Planning and Relevant Financial Policies***

The County has an important responsibility to the citizen of Potter County to carefully account for public funds and to plan for adequate funding of services. To meet this responsibility, policies and procedures are in place to achieve responsible stewardship and full disclosure, such as compliance with Local Government Code 111.003 to maintain a balanced budget; a fund balance policy requiring 90 days of operating expense held in reserve; a system of budgetary control using monitoring and encumbrance accounting to ensure budget compliance; a purchasing policy to ensure cost-effective purchasing; and an investment policy that ensures the safety of the County's funds.

### ***Major Initiatives***

The County has begun the design phase for a new District Courts Building that will house our District Offices along with the Child Protection Services Court. A records center is also included in the structure. Project completion is estimated for late 2022. Public Indigent Defense is another area of growing concern for the County. A team has been assembled to study the specific needs in Potter County and to recommend options to meet the identified needs, including possible funding through grants.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Potter County for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the twenty-sixth consecutive year that the government has achieved this

prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not be possible without the efficient and dedicated services of the entire staff of the County Auditor's Office and the professional services provided by our independent auditors, Doshier, Pickens & Francis, LLC. I sincerely appreciate the loyalty and dedication of my staff for their extra efforts to produce timely and accurate records for Potter County. Credit also must be given to the District Judges, the Commissioners' Court and all the elected officials and department heads for their interest and support in planning and conducting the financial operations of Potter County in a responsible manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kerry Hood".

Kerry Hood  
Potter County Auditor





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Potter County**  
**Texas**

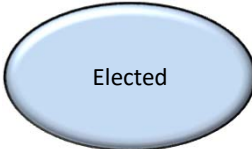
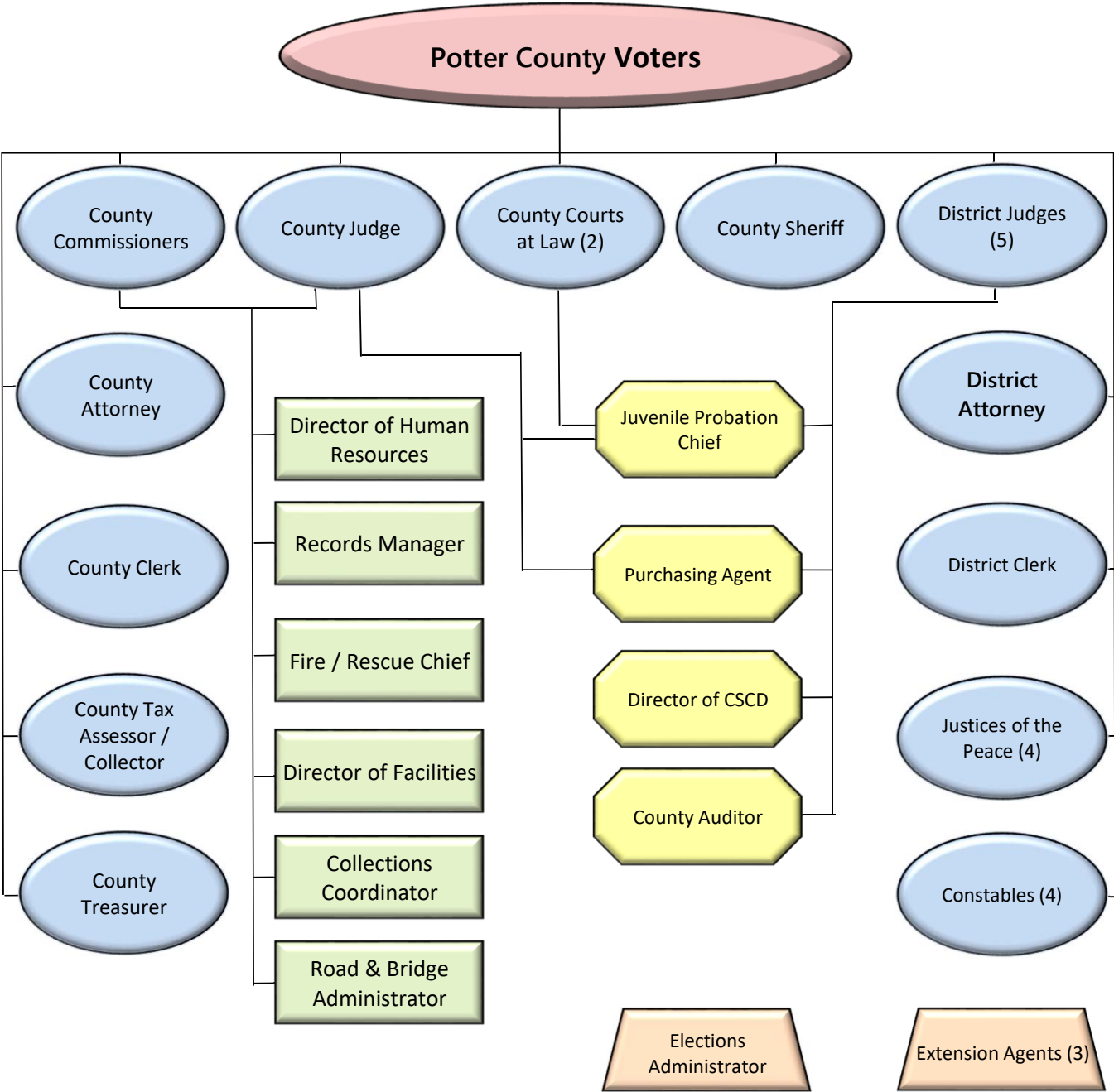
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

# Potter County, Texas Organization Chart



**POTTER COUNTY, TEXAS  
PRINCIPAL COUNTY OFFICIALS  
SEPTEMBER 30, 2019**

Nancy Tanner	County Judge
H.R. Kelly	Commissioner, Precinct #1
Mercy Murguia	Commissioner, Precinct #2
Leon Church	Commissioner, Precinct #3
Alphonso Vaughn	Commissioner, Precinct #4
Dan Schaap	Judge, 47 <sup>th</sup> District Court
Douglas Woodburn	Judge, 108 <sup>th</sup> District Court
John Board	Judge, 181 <sup>st</sup> District Court
Ana Estevez	Judge, 251 <sup>st</sup> District Court
Pamela C. Sirmon	Judge, 320 <sup>th</sup> District Court
Walt Weaver	Judge, County Court-at-Law #1
Matt Hand	Judge, County Court-at-Law #2
Randall Sims	District Attorney
Carley Snider	District Clerk
Scott Brumley	County Attorney
Julie Smith	County Clerk
Sherri Aylor	County Tax Assessor/Collector
Leann Jennings	County Treasurer
Brian Thomas	County Sheriff
Debbie Horn	Justice of the Peace, Precinct #1
Robert Taylor	Justice of the Peace, Precinct #2
Gary Jackson	Justice of the Peace, Precinct #3
Thomas Jones	Justice of the Peace, Precinct #4
Darryl Wertz	Constable, Precinct #1
Georgia Estrada	Constable, Precinct #2
Mike Duval	Constable, Precinct #3
Idella Jackson	Constable, Precinct #4
Kerry Hood	County Auditor
Chris Lonning	Purchasing Agent

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## **FINANCIAL SECTION**



To The Honorable County Judge and  
Commissioners Comprising the  
Commissioners' Court of  
Potter County, Texas

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Potter County, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Potter County, Texas' basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Potter County, Texas, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 – 11), budgetary comparison schedule for the General Fund; Schedule of Changes in Net Pension Liability and Related Ratios – TCDRS; Schedule of Employer Contributions – TCDRS; and Schedule of Changes in Total OPEB Liability and Related Ratios (pages 56 – 59) 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Potter County, Texas' basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has 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.

The combining non-major and agency fund financial statements and the non-major fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2020, on our consideration of Potter County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Potter County, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Potter County, Texas' internal control over financial reporting and compliance.

*DOSHIER, PICKENS & FRANCIS, L.L.C.*

DOSHIER, PICKENS & FRANCIS, LLC  
March 13, 2020

## **BASIC FINANCIAL STATEMENTS**



**POTTER COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 107,788,612
Receivables (net of allowances for uncollectible):	
Taxes	649,022
Accounts	2,871,222
Due from other governments	715,347
Prepaid items	1,077,806
Total current assets	113,102,009
Noncurrent assets:	
Capital assets:	
Land	5,019,784
Roads and bridges	38,396,707
Buildings and improvements	98,336,921
Furniture and equipment	21,511,450
Construction in progress	1,026,731
Total capital assets	164,291,593
Less accumulated depreciation	(75,351,922)
Total noncurrent assets	88,939,671
Total assets	202,041,680
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension contributions	3,615,600
Pension economic/demographic losses	42,947
Pension deficient earnings	10,328,986
Pension assumption changes	580,418
Other postemployment benefit assumption changes	896,356
Total deferred outflows of resources	15,464,307

The notes to the financial statements are an integral part of this statement.

**POTTER COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019**

Continuation	<b>LIABILITIES</b>	<u>Governmental Activities</u>
Current liabilities:		
Accounts payable		\$ 2,955,759
Accrued payroll		702,693
Unearned revenue		70,125
Due to other governments		167,954
Bonds payable, current		1,805,000
Capital lease payable, current		155,342
Compensated absences, current		176,700
Accrued interest		<u>626,802</u>
Total current liabilities		<u>6,660,375</u>
Noncurrent liabilities:		
Bonds payable and net issuance premiums		77,005,686
Capital lease payable		445,721
Compensated absences		1,590,618
Net pension liability		28,318,679
Total other post employment benefit liability		<u>4,379,815</u>
Total noncurrent liabilities		<u>111,740,519</u>
Total liabilities		<u>118,400,894</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension economic/demographic gains		1,467,464
OPEB economic/demographic gains		222,403
OPEB assumption changes		<u>172,893</u>
Total deferred inflows of resources		<u>1,862,760</u>
<b>NET POSITION</b>		
Net investment in capital assets		63,815,673
Restricted for:		
Debt service		2,890,681
By enabling legislation for:		
Special projects		10,416,606
Unrestricted		<u>20,119,373</u>
Total net position		<u><u>\$ 97,242,333</u></u>

The notes to the financial statements are an integral part of this statement.

**POTTER COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Primary</u>
					<u>Government</u>
					<u>Governmental</u>
					<u>Activities</u>
<b>Primary Government:</b>					
Governmental activities:					
Administrative	\$ 7,947,315	\$ 646,225	\$ 77,553	\$ -	\$ (7,223,537)
Judicial	17,324,365	2,373,098	1,575,440	-	(13,375,827)
Elections	523,097	8,356	9,995	-	(504,746)
Public facilities	4,140,948	-	-	-	(4,140,948)
Public safety	19,597,528	968,252	2,240,370	-	(16,388,906)
Corrections and rehabilitation	13,102,334	-	273,007	-	(12,829,327)
Road and bridge	2,867,347	2,043,300	18,858	1,673,022	867,833
Health and human services	1,019,042	5,790	301,005	-	(712,247)
Interest on long-term debt	1,183,644	-	-	-	(1,183,644)
Total	<u>\$ 67,705,620</u>	<u>\$ 6,045,021</u>	<u>\$ 4,496,228</u>	<u>\$ 1,673,022</u>	<u>(55,491,349)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					49,798,395
Property taxes, levied for debt service					2,725,166
Payments in lieu of taxes					99,483
Mixed beverage taxes					688,265
Sales tax					2,977,971
Investment earnings					2,289,849
Miscellaneous					2,089,077
					<u>60,668,206</u>
					<u>5,176,857</u>
					90,223,036
					<u>1,842,440</u>
					<u>92,065,476</u>
					<u>\$ 97,242,333</u>

The notes to the financial statements are an integral part of this statement.

