

Presidio County, Texas  
Annual Financial and Compliance Report  
For the Year Ended September 30, 2015

**PRESIDIO COUNTY**  
**Financial Statements with Supplementary Information**  
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**September 30, 2015**

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**INDEPENDENT AUDITOR'S REPORT**

Painter and Associates, P.C.  
Certified Public Accountants

836 King George Lane  
Savannah, Texas 76227-7854

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Cinderela Guevara and  
Members of the Commissioners' Court of  
Presidio County, Texas

**Report on the Financial Statements**

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 Presidio County as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Basis for Qualified Opinion**

The County received an adverse opinion for the prior year audit. As a result the opening balances of the financial statements are not audited numbers and the effects, if any, have not been determined.

**Qualified Opinion**

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, 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 Presidio County, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 13 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 Presidio County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2016, on our consideration of Presidio County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Presidio County's internal control over financial reporting and compliance.

*Painter and Associates, P.C.*

Savannah, Texas  
September 19, 2016

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**Presidio County  
300 N. Highland Avenue  
Marfa, Texas 79843**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Presidio County, discuss and analyze the County's financial performance for the fiscal year ended September 30, 2015. Please read it in conjunction with, the independent auditors' report on page 1, and the County's Basic Financial Statements which begin on page 7.

**FINANCIAL HIGHLIGHTS**

As a result of this year's operations the County's net position increased by \$368,363. The result was that net position of our governmental activities increased by \$1,528 or .02% and the business-like activities increased \$366,835 or 8.06%.

During the year, the County had expenditures that were \$248,335 less than the \$5,754,010 generated by the ad valorem taxes, investment earnings, licenses and permits, charges for services as well as miscellaneous income in the Governmental Funds. The County had expenses that were \$357,335 less than the \$1,883,388 that was generated by charges for services and miscellaneous income in the Enterprise Fund.

The Governmental Funds ended the year with a fund balance of \$9,940,141 compared to a fund balance of \$9,938,613, as restated, at the end of the prior year. The Proprietary Fund ended the year with a fund balance of \$4,920,673 compared to a fund balance of \$4,553,838, as restated, at the end of the prior year.

The General Fund budget for the County revealed \$226,557 more revenues were received during the year than were budgeted while \$262,443 less expenses were incurred than were budgeted for in the year. The net effect of the budget variance was \$489,000, a positive budget variance.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

For governmental activities, the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

## **Reporting the County as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

The analysis of the County's overall financial condition and operations begins on page 7. Its primary purpose is to show whether the County is better or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes in them. The County's net position, the difference between assets and liabilities, provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider nonfinancial factors as well.

## **Reporting the County's Most Significant Funds**

### ***Fund Financial Statements***

Specific provisions of laws, bond covenants and contracts require the County to establish funds. The County's administration establishes many other funds to help it control and manage money for particular purposes such as grants.

#### *Governmental Funds*

Only the County's general operating funds are reported in governmental funds. These use modified accrual accounting, a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash, and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's activities.

#### *Proprietary Funds*

The County's enterprise activity, the County Jail, is reported as a proprietary fund. This fund uses accrual accounting, a method that measures the performance and position of the fund by recognizing economic events regardless of when cash transactions occur. Economic events are recognized by matching revenues to expenses at the time in which the transaction occurs rather than when payment is made or received.

#### *Fiduciary Funds*

The County's fiduciary funds are used to account for money held by the County on a temporary basis, but belonging to individuals or entities other than the County. The fiduciary funds are not part of the government-wide statements and are reported on a full accrual basis of accounting with an economic resources measurement focus.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The County implemented GASB Statement No. 34 in a previous year. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County's governmental and business-type activities.



**TABLE I - SUMMARY OF NET POSITION**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Cash & Cash Equivalents	\$ 1,704,229	\$ 839,911	\$ 934,887	\$ 512,851	\$ 2,639,116	\$ 1,352,762
Receivables, net	1,420,498	1,072,284	249,617	538,166	1,670,115	1,610,450
Grants Receivable	516,278	343,875	-	-	516,278	343,875
Amount Due From Others	914,053	462,172	646,512	7,558	1,560,565	469,730
Other Assets	-	-	1,924	-	1,924	-
Capital Assets, net	8,377,376	8,509,977	3,241,697	3,535,580	11,619,073	12,045,557
Deferred Outflows of Resources	627,447	576,544	-	-	627,447	576,544
<b>Total Assets</b>	<b>\$13,559,881</b>	<b>\$ 11,804,763</b>	<b>\$ 5,074,637</b>	<b>\$ 4,594,155</b>	<b>\$18,634,519</b>	<b>\$16,398,918</b>
<b>Liabilities</b>						
Accounts Payable	\$ 851,262	\$ 284,602	\$ 10,532	\$ 15,217	\$ 861,794	\$ 299,819
Amount Due to Others	1,448,773	107,675	92,723	7,616	1,541,496	115,291
Debt Service - Current	236,000	231,000	-	-	236,000	231,000
Debt Service - Long Term	979,000	1,215,000	-	-	979,000	1,215,000
Compensated Absences	104,705	27,873	50,710	17,483	155,415	45,356
<b>Total Liabilities</b>	<b>3,619,740</b>	<b>1,866,150</b>	<b>153,965</b>	<b>40,316</b>	<b>3,773,705</b>	<b>1,906,466</b>
<b>Net Position</b>						
Invested in Capital Assets						
Net of Related Debt	7,162,376	7,063,977	3,241,697	3,535,580	10,404,073	10,599,557
Restricted	241,281	223,983	-	-	241,281	223,983
Unrestricted	2,536,484	2,650,652	1,678,975	1,018,258	4,215,459	3,668,910
<b>Total Net Position</b>	<b>9,940,141</b>	<b>9,938,613</b>	<b>4,920,673</b>	<b>4,553,838</b>	<b>14,860,813</b>	<b>14,492,452</b>
<b>Total Liabilities and Net Position</b>	<b>\$13,559,881</b>	<b>\$ 11,804,763</b>	<b>\$ 5,074,638</b>	<b>\$ 4,594,155</b>	<b>\$18,634,519</b>	<b>\$16,398,918</b>