**POTTER COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	<u>General</u>	<u>District Courts Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 26,947,369	\$ 54,287,751	\$ 25,014,468	\$ 106,249,588
Taxes receivable, net	615,842	-	33,180	649,022
Due from other funds	85,533	-	42,653	128,186
Receivable from other governments	135,132	-	580,215	715,347
Other receivables	2,789,880	-	12,103	2,801,983
Prepaid items	1,077,806	-	-	1,077,806
	<u>31,651,562</u>	<u>54,287,751</u>	<u>25,682,619</u>	<u>111,621,932</u>
Total assets				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,642,549	\$ 271,893	\$ 779,803	\$ 2,694,245
Due to other funds	19,144	-	109,873	129,017
Payable to other governments	105,915	-	62,039	167,954
Accrued payroll	652,553	-	50,140	702,693
Deferred revenue	70,125	-	-	70,125
	<u>2,490,286</u>	<u>271,893</u>	<u>1,001,855</u>	<u>3,764,034</u>
Total liabilities				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	501,499	-	27,020	528,519
Unavailable revenue-receivables	995,611	-	-	995,611
	<u>1,497,110</u>	<u>-</u>	<u>27,020</u>	<u>1,524,130</u>
Total deferred inflows of resources				
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	1,077,806	-	-	1,077,806
Restricted for:				
Debt service	-	-	2,890,681	2,890,681
Capital projects	-	54,015,858	2,308,564	56,324,422
Special projects	766,500	-	-	766,500
Administrative	-	-	4,781,838	4,781,838
Judicial	-	-	1,698,457	1,698,457
Elections	-	-	229,937	229,937
Public safety	-	-	2,300,576	2,300,576
Drug court programs	75,334	-	-	75,334
Preservation and restoration of county records	404,257	-	-	404,257
Law enforcement continuing education	21,251	-	-	21,251
Bail bond board	43,926	-	-	43,926
Victim assistance contributions	19,430	-	-	19,430
State criminal alien assistance program	74,789	-	-	74,789
Assigned to:				
Capital projects	1,548,100	-	10,559,556	12,107,656
Unassigned (deficit)	23,632,773	-	(115,865)	23,516,908
	<u>27,664,166</u>	<u>54,015,858</u>	<u>24,653,744</u>	<u>106,333,768</u>
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,651,562</u>	<u>\$ 54,287,751</u>	<u>\$ 25,682,619</u>	<u>\$ 111,621,932</u>

The notes to the financial statements are an integral part of this statement.

**POTTER COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance, governmental funds	\$	106,333,768
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		88,939,671
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,524,130
Long-term liabilities, including bonds payable, capital lease payable, accrued interest, net pension liability, total other post employment benefit liability, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(114,504,363)
Pension and OPEB losses, deficit earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements:		
Pension economic/demographic losses		42,947
Pension deficient earnings		10,328,986
Pension assumption changes		580,418
OPEB assumption changes		896,356
Pension and OPEB gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements:		
Pension economic/demographic gains		(1,467,464)
OPEB economic/demographic gains		(222,403)
OPEB assumption changes		(172,893)
Pension and OPEB contributions paid after the measurement date, December 31, 2018, and before September 30, 2019 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements:		
Pension contributions		3,615,600
The internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		1,347,580
Net Position of Governmental Activities in the Statement of Net Position	\$	97,242,333

The notes to the financial statements are an integral part of this statement.

**POTTER COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>General</u>	<u>District Courts Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 50,105,061	\$ -	\$ 2,698,146	\$ 52,803,207
Sales and miscellaneous taxes	787,748	-	2,977,971	3,765,719
Licenses and fees	4,270,121	-	727,116	4,997,237
Fines and forfeitures	984,272	-	-	984,272
Intergovernmental	2,436,280	-	2,059,947	4,496,227
Interest	988,499	601,585	677,375	2,267,459
Miscellaneous	1,655,797	-	292,603	1,948,400
Total revenues	<u>61,227,778</u>	<u>601,585</u>	<u>9,433,158</u>	<u>71,262,521</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	7,266,825	-	172,345	7,439,170
Judicial	15,421,573	-	549,329	15,970,902
Elections	448,154	-	34,275	482,429
Public facilities	2,420,400	-	3,500	2,423,900
Public safety	11,165,208	-	6,996,942	18,162,150
Corrections and rehabilitation	12,474,083	-	-	12,474,083
Road and bridge	2,321,767	-	-	2,321,767
Health and human services	981,920	-	-	981,920
Capital outlay	507,350	585,727	792,971	1,886,048
Debt service:				
Principal	18,859	-	1,845,603	1,864,462
Interest	-	-	672,710	672,710
Bond issuance costs	-	221,275	-	221,275
Total expenditures	<u>53,026,139</u>	<u>807,002</u>	<u>11,067,675</u>	<u>64,900,816</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>8,201,639</u>	<u>(205,417)</u>	<u>(1,634,517)</u>	<u>6,361,705</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	32,600	-	-	32,600
Issuance of debt	-	50,375,000	-	50,375,000
Premium on issuance of debt	-	3,846,275	-	3,846,275
Transfers in	-	-	7,383,231	7,383,231
Transfers out	(5,298,063)	-	(2,085,168)	(7,383,231)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(5,265,463)</u>	<u>54,221,275</u>	<u>5,298,063</u>	<u>54,253,875</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,936,176	54,015,858	3,663,546	60,615,580
<b>FUND BALANCES - BEGINNING</b>	24,727,990	-	19,275,005	44,002,995
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-	1,715,193	1,715,193
<b>FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED</b>	<u>24,727,990</u>	<u>-</u>	<u>20,990,198</u>	<u>45,718,188</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 27,664,166</u>	<u>\$ 54,015,858</u>	<u>\$ 24,653,744</u>	<u>\$ 106,333,768</u>

The notes to the financial statements are an integral part of this statement.

**POTTER COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

Net change in fund balances - total governmental funds	\$	60,615,580
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays was exceeded by depreciation in the current period.		(2,183,987)
The net effect of other transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net changes in fund balance.		2,240,969
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(75,452)
Internal service fund is used to account for the health self-insurance program of the County. The net income of certain activities of internal service funds is reported with governmental activities.		1,197,168
The issuance of long term debt provides current financial resources to governmental funds, while repayment of long term debt principal consumes current financial resources of governmental funds. Governmental funds report the effect of premiums and discounts when debt is first issued; these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the differences in the treatment of long term debt.		(53,039,399)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		<u>(3,578,022)</u>
Change in net position of governmental activities	\$	<u><u>5,176,857</u></u>

The notes to the financial statements are an integral part of this statement.

**POTTER COUNTY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2019**

	<u>Governmental Activities Internal Service Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,539,024
Receivables	69,239
Due from other funds	<u>831</u>
Total current assets /total assets	<u><u>\$ 1,609,094</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable - claims	<u>\$ 261,514</u>
Total current liabilities/total liabilities	<u>261,514</u>
<b>NET POSITION</b>	
Unrestricted	<u>1,347,580</u>
Total liabilities and net position	<u><u>\$ 1,609,094</u></u>

The notes to the financial statements are an integral part of this statement.



**POTTER COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Governmental Activities Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Healthcare contributions	\$ 8,387,233
Total operating revenues	<u>8,387,233</u>
<b>OPERATING EXPENSES</b>	
Operating expenses	<u>7,212,456</u>
Total operating expenses	<u>7,212,456</u>
<b>NET OPERATING INCOME (LOSS)</b>	1,174,777
<b>NON-OPERATING REVENUES</b>	
Interest	<u>22,391</u>
<b>CHANGE IN NET POSITION</b>	1,197,168
<b>TOTAL NET POSITION - BEGINNING</b>	<u>150,412</u>
<b>TOTAL NET POSITION - ENDING</b>	<u><u>\$ 1,347,580</u></u>

The notes to the financial statements are an integral part of this statement.

**POTTER COUNTY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Governmental Activities Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from internal services provided	\$ 8,321,871
Payments for claims	<u>(7,567,400)</u>
Net cash provided by operating activities	<u>754,471</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Changes in interfund receivables/payables	<u>(831)</u>
Net cash used by noncapital financing activities	<u>(831)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest from cash deposits	<u>22,391</u>
Net cash provided by investing activities	<u>22,391</u>
<b>NET INCREASE IN CASH</b>	776,031
<b>CASH, BEGINNING</b>	<u>762,993</u>
<b>CASH, ENDING</b>	<u><u>\$ 1,539,024</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net operating income	\$ 1,174,777
Adjustments to reconcile net operating income to net cash flows from operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(65,362)
Increase (decrease) in accounts payable	<u>(354,944)</u>
Net cash provided by operating activities	<u><u>\$ 754,471</u></u>

The notes to the financial statements are an integral part of this statement.

**POTTER COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
SEPTEMBER 30, 2019**

**ASSETS**

Cash and cash equivalents	\$ 7,142,670
Accounts receivable	<u>89,514</u>
Total assets	<u><u>\$ 7,232,184</u></u>

**LIABILITIES**

Accounts payable	\$ 212,759
Due to other governments	2,953,569
Deposits	<u>4,065,856</u>
Total liabilities	<u><u>\$ 7,232,184</u></u>

The notes to the financial statements are an integral part of this statement.

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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

The financial statements of Potter County, Texas (the County) included in the accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's Basic Financial Statements.

**A. Financial Reporting Entity**

Potter County, Texas is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, tax and recording (e.g. tax collection), judicial (courts, juries, etc.), legal (district attorney, county attorney, etc.) public safety (sheriff, jail, etc.), transportation, facilities, and public service (e.g. rural fire protection and emergency management).

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, as amended, "The Financial Reporting Entity," include whether:

1. the organization is legally separate (can sue and be sued in its name)
2. the County holds the corporate powers of the organization
3. the County appoints a voting majority of the organization's board
4. the County is able to impose its will on the organization
5. the organization has the potential to impose a financial benefit/burden on the County
6. there is fiscal dependency by the organization on the County
7. the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14, as amended, requires inclusion of such an organization as a component unit when 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; 2) the County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

**B. Financial Statement Presentation, Measurement Focus and Basis of Accounting**

Government-wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support.

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation**

Likewise, the *primary government* is reported separately from certain legally separate *component unit* for which the primary government is financially accountable. The County has no business-like activities, except the internal service fund.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of the County’s programs are offset by those programs’ revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Taxes and other items not included among program revenue are reported instead as *general revenue*. In miscellaneous general revenues are non-program specific contributions including capital assets contributions.

Fiduciary funds are excluded in the government-wide presentation of the financial statements.

Fund-level Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on governmental long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Grant and entitlement revenues are also susceptible to accrual. These funds are accounted for on a spending “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

All proprietary funds, including internal service and fiduciary funds, including agency funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus. The agency funds are custodial in nature and involve no measurement of results of operations.

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation**

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

Funds are classified into three categories: Governmental, Proprietary and Fiduciary.

The County reports the following major governmental funds:

**General Fund** – The *General Fund* is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**District Courts Building** – The *District Courts Building Fund* accounts for the financial resources to be used for the acquisition and construction of the new District Courts Building, including demolition of the existing facilities and parking.

Additionally, the County reports the following fund types:

**Special Revenue Funds** – *Special Revenue Funds* account for the proceeds of specific revenue sources (other than fiduciary funds) that are legally restricted to expenditures for specified purposes.

**Capital Projects Funds** – *Capital Projects Funds* account for the financial resources to be used for the acquisition or construction of major capital facilities.

**Debt Service Funds** – The *Debt Service Funds* account for the accumulation and disbursement of resources associated with the County’s debt obligations. Property taxes and interest income provide the resources necessary to pay the annual principal and interest payments.

Proprietary Fund Types:

**Internal Service Fund** – The *Internal Service Fund* accounts for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. The internal service fund is used to account for the provision of health insurance to employees of the County. The general fund is contingently liable for liabilities of this fund. Because the principal users of the internal services are the County’s governmental activities, this fund type is included in the “Governmental Activities” column of the government-wide financial statements.

Fiduciary Fund Types:

**Agency Funds** – *Agency Funds* account for assets received by the governmental unit in its capacity as trustee or agent for the County, other governmental entities or individuals. The receipts and disbursements of such funds are governed by the terms of the statutes, ordinances, regulations or other authority. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation**

The County's *Agency Funds* consist of amounts collected by the individual County fee offices for state court costs, state vehicle registration fees, victim restitution payments, merchant hot check fees, inmate trust funds, and District and County Clerk trust beneficiaries.

All of the County's fiduciary funds are agency funds and are reported in the agency fund financial statements. However, because their assets are held in a trustee or agent capacity and therefore not available to support County programs, these funds are not included in the government-wide statements.

**C. Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, government securities, money market funds, and the Texas Local Government Investment Pool. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

The County records investments at fair value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of revenues, expenditures and changes in fund balance. Deposit and Investment Risk Disclosures are in accordance with GASB Statement No. 40.

The County is required by Government Code Chapter 2256, The Public Funds Investment Act ("Act"), to adopt, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, and include a list of the types of authorized investments in which the investing entity's funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

**D. Receivables and Payables**

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is equal to 72 percent of outstanding property taxes at September 30, 2019.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Payables consist of vendor obligations for goods and services and funds payable to others when the criteria for their release have been met.

Continued

**POTTER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**E. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of non-spendable fund balance which indicates they do not represent “available spendable resources”.

**F. Inter-fund Transactions**

During the course of normal operations, the County has many transactions between funds. The accompanying fund level financial statements reflect as transfers the resources provided and expenditures used to provide services, construct assets and meet employee health claims in excess of budgeted amounts. Inter-fund services provided and used are not eliminated in the government-wide presentation. The effect of all other inter-fund activity has been eliminated in the government-wide financial statements.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 assets’ lives are not capitalized.

Buildings, plant, equipment and infrastructure are depreciated using the straight-line method over the following useful lives:

Assets	Years
Infrastructure (roads and bridges)	15 – 50
Buildings and improvements	40
Vehicles	5 – 15
Furniture and equipment	5

Continued



**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government reports the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Additionally, the government reports deferred amounts related to the pension plan and the other post-employment benefits reported in the government-wide statement of net position. These deferred amounts include pension and OPEB contributions, economic/demographic losses, assumption changes and deficient earnings.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental fund has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the government reports deferred amounts related to the pension plan and the other post-employment benefits reported in the government-wide statement of net position. These deferred amounts include economic/demographic gains and assumption changes.

**I. Compensated Absences**

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

1. Leave or compensation is attributable to service already rendered
2. Leave or compensation is not contingent on a specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund financial statements to the extent the liabilities are expected to be expensed using available financial resources. Compensated absences are accrued as long-term debt in the government-wide statements.

Upon termination from the County's employment, an employees shall be entitled to payment for total accrued but unused days of vacation not accumulated beyond two years. Comp time earned, but not taken, is paid at termination, but cannot accumulate beyond 100 hours per eligible employee. Sick leave accrues at one day per month with no maximum limit, but compensation is paid only for an illness-related absence. Unused sick leave is non-vesting and will not be paid on termination, thus vacation and comp time are the only accrued compensation liabilities recorded. Compensated absences will be liquidated through salary expenses in the funds which the employees are paid.

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**J. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. The County has no business-type activities, except the internal service fund.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs withheld from the actual debt proceeds received are reported as debt service expenditures.

**K. Pensions and Other Post-Employment Benefits**

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the other post-employment benefit (OPEB) asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Healthcare Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**L. Government-wide Net Position**

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

**Net Investment in Capital Assets** – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

**Restricted Net Position** – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

**Unrestricted Net Position** – This amount includes all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**M. Governmental Fund Balances**

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:

**Non-spendable Fund Balance** – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

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

**Committed Fund Balance** – includes amounts that can only be established, modified, or rescinded by a formal action of the County’s highest level of decision-making authority, the Commissioners’ Court.

**Assigned Fund Balance** – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The Commissioners’ Court has the authority to determine and designate the purpose for fund balance to be assigned.

**Unassigned Fund Balance** – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

**N. Fund Balance Policies**

When the County incurs an expenditure for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first, then unrestricted funds. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Committed fund balance amounts may be used for other purposes with appropriate action by the Commissioners’ Court to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

The County’s highest level of decision-making authority is the Commissioners’ Court. The Court has delegated the authority to assign fund balance amounts to the County Auditor and County Judge.

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**O. Funds Balances Restricted**

Restricted Fund Balances:

- 1) Administrative – management, preservation, restoration and technology requirements of public records, and vehicle inventory tax,
- 2) Judicial – maintenance of County Law Library and community educational programs, justice court technological enhancements, and disbursement of forfeited funds.
- 3) Elections – for contracted elections for various municipalities and schools as allowed by the Secretary of State.
- 4) Public safety – law enforcement grants, as well as disbursement of forfeited funds from the Sheriff’s office.
- 5) Bail Bonds – provide organization and training of the Bail Bond Board.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds and capital lease payable	\$ (79,411,749)
Accrued interest payable	(626,802)
Net pension liability	(28,318,679)
Total other post employment benefit liability	(4,379,815)
Compensated absences	<u>(1,767,318)</u>
 Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	 <u><u>\$ (114,504,363)</u></u>

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 1,886,048
Depreciation expense	<u>(4,070,035)</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>\$ (2,183,987)</u></u> Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –**  
Continuation

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net changes in fund balance.” The details of this difference are as follows:

Proceeds from disposal of assets	\$ (32,600)
Gain / (Loss) on disposal of assets	(89,978)
Enterprise fleet vehicles	690,525
Donation of infrastructure assets	<u>1,673,022</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 2,240,969</u></u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this are as follows:

Property tax	\$ (279,646)
Fines and fees	63,515
Paving lien assessments	<u>140,679</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (75,452)</u></u>

Another element of that reconciliation states, “Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.” Neither transaction, however, has any effect on net position. The details of this difference are as follows:

Debt Issued:	
Bonds issued	\$ (50,375,000)
Premium on issuance of bond	(3,846,275)
Enterprise Fleet capital lease	(690,525)
Repayment of principal	1,864,462
Amortization of bonds premium	<u>7,939</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (53,039,399)</u></u>

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –**  
Continuation

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Change in estimated liability for compensated absences	\$ (237,334)
Change in accrued interest	(518,874)
Change in net pension liability	(14,655,558)
Change in deferred outflows of resources - pension contributions	187,454
Change in deferred outflows of resources - pension economic/demographic losses	(14,315)
Change in deferred inflows of resources - pension economic/demographic gains	27,270
Change in deferred outflows of resources - pension deficient earnings	10,328,986
Change in deferred inflows of resources - pension excess earnings	1,956,944
Change in deferred outflows of resources - pension assumption changes	(404,649)
Change in total other post employment benefit liability	(952,013)
Change in deferred inflows of resources - OPEB economic/demographic gains	(222,403)
Change in deferred outflows of resources - OPEB assumption changes	896,356
Change in deferred inflows of resources - OPEB assumption changes	<u>30,114</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (3,578,022)</u></u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with GAAP for the General Fund, District Courts Building, County Assistance District, Vehicle Inventory Tax Interest, Law Library, Courthouse Security, Justice Courts Building Security, Graffiti Eradication, Child Abuse Prevention, County Clerk Records Management, Election, Voter Registration, Court Records Management, District Clerk Records Management, Justice Court Technology, County Clerk/District Clerk Technology, County Attorney Hot Check, County Attorney Forfeiture, County Attorney Federal Forfeiture, County Attorney Pretrial Diversion, District Attorney Hot Check, District Attorney Payroll, DA Forfeiture Release, DA Federal Forfeiture, Auto Burglary and Theft Prevention, Sheriff Federal Forfeiture, Law Enforcement Grants, Sheriff Office Forfeiture, Drug Court, Juvenile Probation, Capital Projects Fund, Sheriff Admin Construction Fund, Series 2016 Certificates of Obligation, and Series 2017 Tax Notes. All annual appropriations lapse at fiscal year-end.

Prior to the beginning of the fiscal year, the County prepares a budget for the next succeeding fiscal year. The budget includes proposed expenditures and the means of financing them. Meetings of the Commissioners’ Court are held to discuss the proposed budget. These meetings are open to public discussion and require at least ten days’ notice of the meeting.

Continued

**POTTER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continuation**

The appropriated budget is prepared by fund and department on the category level. Transfers of appropriations between department, fund and category require the approval of the Commissioners' Court. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the category level. Supplemental budgetary appropriations in other funds were not considered material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

The County's demand deposits are fully covered by collateral held in the County's name by the County's agents. The County's collateral agreements require the market value of securities held by its agents to exceed the total amount of cash and investments held at depository banks at all times.

A reconciliation of cash, as shown in the Governmental Funds, Internal Service Fund and Agency Funds Balance Sheets for the primary government is as follows:

Cash on hand - governmental funds	\$ 10,250
Carrying amount of bank deposits - governmental funds	20,444,870
Carrying amount of TexPool deposits - governmental funds	19,094,613
Carrying amount of Texas CLASS deposits - governmental funds	<u>66,699,855</u>
Total governmental funds	<u>106,249,588</u>
Carrying amount of bank deposits - internal service funds	1,505,874
Carrying amount of TexPool deposits - internal service funds	<u>33,150</u>
Total internal service funds	<u>1,539,024</u>
Carrying amount of bank deposits - agency funds	5,210,898
Carrying amount of TexPool deposits - agency funds	<u>1,931,772</u>
Total agency funds	<u>7,142,670</u>
Total	<u><u>\$ 114,931,282</u></u>

The County's investment policies are in accordance with the laws of the State of Texas. The policies identify authorized investments and investment terms, collateral requirements and safekeeping requirements for collateral.

***Interest Rate Risk***

In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days. The maximum allowable stated maturity of any individual investment owned by the County shall not exceed three years.

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 4 – DEPOSITS AND INVESTMENTS – Continuation**

***Credit Risk***

The County is authorized by statute and by depository contract to invest in obligations of the United States of America, direct obligations of the State of Texas, obligations of state agencies, counties, cities, and other political subdivisions of any state having been rated not less than “A” or its equivalent, certificates of deposit issued by state and national banks that are guaranteed insured or secured by obligations described above having a market value of not less than 110% of the principal amount of the certificates, money market mutual funds regulated by the SEC with a dollar weighted average portfolio maturity of 90 days or less and eligible investment pools organized and operating in compliance with the Public Funds Investment Act that have been approved by the Commissioners’ Court.

As of September 30, 2019 the County had \$19,094,613 and \$66,699,855 invested with the Texas Treasury Safekeeping Trust Company (TexPool) and the Texas Cooperative Liquid Assets Securities System (Texas CLASS), respectively. The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as TexPool and Texas CLASS, through which political subdivisions and other entities may invest public funds.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

Texas CLASS is a local government pool emphasizing safety, liquidity, convenience, and competitive yields. Since 1966, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. The pool is governed by a board of trustees, elected annually by its participants.

Both investment pools use amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool and Texas CLASS do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. Both pools have a credit rating of AAAM from Standard & Poor’s Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principle. TexPool and Texas CLASS each invest in a quality portfolio of debt securities investments that are legally permissible for local governments in the state.

***Concentrations of Credit Risk***

The County’s investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.



**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 5 – OTHER RECEIVABLES**

Receivables as of year-end for the County’s general, other major and non-major governmental and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Other Governmental	Internal Service Fund	Total
Receivables:				
Accounts	\$ 1,794,269	\$ 12,103	\$ 69,239	\$ 1,875,611
Fines and fees	34,918,562	-	-	34,918,562
Paving liens	140,679	-	-	140,679
Gross receivables	36,853,510	12,103	69,239	36,934,852
Less: allowance for uncollectible	34,063,630	-	-	34,063,630
Net total accounts receivable, net	<u>\$ 2,789,880</u>	<u>\$ 12,103</u>	<u>\$ 69,239</u>	<u>\$ 2,871,222</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were for delinquent property taxes receivable and miscellaneous unearned revenues.

**NOTE 6 – INTER-FUND BALANCES AND ACTIVITY**

	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ -	\$ 5,298,063
Special Revenue Funds:		
Auto Burglary and Theft Prevention	48,100	-
Juvenile Probation	3,749,963	-
Capital Projects Funds:		
Capital Projects Fund	1,500,000	-
Debt Service Funds:		
Series 2012 Refunding Bond	-	2,085,168
Series 2016 Certificates of Obligation	2,085,168	-
	<u>\$ 7,383,231</u>	<u>\$ 7,383,231</u>

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 6 – INTER-FUND BALANCES AND ACTIVITY – Continuation**

The General Fund transferred various amounts to the Auto Burglary and Theft Prevention, Juvenile Probation, and Capital Projects Funds for the purpose of funding current year operations in all three funds. The transfer to the Capital Projects Fund also served to build fund balance for future projects. The Series 2012 Refunding Bond Fund paid off the associated debt being serviced by that fund during the prior fiscal year. As a result the fund transferred its remaining balances to the Series 2016 Certificates of Obligation for the future payment of those debt obligations.

	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ 85,533	\$ 19,144
Special Revenue Funds:		
Law Library	6,790	-
Courthouse Security	4,057	-
Justice Courts Building Security	253	-
Graffiti Eradication	2	-
Child Abuse Prevention	30	-
County Clerk Records Management	8,801	-
Court Records Management	3,914	793
District Clerk Records Management	3,654	-
Justice Court Technology	1,037	-
County Clerk / District Clerk Technology	321	-
County Attorney Hot Check	70	170
District Attorney Hot Check	-	211
District Attorney Payroll	440	403
DA Forfeiture Release	7,978	7,432
Auto Burglary and Theft Prevention	5,102	100,632
Sheriff Federal Forfeiture	204	232
Internal Service Fund	831	-
	\$ 129,017	\$ 129,017

In the fund financial statements, inter-fund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year.

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 5,019,784	\$ -	\$ -	\$ -	\$ 5,019,784
Construction in progress	-	1,026,731	-	-	1,026,731
Total capital assets not being depreciated	<u>5,019,784</u>	<u>1,026,731</u>	<u>-</u>	<u>-</u>	<u>6,046,515</u>
Capital assets, being depreciated:					
Infrastructure (roads and bridges)	36,725,992	1,670,715	-	-	38,396,707
Buildings and improvements	98,336,921	-	-	-	98,336,921
Furniture and equipment	20,958,657	1,549,843	(997,050)	-	21,511,450
Total capital assets being depreciated	<u>156,021,570</u>	<u>3,220,558</u>	<u>(997,050)</u>	<u>-</u>	<u>158,245,078</u>
Less accumulated depreciation:					
Infrastructure (roads and bridges)	(26,976,214)	(342,162)	-	-	(27,318,376)
Buildings and improvements	(32,681,829)	(2,211,816)	-	-	(34,893,645)
Furniture and equipment	(12,498,316)	(1,516,057)	874,472	-	(13,139,901)
Total accumulated depreciation	<u>(72,156,359)</u>	<u>(4,070,035)</u>	<u>874,472</u>	<u>-</u>	<u>(75,351,922)</u>
Total capital assets, being depreciated, net	<u>83,865,211</u>	<u>(849,477)</u>	<u>(122,578)</u>	<u>-</u>	<u>82,893,156</u>
Governmental activities capital assets, net	<u>\$ 88,884,995</u>	<u>\$ 177,254</u>	<u>\$ (122,578)</u>	<u>\$ -</u>	<u>\$ 88,939,671</u>

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

Governmental activities:	
Administrative	\$ 501,443
Judicial	88,236
Elections	30,602
Public facilities	1,472,015
Public safety	1,473,317
Road and bridge	504,422
Total depreciation expense - governmental activities	<u>\$ 4,070,035</u>

The County has active construction projects as of September 30, 2019. The projects are as follows:

The County has begun the construction of a new District Courts Building, as well as a renovated Fire Station #1. Costs spent to date on these projects totaled \$634,229 and \$142,882, respectively. The County has also begun a renovation of the Santa Fe Building. Costs spent to date on this project totaled \$249,620.

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 8 – LEASES**

**Operating Leases**

The County is committed under non-cancelable operating leases for equipment. Future minimum operating lease commitments are as follows:

Year Ending September 30,		
2020	\$	62,098
2021		9,860
2022		9,860
2023		2,465
Total Future Minimum Payments	\$	84,283

Rent expenditures were \$99,410 for the year ended September 30, 2019.

**Capital Lease**

The County has entered into a capital lease with Enterprise Fleet Management for a county-wide commercial fleet. The obligations under capital lease have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at an interest rate of 0%. The cost of the equipment financed by this capital lease obligation is \$690,525 and accumulated depreciation of \$77,576.

Commitments under capitalized lease and asset purchase agreements for the commercial fleet provide for minimum future rental payments as of September 30, 2019, as follows:

Year Ending September 30,		
2020	\$	155,342
2021		155,342
2022		155,342
2023		135,036
Total future minimum lease payments		601,062
Less amount representing interest		-
Future Minimum Payments	\$	601,062

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 9 – GENERAL OBLIGATION AND CERTIFICATES OF OBLIGATION BONDS**

During the year ended September 30, 2016, the County issued \$21,470,000 of Certificates of Obligation, Series 2016 to provide resources for the purposes of paying contractual obligations incurred for constructing the Sheriff administrative, enforcement and maintenance facility. Principal payments on the Certificates of Obligation, Series 2016 are made annually, each August 1 with interest payments made semi-annually, each February 1 and August 1 until maturity on August 1, 2036. Interest rates range from 1.25% to 3.00% on the Certificates of Obligation, Series 2016.

During the year ended September 30, 2017, the County issued \$5,625,000 of Tax Notes, Series 2017 to provide resources for the purposes of paying contractual obligations incurred for the purchase of equipment for an emergency radio system. Principal payments on the Certificates of Obligation, Series 2017 are made annually, each August 1 with interest payments made semi-annually, each February 1 and August 1 until maturity on August 1, 2024. The interest rate is stated at 1.91% on the Tax Notes, Series 2017.

During the year ended September 30, 2019, the County issued \$50,375,000 of Certificates of Obligation, Series 2019 to provide resources for the purposes of paying contractual obligations incurred for constructing, and equipping the District Courts Building. Principal payments on the Certificates of Obligation, Series 2019 are made annually, each August 1 with interest payments made semi-annually, each February 1 and August 1 until maturity on August 1, 2049. Interest rates range from 3.25% to 5.00% on the Certificates of Obligation, Series 2019.

The annual requirements to amortize all debt outstanding as of September 30, 2019, are as follows:

Years Ending September 30,	Total	Certificates of Obligation Series 2016		Tax Notes Series 2017		Certificates of Obligation Series 2019	
		Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 5,157,264	\$ 920,000	\$ 564,425	\$ 885,000	\$ 79,122	\$ -	\$ 2,708,717
2021	5,224,451	935,000	545,838	900,000	62,075	750,000	2,031,538
2022	5,478,605	955,000	519,825	915,000	44,742	1,050,000	1,994,038
2023	5,519,337	985,000	490,725	935,000	27,074	1,140,000	1,941,538
2024	5,069,336	1,015,000	460,725	950,000	9,073	750,000	1,884,538
2025-2029	22,469,813	5,555,000	1,820,625	-	-	6,550,000	8,544,188
2030-2034	21,814,588	6,440,000	922,500	-	-	7,425,000	7,027,088
2035-2039	17,398,463	2,855,000	86,325	-	-	8,985,000	5,472,138
2040-2044	14,455,700	-	-	-	-	10,840,000	3,615,700
2045-2049	14,452,038	-	-	-	-	12,885,000	1,567,038
Total	<u>\$ 117,039,595</u>	<u>\$ 19,660,000</u>	<u>\$ 5,410,988</u>	<u>\$ 4,585,000</u>	<u>\$ 222,086</u>	<u>\$ 50,375,000</u>	<u>\$ 36,786,521</u>

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 10 – LONG TERM DEBT**

Change in long-term debt is summarized below:

	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019	Due Within One Year
Certificates of Obligation, Series 2016	\$ 20,570,000	\$ -	\$ (910,000)	\$ 19,660,000	\$ 920,000
Tax Notes, Series 2017	5,450,000	-	(865,000)	4,585,000	885,000
Certificates of Obligation, Series 2019	-	50,375,000	-	50,375,000	-
Deferred issuance premiums	352,350	3,846,275	(7,939)	4,190,686	-
Total bonds payable	26,372,350	54,221,275	(1,782,939)	78,810,686	1,805,000
Capital lease obligation	-	690,525	(89,462)	601,063	155,342
Estimated liability for compensated absences	1,529,984	1,613,625	(1,376,291)	1,767,318	176,700
Net pension liability	13,663,121	14,655,558	-	28,318,679	-
Total other post employment benefit liability	3,427,802	952,013	-	4,379,815	-
Total	\$ 44,993,257	\$ 72,132,996	\$ (3,248,692)	\$ 113,877,561	\$ 2,137,042

The County incurred interest expense of \$1,183,644 during the year ended September 30, 2019.

**NOTE 11 – COMPENSATED ABSENCES**

The cost of the County’s liability for compensated absences is calculated at the end of the fiscal year based on the employee’s pay rate and the accumulated vacation hours earned but not taken. Typically, the General Fund has been used to liquidate the liability for compensated absences.

**NOTE 12 – RISK MANAGEMENT**

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers’ compensation. The County provides for the management of risks through a combination of self-insurance and traditional insurance. Amounts of coverage for the above types of risk have not been subject to a significant reduction in the past year. The amounts of settlements have not exceeded insurance coverage for the past three fiscal years.

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 13 – HEALTH INSURANCE**

The County has established the Health and Life Insurance Fund to account for its health and life program. The Plan accumulates resources to pay the insured healthcare costs for the County employees and their covered dependents and was established with the intent to provide appropriate healthcare insurance to employees and minimize total health insurance cost to the County.

The Plan activities are carried on and accounted for in the Health and Life Insurance Fund, an Internal Service Fund.

The County Contributed \$1,016 per month, per employee. Employees may authorize payroll withholding to pay for premium costs for dependent coverage.

The health insurance premiums are paid to the Health and Life Insurance Fund. These inter-fund transactions are treated as operating expenditures by the General Fund as it makes the aggregate premium payments. These premiums are treated as operating revenue by the Health and Life Insurance Fund as they are received or accrued.

A third-party Plan Administrator processes claims and pays bills weekly, gathers experience and cost data, and makes tentative premium calculation using the experience and cost factors it has developed. The administrative fees paid to the Plan Administrator and the services provided by the Administrator are provided by contractual agreement.

During the current year, the self-funded Health and Life Insurance Fund had stop-loss coverage in effect for all claims per individual exceeding \$125,000 and for an aggregate loss of \$7,416,357. This stop-loss insurance coverage is provided by Holmes, Murphy and Associates. Holmes Murphy and Associates is a commercial insurer licensed to do business in Texas in accordance with the Texas Insurance Code. The Plan purchases “15/12 month” insurance, re-insurance, and stop-loss insurance to provide protection for claims, or losses, arising in one insurance period that must be paid in the following insurance period. The provision for unpaid self-insurance health losses at year end is included in claims payable in the internal services fund. It is based upon actual prior claim cost experience and average time lags in settling such claims and actual claims paid after year end. There has been no significant reduction in insurance coverage from coverage in the prior year by major category of risk.

Changes in the Healthcare Insurance Fund’s claims liability were as follows:

<u>Balance</u> <u>10/1/2017</u>	<u>Incurred</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>9/30/2018</u>
\$ 339,314	\$ 6,582,783	\$ 6,305,639	\$ 616,458
<u>Balance</u> <u>10/1/2018</u>	<u>Incurred</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance</u> <u>9/30/2019</u>
\$ 616,458	\$ 5,609,012	\$ 5,963,956	\$ 261,514

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 14 – 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 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 and is available at [www.tcdrs.org](http://www.tcdrs.org).

*Benefits Provided*

The Plan provisions are adopted by the governing body of the County (employer), 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 the County.

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 governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer'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-financial monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

*Employees Covered by Benefit Terms*

The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	365
Inactive employees entitled to but not yet receiving benefits	298
Active employees	590

*Contributions*

The County has elected the annually determined contribution rate (ADCR) Plan provisions of the TCDRS Act. The Plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually.

The County contributed using the actuarially determined rate of 14.79% for calendar year 2019, and 14.78% for calendar year 2018. The contribution rate payable by the employee members is 7.0% for fiscal year 2019 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Continued



**POTTER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 14 – RETIREMENT PLAN – Continuation**

*Net Pension Liability*

The County’s net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

All actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

**TCDRS system-wide economic assumptions:**

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

**Employer-specific economic assumptions:**

Growth in membership	0.00%
Payroll growth for funding calculations	3.25%

The payroll growth assumption is for the aggregate covered payroll of an employer.

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 14 – RETIREMENT PLAN** – Continuation

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net) Index	10.00%	5.40%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	13.00%	3.90%

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 14 – RETIREMENT PLAN – Continuation**

*Discount Rate*

The discount rate used to measure the total pension liability was 8.10%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternatives methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 14 – RETIREMENT PLAN – Continuation**

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

*Changes in the Net Pension Liability / (Asset)*

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balances as of December 31, 2017	\$ 181,495,630	\$ 167,832,509	\$ 13,663,121
Changes for the year:			
Service cost	4,231,120	-	4,231,120
Interest on total pension liability (1)	14,703,036	-	14,703,036
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(775,543)	-	(775,543)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(581,982)	(581,982)	-
Benefit payments	(8,000,700)	(8,000,700)	-
Administrative expenses	-	(130,724)	130,724
Member contributions	-	2,190,217	(2,190,217)
Net investment income	-	(3,146,419)	3,146,419
Employer contributions	-	4,625,757	(4,625,757)
Other (3)	-	(35,776)	35,776
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balances as of December 31, 2018	<u>\$ 191,071,561</u>	<u>\$ 162,752,882</u>	<u>\$ 28,318,679</u>

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

(2) No plan changes valued.

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

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 14 – RETIREMENT PLAN – Continuation**

*Sensitivity of the Net Pension Liability / (Asset) to Changes in the Discount Rate*

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County’s net pension liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 215,652,360	\$ 191,071,561	\$ 170,388,269
Fiduciary net position	162,752,882	162,752,882	162,752,882
Net pension liability / (asset)	\$ 52,899,478	\$ 28,318,679	\$ 7,635,387

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

*Pension Expense / (Income)*

	January 1, 2018 to December 31, 2018
Service cost	\$ 4,231,120
Interest on total pension liability (1)	14,703,036
Effect of plan changes	-
Administrative expenses	130,724
Member contributions	(2,190,217)
Expected investment return net of investment expenses	(13,517,663)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(788,497)
Recognition of assumption changes or inputs	404,649
Recognition of investment gains or losses	4,378,153
Other (2)	35,776
Pension expense / (income)	\$ 7,387,081

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

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

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 14 – RETIREMENT PLAN – Continuation**

*Deferred Inflows / Outflows of Resources*

As of September 30, 2019, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,467,464	\$ 42,947
Changes of assumptions	-	580,418
Net difference between projected and actual earnings	-	10,328,986
Contributions made subsequent to measurement date	N/A	3,615,600

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2019	\$ 3,685,814
2020	1,274,334
2021	1,347,028
2022	3,177,711
2023	-
Thereafter	-

**NOTE 15 – POSTEMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN**

*Plan Description*

Potter County, Texas participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GLTF). This optional plan provides group term life insurance coverage to current eligible employees.

The Group Term Life Fund (GTLF) is a separate trust administered by the TCERS board of trustees. TCERS issues a public available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at [www.tcdrs.org](http://www.tcdrs.org). TCERS' CAFR may also be obtained by writing to the Texas County & District 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. Randall County, Texas contributions to the GTLF for the year ended September 30, 2019 was \$49,638, which equaled the contractually required contributions.

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

*Plan Description*

The County provides other post-employment benefits (OPEB) to all of its full-time employees through a single-employer defined benefit OPEB plan. The Plan provides that an employee who meets the retirement eligibility requirements of the Texas County and District Retirement System, and who leaves the employ of the County may, upon retirement, elect to remain on the County's health care plan, as well as to continue existing spouse and dependent coverage. Coverage ceases for the member, the spouse and dependents upon the member becoming eligible for Medicare at age 65.

*Benefits Provided*

An employee who meets the retirement eligibility requirements of the Texas County and District Retirement System (TCDRS), and who leaves the employment of Potter County after 30 years of service, or at age 60 with eight (8) years of service, or when the retirees age plus years of service equals 75 is eligible to continue health care coverage when they retire from Potter County. The eligible retiring employee may also continue the existing coverage for spouses and dependents. The retiree pays 100% of the total monthly premium prescribed in the current health plan for active employees and dependents. Premiums are determined annually by estimating the amount needed to cover projected claims. Eligible retirees and their spouse and/or dependents covered by the Potter County Health Care group receive the same health and dental care benefits as active employees, as described in the current health manual.

*Employees Covered by Benefit Terms*

The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	0
Active employees	386

*Total OPEB Liability*

The County's total OPEB liability was measured as of October 1, 2018, and was determined by an actuarial valuation as of that date.

Continued

**POTTER COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Continuation**

*Actuarial Assumptions*

The total OPEB liability in the October 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Entry-Age Normal
Discount rate	2.66%
Inflation	2.30%
Salary increases	4.00%
Mortality	<p><b>Pre/Post-retirement:</b> PUB-2010 General General Retirees Amount-Weighted Table with Mortality Improvement Scale MP-2019 on a generational basis with healthy annuitant rates after benefit commencement.</p> <p><b>Disability retirement:</b> PUB-2010 Disabled Retirees Amount-Weighted Table with Mortality Improvement Scale MP-2019 on a generational basis with healthy annuitant rates after benefit commencement.</p>
Healthcare cost trend rates	Pre-65: 4.0% in 2018, increasing to a maximum 7.4% in 2020, then fluctuating up and down until arriving back at 4.0% in 2073.
Participation rates	20% of members are assumed to elect retiree medical coverage upon retirement. For actives, it is assumed that husbands are three years older than their wives with 60% active participants electing spouse coverage at retirement.

*Discount Rate*

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.66% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 4.18% as of the prior measurement date.

Continued



**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Continuation**

*Changes in the Total OPEB Liability*

	Changes in Total OPEB Liability
Balances as of September 30, 2018	\$ 3,427,802
Changes for the year:	
Service cost	181,073
Interest on total OPEB liability	148,114
Changes of benefit terms	-
Difference between expected and actual experience	(249,198)
Changes in assumption	1,004,351
Benefit payments	(132,327)
Balances as of September 30, 2019	\$ 4,379,815

Changes of assumptions reflect updated claims, trends, mortality tables, and discount rate from the October 1, 2017 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discounted rate of 2.66%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
Total OPEB liability	\$ 4,803,243	\$ 4,379,815	\$ 3,999,015

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Continuation**

*Sensitivity of the Total OPEB Liability to the Healthcare Cost Trend Rate Assumption*

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB liability	\$ 3,849,788	\$ 4,379,815	\$ 5,017,274

*OPEB Expense / (Income)*

	October 1, 2018 to September 30, 2019
Service cost	\$ 181,073
Interest on total OPEB liability	148,114
Current period benefit changes	-
OPEB Plan administrative expense	-
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(26,796)
Recognition of assumption changes or inputs	78,574
OPEB expense / (income)	\$ 380,965

*Deferred Inflows / Outflows of Resources*

As of September 30, 2019, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 222,403	\$ -
Changes of assumptions	173,586	896,356
Contributions made subsequent to measurement date	N/A	-

Continued

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 16 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Continuation**

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended September 30:		
2020	\$	51,778
2021		51,778
2022		51,778
2023		51,778
2024		51,778
Thereafter		241,477

**NOTE 17 – TAX ABATEMENT AGREEMENTS**

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Bell Helicopter Textron, Inc. The Company is to construct a “qualified facility” on an approximate 20 acre parcel of land within the Reinvestment Zone No. 8 as established by the City of Amarillo, Texas. The County will abate 100% of the ad valorem taxes on this development for a period of ten years beginning on January 1, 2014.

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Coca-Cola Refreshments USA, Inc. The Company is to operate and renovate a premises on an approximate 9.76 acres within the Reinvestment Zone No. 7 as established by the City of Amarillo, Texas. The County will abate 100% of the ad valorem taxes on this development for a period of ten years beginning on January 1, 2016.

The County has entered into a tax abatement agreement which is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code with Gestamp Wind Steel US, Inc. The Company is to operate and renovate a premises on an approximate 48 acres within the Reinvestment Zone No. 7 as established by the City of Amarillo, Texas. The County will abate 100% of the ad valorem taxes on this development for a period of ten years beginning on January 1, 2017.

Chapter 312 of the Texas Tax Code allows for the designation of tax reinvestment zones and the negotiation of tax abatement agreements with applicants. These abatement agreements authorize the Potter-Randall County Appraisal District to reduce the assessed value of the taxpayer’s property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated by Potter County under this program, in accordance with the above agreements, were \$830,202 for the year ended September 30, 2019.

**POTTER COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 18 – COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS**

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management of the County the outcome of these lawsuits will not have a material adverse effect on the accompanying basic financial statements and accordingly, no provision for losses has been recorded.

The County participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2019, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

In October 2016, the County entered into an agreement with the Texas Department of Transportation to contribute right-of-way or funds for the purchase of right-of-way for the expansion of Loop 335. The County is committed for \$189,738, which represents 10% of the expected cost of the right-of-way. Payments are scheduled through January 2020.

**NOTE 19 – PRIOR PERIOD ADJUSTMENT**

	Government-Wide Statements	Fund Level Statements
	Governmental Activities	Juvenile Probation
Net Position/Fund Balance as of September 30, 2018, as previously reported	\$ 90,223,036	\$ -
To record beginning balances in Juvenile Probation Department	1,715,193	1,715,193
To record capital assets incorrectly expensed	127,247	-
Net Position/Fund Balance as of October 1, 2018, as restated	\$ 92,065,476	\$ 1,715,193

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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**POTTER COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 49,883,912	\$ 49,883,912	\$ 50,105,061	\$ 221,149
Sales and miscellaneous taxes	722,000	722,000	787,748	65,748
Licenses and fees	4,232,290	4,232,290	4,270,121	37,831
Fines and forfeitures	1,058,510	1,058,510	984,272	(74,238)
Intergovernmental	2,219,745	2,208,191	2,436,280	228,089
Interest	1,000,000	1,000,000	988,499	(11,501)
Miscellaneous	1,076,920	1,096,320	1,655,797	559,477
	<u>60,193,377</u>	<u>60,201,223</u>	<u>61,227,778</u>	<u>1,026,555</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	8,276,068	8,213,039	7,266,825	946,214
Judicial	17,069,613	17,133,606	15,421,573	1,712,033
Elections	501,917	486,835	448,154	38,681
Public facilities	3,155,697	3,123,515	2,420,400	703,115
Public safety	11,816,044	11,750,727	11,165,208	585,519
Corrections and rehabilitation	12,808,615	12,849,150	12,474,083	375,067
Road and bridge	2,632,249	2,584,899	2,321,767	263,132
Health and human services	1,088,836	1,090,411	981,920	108,491
Capital outlay	555,000	739,817	507,350	232,467
Debt service:				
Principal	-	-	18,859	(18,859)
	<u>57,904,039</u>	<u>57,971,999</u>	<u>53,026,139</u>	<u>4,945,860</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,289,338</u>	<u>2,229,224</u>	<u>8,201,639</u>	<u>5,972,415</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	32,600	32,600
Transfers out	(3,750,120)	(3,750,120)	(5,298,063)	(1,547,943)
	<u>(3,750,120)</u>	<u>(3,750,120)</u>	<u>(5,265,463)</u>	<u>(1,515,343)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,460,782)	(1,520,896)	2,936,176	4,457,072
<b>FUND BALANCES - BEGINNING</b>	<u>24,727,990</u>	<u>24,727,990</u>	<u>24,727,990</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 23,267,208</u>	<u>\$ 23,207,094</u>	<u>\$ 27,664,166</u>	<u>\$ 4,457,072</u>



**POTTER COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**Last 10 Years (will ultimately be displayed as available)**

	Year Ended December 31,			
	2018	2017	2016	2015
<b>Total Pension Liability:</b>				
Service cost	\$ 4,231,120	\$ 4,273,814	\$ 4,352,352	\$ 4,127,523
Interest on total pension liability	14,703,036	13,871,195	13,037,017	12,402,512
Effect of plan changes	-	-	-	(728,256)
Effect of assumption changes or inputs	-	439,421	-	1,583,826
Effect of economic/demographic (gains) or losses	(775,543)	71,577	(1,265,495)	(1,704,163)
Benefit payments/refunds of contributions	(8,582,682)	(8,113,787)	(7,822,670)	(7,265,790)
Net change in total pension liability	9,575,931	10,542,220	8,301,204	8,415,652
Total pension liability, beginning	181,495,630	170,953,410	162,652,206	154,236,554
Total pension liability, ending (a)	<u>\$ 191,071,561</u>	<u>\$ 181,495,630</u>	<u>\$ 170,953,410</u>	<u>\$ 162,652,206</u>
<b>Fiduciary Net Position:</b>				
Employer contributions	\$ 4,625,757	\$ 4,318,705	\$ 4,074,113	\$ 3,944,278
Member contributions	2,190,217	2,109,629	2,068,086	2,009,470
Investment income net of investment expenses	(3,146,419)	21,585,568	10,342,613	(641,974)
Benefit payments/refunds of contributions	(8,582,682)	(8,113,787)	(7,822,670)	(7,265,790)
Administrative expenses	(130,724)	(111,613)	(112,476)	(101,332)
Other	(35,776)	(23,400)	(361,045)	143,195
Net change in fiduciary net position	(5,079,627)	19,765,102	8,188,621	(1,912,153)
Fiduciary net position, beginning	167,832,509	148,067,407	139,878,786	141,790,759
Fiduciary net position, ending (b)	<u>\$ 162,752,882</u>	<u>\$ 167,832,509</u>	<u>\$ 148,067,407</u>	<u>\$ 139,878,606</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 28,318,679</u>	<u>\$ 13,663,121</u>	<u>\$ 22,886,003</u>	<u>\$ 22,773,600</u>
Fiduciary net position as a % of total pension liability	85.18%	92.47%	86.61%	86.00%
Pensionable covered payroll	\$ 31,288,811	\$ 30,137,563	\$ 29,544,082	\$ 28,706,709
Net pension liability as a % of covered payroll	90.51%	45.34%	77.46%	79.33%

Year Ended December 31,

2014	2013	2012	2011	2010	2009
\$ 4,108,621	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
11,669,923	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
(268,856)	N/A	N/A	N/A	N/A	N/A
(6,536,622)	N/A	N/A	N/A	N/A	N/A
8,973,066	N/A	N/A	N/A	N/A	N/A
145,263,488	N/A	N/A	N/A	N/A	N/A
<u>\$ 154,236,554</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 3,899,238	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
1,984,119	N/A	N/A	N/A	N/A	N/A
9,074,869	N/A	N/A	N/A	N/A	N/A
(6,536,622)	N/A	N/A	N/A	N/A	N/A
(106,048)	N/A	N/A	N/A	N/A	N/A
29,017	N/A	N/A	N/A	N/A	N/A
8,344,573	N/A	N/A	N/A	N/A	N/A
133,446,186	N/A	N/A	N/A	N/A	N/A
<u>\$ 141,790,759</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ 12,445,795</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
91.93%	N/A	N/A	N/A	N/A	N/A
\$ 28,296,592	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
43.98%	N/A	N/A	N/A	N/A	N/A

**POTTER COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Last 10 Fiscal Years (will ultimately be displayed)**

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 3,899,238	\$ 3,899,238	\$ -	\$ 28,296,592	13.8%
2016	3,944,278	3,944,278	-	28,706,709	13.7%
2017	4,074,113	4,074,113	-	29,544,082	13.8%
2018	4,318,705	4,318,705	-	30,877,835	14.0%
2019	4,813,538	4,813,538	-	32,551,378	14.8%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.6 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8.0%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule

**POTTER COUNTY, TEXAS**  
**POTTER COUNTY HEALTHCARE PLAN**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**Last 10 Years (will ultimately be displayed as available)**

	Year Ended September 30,			
	2019	2018	2017	2016
<b>Total OPEB Liability:</b>				
Service cost	\$ 181,073	\$ 196,351	\$ N/A	\$ N/A
Interest on total OPEB liability	148,114	129,989	N/A	N/A
Changes in benefit terms	-	-	N/A	N/A
Difference between expected and actual experience of the total OPEB liability	(249,198)	-	N/A	N/A
Changes in assumptions	1,004,351	(232,428)	N/A	N/A
Benefit payments	(132,327)	(81,049)	N/A	N/A
Net change in total OPEB liability	952,013	12,863	N/A	N/A
Total OPEB liability, beginning	3,427,802	3,414,939	N/A	N/A
Total OPEB liability, ending	<u>\$ 4,379,815</u>	<u>\$ 3,427,802</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Covered employee payroll	\$ 24,802,020	\$ 25,795,275	\$ N/A	\$ N/A
Total OPEB liability as a % of covered employee payroll	17.66%	13.29%	N/A	N/A

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**STATISTICAL SECTION  
(UNAUDITED)**

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**POTTER COUNTY, TEXAS  
STATISTICAL SECTION  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

This part of the Potter County, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> <i>These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	<b>126-129</b>
<b>Revenue Capacity</b> <i>These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.</i>	<b>130-133</b>
<b>Debt Capacity</b> <i>These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</i>	<b>134-137</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	<b>138-139</b>
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	<b>140-142</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**POTTER COUNTY, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)  
(amounts expressed in thousands)**

Table 1

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 49,747	\$ 56,127	\$ 63,177	\$ 61,999	\$ 65,492	\$ 66,473	\$ 68,307	\$ 67,559	\$ 64,693	\$ 63,816
Restricted	2,049	2,439	2,178	2,759	3,226	4,038	3,915	3,906	5,739	13,307
Unrestricted	<u>28,372</u>	<u>24,775</u>	<u>22,080</u>	<u>25,101</u>	<u>27,409</u>	<u>19,228</u>	<u>19,494</u>	<u>20,180</u>	<u>19,791</u>	<u>20,119</u>
Total governmental activities net position	<u>\$ 80,168</u>	<u>\$ 83,341</u>	<u>\$ 87,435</u>	<u>\$ 89,859</u>	<u>\$ 96,127</u>	<u>\$ 89,739</u>	<u>\$ 91,716</u>	<u>\$ 91,645</u>	<u>\$ 90,223</u>	<u>\$ 97,242</u>

**POTTER COUNTY, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)  
(amounts expressed in thousands)**

Table 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
Administrative	\$ 4,894	\$ 5,328	\$ 6,237	\$ 5,843	\$ 6,966	\$ 6,666	\$ 7,264	\$ 7,885	\$ 7,344	\$ 7,947
Judicial	12,506	12,958	13,705	13,432	14,145	14,607	15,209	16,951	16,512	17,325
Elections	312	336	333	343	400	445	486	685	823	523
Public facilities	3,049	3,228	3,107	3,891	3,941	3,743	4,580	4,298	4,086	4,141
Public safety	7,904	7,847	7,804	8,675	9,130	8,806	11,528	10,816	16,500	19,598
Corrections and rehabilitation	11,505	12,136	12,919	12,971	13,994	13,765	15,061	15,739	15,693	13,102
Road and bridge	2,898	3,290	3,790	3,413	3,876	3,303	2,570	2,531	2,753	2,867
Health and human services	602	659	752	746	799	758	636	661	735	1,019
Interest on long-term debt	500	445	564	139	86	58	570	470	652	1,184
Total governmental activities expenses	<u>44,170</u>	<u>46,227</u>	<u>49,211</u>	<u>49,453</u>	<u>53,337</u>	<u>52,151</u>	<u>57,904</u>	<u>60,036</u>	<u>65,098</u>	<u>67,706</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Administrative	1,122	779	856	1,014	1,677	1,028	2,091	1,519	899	646
Judicial	3,580	3,632	3,579	3,734	3,785	3,623	3,585	3,255	3,165	2,373
Elections	-	-	-	-	1	-	-	1	-	9
Public safety	763	738	892	814	793	810	721	726	926	968
Corrections and rehabilitation	54	37	37	75	109	432	356	256	403	-
Road and bridge	1,758	1,823	1,915	1,990	2,094	2,110	2,111	2,050	2,035	2,043
Health and human services	8	9	10	18	14	21	21	21	57	6
Operating grants and contributions	1,597	1,638	1,680	1,458	1,848	1,662	3,094	2,307	3,141	4,496
Capital grants and contributions	2,178	1,887	3,266	581	5,539	10	231	62	-	1,673
Total governmental activities program revenues	<u>11,060</u>	<u>10,543</u>	<u>12,235</u>	<u>9,684</u>	<u>15,860</u>	<u>9,696</u>	<u>12,210</u>	<u>10,197</u>	<u>10,626</u>	<u>12,214</u>
Net (expense) revenue	(33,110)	(35,684)	(36,976)	(39,769)	(37,477)	(42,455)	(45,694)	(49,839)	(54,472)	(55,492)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	34,928	35,437	38,072	38,770	40,524	41,868	44,378	45,341	46,490	49,799
Property taxes, levied for debt service	2,317	2,331	2,309	2,199	2,091	2,166	2,163	2,906	4,542	2,725
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	99
Mixed beverage taxes	404	429	388	436	556	594	611	598	656	688
Sales and other taxes	219	218	213	240	236	228	236	270	184	2,978
Investment earnings	218	71	89	89	76	91	283	653	1,046	2,290
Gain on disposal of assets	(4)	-	-	90	28	-	-	-	-	-
Miscellaneous	631	370	-	368	235	60	-	-	-	2,089
Total governmental activities	<u>38,713</u>	<u>38,856</u>	<u>41,071</u>	<u>42,192</u>	<u>43,746</u>	<u>45,007</u>	<u>47,671</u>	<u>49,768</u>	<u>52,918</u>	<u>60,668</u>
<b>Change in Net Position</b>										
Governmental activities	<u>\$ 5,603</u>	<u>\$ 3,172</u>	<u>\$ 4,095</u>	<u>\$ 2,423</u>	<u>\$ 6,269</u>	<u>\$ 2,552</u>	<u>\$ 1,977</u>	<u>\$ (71)</u>	<u>\$ (1,554)</u>	<u>\$ 5,176</u>

**POTTER COUNTY, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Table 3

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Non-spendable	\$ -	\$ 62	\$ 52	\$ 53	\$ 23	\$ 17	\$ 521	\$ 1,030	\$ 1,014	\$ 1,078
Restricted	-	297	308	353	656	864	813	578	1,335	1,405
Committed	-	3,000	2,000	2,700	3,000	3,000	2,098	2,098	1,548	-
Assigned	426	-	-	-	-	-	-	-	-	1,548
Unassigned	16,817	12,608	14,022	14,496	14,102	13,237	16,397	17,999	20,831	23,633
Total General Fund	<u>17,243</u>	<u>15,967</u>	<u>16,382</u>	<u>17,602</u>	<u>17,781</u>	<u>17,118</u>	<u>19,829</u>	<u>21,705</u>	<u>24,728</u>	<u>27,664</u>
All other governmental funds										
Restricted										
Debt Service Fund	-	1,260	1,031	1,284	1,518	1,753	2,014	2,123	2,464	2,891
Special Revenue Funds	-	20	20	206	382	518	415	543	1,846	9,011
Capital Projects Funds	-	-	-	-	-	-	19,544	9,757	2,418	56,324
Assigned										
Debt Service Fund	989	-	-	-	-	-	-	-	-	-
Special Revenue Funds	479	3,352	3,098	3,352	3,522	3,351	3,735	3,409	3,459	-
Capital Projects Funds	-	5,130	3,219	5,060	7,680	9,223	7,854	9,544	9,101	10,560
Unassigned	10,182	-	-	(3)	-	(34)	(207)	(24)	(13)	(116)
Total all other governmental funds	<u>\$ 11,650</u>	<u>\$ 9,762</u>	<u>\$ 7,368</u>	<u>\$ 9,899</u>	<u>\$ 13,102</u>	<u>\$ 14,811</u>	<u>\$ 33,355</u>	<u>\$ 25,352</u>	<u>\$ 19,275</u>	<u>\$ 78,670</u>

**POTTER COUNTY, TEXAS**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Table 4

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 37,617	\$ 38,144	\$ 40,803	\$ 41,540	\$ 43,249	\$ 44,666	\$ 47,172	\$ 48,854	\$ 53,043	\$ 52,803
Licenses and fees	4,724	4,824	4,922	5,145	5,278	5,350	5,094	4,773	5,080	4,997
Fines and forfeitures	1,411	1,414	1,216	1,232	1,217	1,211	1,142	1,005	1,008	984
Intergovernmental	3,984	3,636	3,315	2,292	2,117	2,022	3,315	2,752	3,350	4,496
Interest	216	69	87	87	74	88	277	643	1,029	2,268
Sales and miscellaneous taxes	-	-	-	-	-	-	-	-	-	3,766
Miscellaneous	1,732	1,173	1,286	1,624	2,185	1,399	2,848	1,903	1,487	1,949
<b>Total revenues</b>	<b>49,684</b>	<b>49,260</b>	<b>51,629</b>	<b>51,920</b>	<b>54,120</b>	<b>54,736</b>	<b>59,848</b>	<b>59,930</b>	<b>64,997</b>	<b>71,263</b>
<b>Expenditures</b>										
Administrative	4,846	5,083	5,266	5,470	6,468	6,224	6,575	6,555	6,553	7,439
Judicial	12,480	12,888	13,369	13,307	13,882	14,556	14,645	15,696	15,888	15,971
Elections	312	335	327	342	388	449	474	544	492	483
Public facilities	2,386	2,549	2,063	2,593	2,387	2,463	3,241	2,722	2,609	2,424
Public safety	7,547	7,280	7,501	8,005	8,317	8,365	10,365	9,531	11,736	18,162
Corrections and rehabilitation	11,323	11,895	12,480	12,735	13,628	13,678	14,620	14,671	15,252	12,474
Road and Bridge	1,904	1,852	1,906	1,966	1,974	1,968	2,020	1,990	2,216	2,322
Health and human services	603	657	735	744	788	765	621	615	675	982
Capital outlay	7,091	7,827	7,398	1,052	1,038	3,253	5,595	16,487	8,852	1,886
Debt Service										
Principal	1,540	1,595	1,650	1,710	1,705	1,820	1,860	1,900	2,150	1,864
Interest	518	463	392	245	162	115	78	970	731	673
Bond issuance cost	-	-	-	-	-	-	375	-	-	221
<b>Total expenditures</b>	<b>50,550</b>	<b>52,424</b>	<b>53,087</b>	<b>48,169</b>	<b>50,737</b>	<b>53,656</b>	<b>60,469</b>	<b>71,681</b>	<b>67,154</b>	<b>64,901</b>
Excess of revenues over (under) expenditures	(866)	(3,164)	(1,458)	3,751	3,383	1,080	(621)	(11,751)	(2,157)	6,362
<b>Other financing sources (uses)</b>										
Transfers in	3,285	3,786	3,627	2,456	5,251	3,600	2,494	2,098	2,139	7,383
Transfers out	(3,285)	(3,786)	(3,627)	(2,456)	(5,251)	(3,600)	(2,494)	(2,098)	(2,389)	(7,383)
Sale of assets proceeds	-	-	-	-	-	-	-	-	-	33
Issuance of debt	-	-	-	-	-	-	21,875	5,625	-	50,375
Bond premiums	-	-	306	-	-	-	-	-	-	3,846
Refunded bond issued	-	-	7,220	-	-	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	(8,048)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(522)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,875</b>	<b>5,625</b>	<b>(250)</b>	<b>54,254</b>
<b>Net change in fund balances</b>	<b>\$ (866)</b>	<b>\$ (3,164)</b>	<b>\$ (1,980)</b>	<b>\$ 3,751</b>	<b>\$ 3,383</b>	<b>\$ 1,080</b>	<b>\$ 21,254</b>	<b>\$ (6,126)</b>	<b>\$ (2,407)</b>	<b>\$ 60,616</b>
Debt Service as a percentage of noncapital expenditures	4.74%	4.61%	4.47%	4.15%	3.76%	3.84%	3.53%	5.20%	4.94%	4.03%

**POTTER COUNTY, TEXAS  
PROPERTY TAX RATES AND TAX LEVIES  
DIRECT & ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Table 5

Fiscal Year	Roll Year	Operations Rate Potter County	Debt Rate Potter County	Total Direct Rate Potter County	City of Amarillo	Amarillo Independent School District	Amarillo Junior College District
<b>TAX RATES/\$100 ASSESSED VALUATION</b>							
2010	2009	0.55906	0.03721	0.59627	0.31009	1.17000	0.18413
2011	2010	0.56198	0.03713	0.59911	0.31009	1.17000	0.18996
2012	2011	0.59713	0.03637	0.63350	0.32009	1.17000	0.18938
2013	2012	0.59327	0.03380	0.62707	0.32009	1.17000	0.18938
2014	2013	0.60272	0.03130	0.63402	0.34009	1.18900	0.19950
2015	2014	0.60270	0.03132	0.63402	0.34509	1.18900	0.20750
2016	2015	0.63306	0.03096	0.66402	0.35072	1.18900	0.20750
2017	2016	0.62393	0.04009	0.66402	0.35072	1.18900	0.20750
2018	2017	0.62773	0.04227	0.67000	0.36364	1.18900	0.20750
2019	2018	0.64998	0.03502	0.68500	0.36838	1.23900	0.20750
<b>TAX LEVIES</b>							
2010	2009			\$ 36,838,767	\$ 14,738,991	\$ 45,002,465	\$ 8,813,056
2011	2010			37,048,561	14,705,565	44,788,062	9,055,462
2012	2011			39,788,918	15,425,670	45,653,589	9,409,503
2013	2012			40,409,642	15,708,448	46,609,058	9,826,792
2014	2013			42,066,200	17,193,151	48,937,739	10,187,585
2015	2014			43,446,569	17,741,065	50,005,086	10,771,690
2016	2015			45,997,729	18,500,426	49,445,745	11,061,255
2017	2016			47,820,876	19,291,735	51,305,085	11,536,520
2018	2017			50,535,016	20,889,204	53,534,965	12,093,717
2019	2018			53,148,726	21,673,252	56,785,888	12,402,453

**POTTER COUNTY, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

Table 6

Fiscal Year	Roll Year	Real Property Value		Personal Property Value		Total Value		Total Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
		Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual		
2010	2009	\$ 6,144,595	\$ 6,186,664	\$ 1,467,480	\$ 1,600,943	\$ 7,612,075	\$ 7,787,607	0.59627	97.75%
2011	2010	6,257,274	6,506,527	1,469,795	1,469,829	7,727,069	7,976,356	0.59911	96.87%
2012	2011	6,499,571	6,754,319	1,626,148	1,625,163	8,125,719	8,379,482	0.63350	96.97%
2013	2012	6,647,265	6,893,284	1,687,907	1,687,907	8,335,172	8,581,191	0.62707	97.13%
2014	2013	6,690,462	6,935,556	1,631,586	1,631,586	8,322,048	8,567,142	0.63402	97.14%
2015	2014	6,921,060	7,172,364	1,727,791	1,727,791	8,648,851	8,900,155	0.63402	97.18%
2016	2015	7,107,807	7,357,630	1,752,275	1,752,275	8,860,082	9,109,905	0.66402	97.26%
2017	2016	7,192,330	7,449,131	1,848,664	1,848,664	9,040,994	9,297,795	0.66402	97.24%
2018	2017	7,564,639	7,841,179	1,917,145	1,917,145	9,481,784	9,758,324	0.67000	97.17%
2019	2018	7,863,970	8,126,646	1,943,631	1,943,631	9,807,601	10,070,277	0.68500	97.39%

Source: Potter Randall Appraisal District

Note: Direct tax rates are per \$100 of assessed value.

**POTTER COUNTY, TEXAS  
PRINCIPAL TAXPAYERS  
CURRENT AND NINE YEARS AGO  
SEPTEMBER 30, 2019**

Table 7

Taxpayer	Type of Business	2018 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2009 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Southwestern Public Service (Xcel)	Electric Utility	\$ 404,701,153	1	5.15%	\$ 200,175,505	1	3.27%
Bell Helicopter Textron	Osprey Production	144,692,751	2	1.84%			
BNSF Railway Company	Railroad	134,401,001	3	1.71%	73,570,233	6	1.20%
BSA Hospital LLC	Healthcare	131,300,694	4	1.67%			
Linde Gas North America	Helium	97,156,512	5	1.24%			
Northwest Texas Healthcare	Healthcare	83,603,329	6	1.06%	84,540,339	5	1.38%
Amarillo Economic Development Corp.	Commercial/Economic Development	72,837,086	7	0.93%	34,988,427	10	0.57%
Tyson Fresh Meats Inc.	Meat Packing	69,134,541	8	0.88%	86,230,349	4	1.41%
Asarco Inc.	Copper Refinery	62,454,551	9	0.79%	90,299,924	3	1.48%
Amarillo Mall, LLC	Shopping Mall	60,631,102	10	0.77%	60,722,582	7	0.99%
Pioneer Natural Resources (USA)	Natural Gas Utility				105,626,898	2	1.73%
Wal Mart Real Estate	Retailer				48,175,393	8	0.79%
Ben E. Keith Company	Food Distribution				47,962,029	9	0.78%
		<u>\$ 1,260,912,720</u>		<u>16.04%</u>	<u>\$ 832,291,679</u>		<u>13.60%</u>

Source: Potter Randall Appraisal District

**POTTER COUNTY, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN TAX ROLL YEARS**

Table 8

Fiscal Year	Roll Year	Original Tax Levy	Adjustments	Adjusted Tax Levy	Collected in the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
					Collected Amount	Percent of Original Levy Collected		Total Collections	Percent of Adjusted Levy Collected
2010	2009	\$ 36,838,767	\$ -	\$ 36,838,767	\$ 35,810,722	97.21%	\$ 954,318	\$ 36,765,040	99.80%
2011	2010	37,151,855	-	37,151,855	36,511,897	98.28%	562,093	37,073,990	99.79%
2012	2011	39,788,918	-	39,788,918	39,101,638	98.27%	611,579	39,713,217	99.81%
2013	2012	40,409,642	-	40,409,642	39,698,578	98.24%	620,492	40,319,070	99.78%
2014	2013	42,066,200	-	42,066,200	41,545,818	98.76%	418,614	41,964,432	99.76%
2015	2014	43,446,569	-	43,446,569	42,961,582	98.88%	367,838	43,329,420	99.73%
2016	2015	46,009,549	-	46,009,549	45,445,342	98.77%	425,983	45,871,325	99.70%
2017	2016	47,820,877	-	47,820,877	47,232,286	98.77%	395,766	47,628,052	99.60%
2018	2017	50,535,016	-	50,535,016	49,853,961	98.65%	375,430	50,229,391	99.40%
2019	2018	53,148,726	-	53,148,726	52,523,561	98.82%	-	52,523,561	98.82%

Source: Potter County Tax Office



**POTTER COUNTY, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST 10 FISCAL YEARS  
SEPTEMBER 30, 2019**

Table 9

	GOVERNMENTAL ACTIVITIES				Total Primary Government	Percentage of Property Value (1)	Percentage of Personal Income (2)	\$ Per Capita (2)
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Lease				
2010	\$ 6,215,909	\$ 7,770,000	\$ -	\$ -	\$ 13,985,909	0.18%	0.37%	\$ 115
2011	4,591,272	7,770,000	-	-	12,361,272	0.15%	0.30%	101
2012	10,407,628	-	-	-	10,407,628	0.12%	0.24%	85
2013	8,616,985	-	-	-	8,616,985	0.10%	0.20%	71
2014	6,845,324	-	-	-	6,845,324	0.08%	1.38%	56
2015	4,970,254	-	-	-	4,970,254	0.06%	0.10%	41
2016	3,030,221	21,887,782	-	-	24,918,003	0.27%	0.47%	204
2017	1,100,211	21,840,412	5,625,000	-	28,565,623	0.31%	0.55%	237
2018	-	20,922,350	5,450,000	-	26,372,350	0.27%	0.50%	220
2019	-	74,225,686	4,585,000	601,063	79,411,749	0.79%	1.47%	665

Note:

(1) Property values are found in Table 6

(2) Personal income and population are found in Table 13

**POTTER COUNTY, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
SEPTEMBER 30, 2019**

Table 10

Taxable assessed value	\$ 7,888,440,011
Debt limit (5% of taxable assessed value)	\$ 394,422,001
Debt applicable to limit:	
Total bonded debt	78,810,686
Less: amount set aside for repayment of debt	(2,802,930)
Net Indebtedness subject to debt limit	76,007,756
Net debt contracting margin	\$ 318,414,245
Percentage of net debt contraction margin available	80.73 %
Percentage of net debt contracting power exhausted	19.27 %

Last Ten Years

Fiscal Year	Constitutional Debt Limit	Net Outstanding Indebtedness September 30	Percentage of Net Debt Contracting Margin Available
2010	\$ 306,060,172	\$ 12,875,634	95.79%
2011	310,385,535	11,009,894	96.45%
2012	316,787,646	9,038,778	97.15%
2013	324,502,416	7,076,480	97.82%
2014	334,013,008	5,152,339	98.46%
2015	344,960,488	3,081,511	99.11%
2016	350,204,733	22,431,045	93.59%
2017	364,014,349	26,141,654	92.82%
2018	382,306,235	23,612,723	93.82%
2019	394,422,001	76,007,756	80.73%

**POTTER COUNTY, TEXAS**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

Table 11

Fiscal Year	Roll Year	Population	Assessed Value (in Thousands)	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2010	2009	121,448	\$ 7,787,607	\$ 13,985,909	\$ 989,366	\$ 12,996,543	1.669%	\$ 107
2011	2010	122,421	7,976,356	12,361,272	1,260,106	11,101,166	1.392%	91
2012	2011	122,894	8,379,482	10,407,628	1,031,222	9,376,406	1.119%	76
2013	2012	122,146	8,581,191	8,616,985	1,283,520	7,333,465	0.855%	60
2014	2013	122,276	8,567,142	6,845,324	1,517,693	5,327,631	0.622%	44
2015	2014	121,374	8,900,155	4,970,254	1,753,489	3,216,765	0.361%	27
2016	2015	120,832	9,109,905	24,918,003	2,013,955	22,904,048	2.514%	190
2017	2016	120,458	9,297,795	28,565,623	2,122,859	26,442,764	2.844%	220
2018	2017	119,648	9,758,324	26,372,350	2,464,218	23,908,132	2.450%	200
2019	2018	119,066	10,070,277	78,810,686	2,802,930	76,007,756	7.548%	638

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

**POTTER COUNTY, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
SEPTEMBER 30, 2019**

Table 12

Governmental Unit	Gross Debt	Estimated Percent Applicable	Potter County Share of Debt
Direct:			
Potter County, Texas	\$ 78,810,686	100.00%	<u>\$ 78,810,686</u>
Overlapping:			
Amarillo Independent School District	245,770,000	51.43%	126,399,511
Amarillo College District	79,855,000	46.05%	36,773,228
River Road Independent School District	9,251,840	45.91%	4,247,520
Highland Park Independent School District	19,405,000	100.00%	19,405,000
Bushland Independent School District	19,665,000	89.66%	17,631,639
City of Amarillo	142,615,696	46.05%	<u>65,674,528</u>
			<u>270,131,425</u>
Total Direct and Overlapping Debt			<u><u>\$ 348,942,111</u></u>

Source: Potter County Auditor's Office

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Percentages were calculated by determining the portion of the county's total taxable value that is within the entities' boundaries and dividing it by the County's total taxable assessed valuation.

**POTTER COUNTY, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Table 13

Fiscal Year	Population	Personal Income (In Thousands)	Per Capita Income	Unemployment Rate
2010	121,448	\$ 3,831,073	\$ 31,563	6.30%
2011	122,285	4,071,704	33,358	5.90%
2012	122,335	4,248,586	34,707	5.30%
2013	122,146	4,344,796	35,712	5.00%
2014	121,627	495,095	40,706	4.10%
2015	121,857	4,950,949	42,334	3.20%
2016	122,082	5,341,958	43,749	3.30%
2017	120,346	5,220,203	43,249	2.90%
2018	119,648	5,257,978	43,945	2.70%
2019	119,471	5,392,605	44,403	2.50%

Source: Texas Workforce Commission Tracer

**POTTER COUNTY, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO**

Table 14

Employer	2019			Employer	2010		
	Employees	Rank	Percentage of County Employment		Employees	Rank	Percentage of County Employment
Amarillo ISD	5,364	1	4.17%	Amarillo ISD	4,103	1	3.09%
Tyson Foods	4,400	2	3.42%	Tyson Foods	3,768	2	2.83%
CNS Pantex	3,203	3	2.49%	BWXT Pantex	3,247	3	2.44%
Baptist St. Anthony's Health Care System	3,200	4	2.49%	Baptist St. Anthony's Health Care System	2,626	4	1.98%
Northwest Texas Healthcare System	1,860	5	1.45%	City of Amarillo	1,807	5	1.36%
City of Amarillo	1,439	6	1.12%	Northwest Texas Healthcare System	1,489	6	1.12%
United Supermarkets (all Amarillo stores)	1,604	7	1.25%	Texas Department of Criminal Justice	1,350	7	1.02%
Walmart Supercenters (4 locations)	1,359	8	1.06%	Bell Helicopter Textron Inc.	1,104	8	0.83%
Amarillo VA Health Care System	1,215	9	0.94%	Western National Life Insurance Company	980	9	0.74%
Affiliated Foods/TriState Baking/Plains Dairy	1,205	10	0.94%	Xcel Energy	920	10	0.69%
	<u>24,849</u>		<u>19.3%</u>		<u>21,394</u>		<u>16.1%</u>

Source: Amarillo Chamber of Commerce

**POTTER COUNTY, TEXAS**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/ACTIVITY**  
**LAST TEN FISCAL YEARS**

Table 15

Activity	Full-time Equivalent Employees as of September 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>GENERAL FUND</b>										
General Administrative	63.0	64.0	64.5	63.8	64.3	66.8	67.8	69.0	68.0	67.0
Facilities Maintenance	26.0	26.0	26.0	27.0	27.0	27.0	28.0	28.0	29.0	28.0
Elections Administration	4.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	5.0	5.0
Judicial	146.5	144.0	144.0	145.5	143.5	147.0	150.5	149.5	151.5	149.0
Public Safety	87.0	86.5	86.5	87.0	89.0	89.0	89.0	89.0	100.0	104.0
Corrections and Rehabilitation	123.0	123.0	123.0	125.0	128.0	131.0	130.0	130.0	138.0	139.0
Health and Human Services	12.0	12.0	11.0	11.0	12.0	11.0	11.0	11.0	14.0	15.0
Road & Bridge	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	25.0	25.0
<b>TOTAL GENERAL FUND</b>	<b>487.5</b>	<b>486.0</b>	<b>485.5</b>	<b>489.8</b>	<b>494.3</b>	<b>502.3</b>	<b>506.8</b>	<b>507.0</b>	<b>530.5</b>	<b>532.0</b>
<b>OTHER GOVERNMENTAL FUNDS</b>										
Judicial	9.0	10.0	10.5	10.5	7.5	10.0	8.0	4.0	4.0	2.0
Public Safety	4.0	5.0	5.0	5.0	6.0	6.0	10.0	10.0	3.0	3.0
Corrections and Rehabilitation	23.0	22.0	22.0	22.0	22.0	22.0	22.0	23.5	24.0	24.0
<b>TOTAL OTHER GOVERNMENTAL FUNDS</b>	<b>36.0</b>	<b>37.0</b>	<b>37.5</b>	<b>37.5</b>	<b>35.5</b>	<b>38.0</b>	<b>40.0</b>	<b>37.5</b>	<b>31.0</b>	<b>29.0</b>
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>523.5</b>	<b>523.0</b>	<b>523.0</b>	<b>527.3</b>	<b>529.8</b>	<b>540.3</b>	<b>546.8</b>	<b>544.5</b>	<b>561.5</b>	<b>561.0</b>

Source: Potter County employee records

**POTTER COUNTY, TEXAS  
OPERATING INDICATORS BY FUNCTION/ACTIVITY  
LAST TEN FISCAL YEARS**

Table 16

<u>Activity</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>General Government</b>										
<b>Tax Office</b>										
Auto titles issued	30,180	31,083	30,820	32,260	31,956	31,122	31,307	29,818	29,912	29,255
Auto registrations	104,539	101,487	102,890	103,780	104,742	108,774	102,417	104,397	105,106	104,311
<b>County Clerk</b>										
Marriage license applications	1,431	1,424	1,606	1,476	1,529	1,540	1,501	1,429	1,273	1,174
Real property documents filed	21,537	19,393	20,315	21,359	19,822	18,617	19,517	22,300	19,092	17,643
<b>Elections Administration</b>										
Registered voters	53,005	49,689	52,296	51,003	52,747	54,120	54,999	54,024	53,219	55,640
<b>Administration of Justice</b>										
<b>District Court Level</b>										
Civil cases filed	3,441	3,548	3,412	3,426	3,472	3,981	3,212	3,953	3,825	2,328
Civil case dispositions	2,730	3,851	3,578	3,259	3,477	3,229	3,420	2,971	4,154	2,393
Criminal cases filed	2,043	2,474	2,111	2,202	2,385	2,019	2,165	2,243	1,808	2,162
Criminal case dispositions	2,136	2,450	2,371	2,151	2,449	2,212	1,987	2,161	1,996	2,178
<b>County Court Level</b>										
Civil cases filed	1,047	1,109	1,070	922	1,065	977	805	834	981	1,063
Civil case dispositions	962	1,133	1,134	876	1,080	870	776	722	875	1,071
Criminal cases filed	3,206	3,103	3,319	3,011	2,342	2,816	2,556	2,231	2,201	1,470
Criminal case dispositions	2,943	3,151	3,339	3,200	3,189	2,597	2,793	1,991	2,069	1,926
<b>Justice of the Peace court level</b>										
Civil cases filed	2,281	1,819	2,045	2,117	2,032	2,291	2,517	2,386	2,526	2,592
Civil case dispositions	2,356	4,249	2,324	2,058	1,962	2,063	1,842	2,045	2,341	2,023
Criminal cases filed	8,753	7,420	8,316	8,038	9,209	6,954	5,716	4,588	5,379	5,347
Criminal case dispositions	10,078	9,176	8,508	8,374	7,680	9,617	5,249	7,244	4,874	4,902
<b>Public Safety &amp; Correctional</b>										
<b>Sheriff</b>										
Average Daily Jail Population	522	529	471	491	501	477	495	527	555	518
Average Daily Prisoner Cost	\$ 45.05	\$ 45.86	\$ 52.72	\$ 52.55	\$ 57.05	\$ 60.32	\$ 60.15	\$ 57.69	\$ 58.56	\$ 66.70

Sources: Potter County Offices, TxDOT and the Office of Court Administration



**POTTER COUNTY, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION/ACTIVITY  
LAST TEN FISCAL YEARS**

Table 17

<u>Activity</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government										
Office Buildings / Courthouses	7	7	7	7	7	7	7	7	7	7
Public Safety & Correctional										
Constables										
Patrol vehicles	3	2	2	4	4	4	4	4	4	4
Sheriff										
Enforcement vehicles	29	29	41	43	43	46	46	46	48	48
Corrections vehicles	11	11	11	10	10	8	8	8	8	8
Fire / Rescue										
Fire Stations	7	7	7	7	7	7	7	7	7	7
Transportation										
County Roads (miles)	300.8	301.09	282.6	287.86	291.56	291.56	291.37	291.37	291.37	301.46
Bridges	2	2	2	2	2	2	2	2	2	2

Source: Various County departments and County fixed asset reports

## **COMPLIANCE**



To The Honorable County Judge and  
Commissioners Comprising the  
Commissioners' Court of  
Potter County, Texas

INDEPENDENT AUDITORS' 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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Potter County, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Potter County, Texas' basic financial statements, and have issued our report thereon dated March 13, 2020.

**Internal Control Over Financial Reporting**

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

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

## Purpose of this Report

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

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

March 13, 2020