**TABLE II - SUMMARY OF CHANGES IN NET POSITION**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Property Taxes	\$ 2,961,942	\$ 2,290,433	\$ -	\$ -	\$ 2,961,942	\$ 2,290,433
Charges for Services	1,548,648	1,907,472	1,882,665	2,086,054	3,431,313	3,993,526
Program Income from Grants	747,575	1,090,351	-	-	747,575	1,090,351
Property Tax Collections Contracts	97,678	81,181	-	-	97,678	81,181
Licenses and Permits	21,559	20,148	-	-	21,559	20,148
Unrestricted Investment Earnings	265	335	723	356	988	691
Miscellaneous	376,343	216,348	-	-	376,343	216,348
<b>Total Revenues</b>	<b>5,754,010</b>	<b>5,606,268</b>	<b>1,883,388</b>	<b>2,086,410</b>	<b>7,637,398</b>	<b>7,692,678</b>
<b>Expenses</b>						
County Judge	88,563	134,092	-	-	88,563	134,092
County Commissioners	102,342	-	-	-	102,342	-
County and District Clerk	204,984	204,592	-	-	204,984	204,592
County VA Officer	13,807	12,394	-	-	13,807	12,394
Justices of the Peace	187,548	197,829	-	-	187,548	197,829
County Attorney	113,182	113,879	-	-	113,182	113,879
District Court	51,453	53,284	-	-	51,453	53,284
District Attorney	41,200	30,900	-	-	41,200	30,900
County Treasurer	105,030	110,768	-	-	105,030	110,768
Office of Management & Budget	110,224	164,337	-	-	110,224	164,337
County Tax Office	234,161	234,801	-	-	234,161	234,801
County Auditor	4,910	38,889	-	-	4,910	38,889
County Courthouse	152,146	56,966	-	-	152,146	56,966
County Annex	56,276	71,279	-	-	56,276	71,279
County Sheriff	810,546	656,412	-	-	810,546	656,412
County Constables	26,376	24,976	-	-	26,376	24,976
County Agent	31,337	30,013	-	-	31,337	30,013
Emergency Management	57,429	64,618	-	-	57,429	64,618
Department of Public Safety	2,399	3,305	-	-	2,399	3,305
Non-Departmental	3,349,068	3,893,832	1,526,053	1,126,176	4,875,121	5,020,008
<b>Total Expenses</b>	<b>5,742,981</b>	<b>6,097,166</b>	<b>1,526,053</b>	<b>1,126,176</b>	<b>7,269,034</b>	<b>7,223,342</b>
Excess (Deficiency) of Revenues over Expenditures	11,029	(490,898)	357,335	960,234	368,364	469,336
<b>Other Financing Sources (Uses)</b>						
Transfers	(9,500)	(54,992)	9,500	54,992	-	-
Sales of Capital Assets	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(9,500)</b>	<b>(54,993)</b>	<b>9,500</b>	<b>54,991</b>	<b>-</b>	<b>-</b>
Net Position - Beginning of Year	9,938,613	11,844,766	4,553,838	2,445,463	14,492,451	14,290,229
Prior Period Adjustments	-	(1,360,262)	-	1,093,150	-	(267,112)
<b>Net Position - End of Year</b>	<b>\$ 9,940,141</b>	<b>\$ 9,938,613</b>	<b>\$ 4,920,673</b>	<b>\$ 4,553,838</b>	<b>\$ 14,860,813</b>	<b>\$ 14,492,452</b>

## THE COUNTY'S FUNDS

Over the course of the year, the Commissioners Court revised the County's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances versus the amounts estimated in the July 2014. The second category involved amendments moving funds from accounts that did not need all the resources originally appropriated to them to programs with resource needs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2015, the County had over \$18 million invested in land, buildings, machinery and equipment, and office furniture and fixtures.

TABLE III - Capital Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land and Buildings	\$ 12,952,040	\$ 12,952,040	\$ 6,009,204	\$ 6,009,204	\$ 18,961,244	\$ 18,961,244
Machinery and Equipment	4,640,970	4,201,716	906,272	896,503	5,547,242	5,098,219
Accumulated Depreciation	(9,215,634)	(8,643,778)	(3,673,778)	(3,370,127)	(12,889,412)	(12,013,905)
Total Net Capital Assets	\$ 8,377,376	\$ 8,509,977	\$ 3,241,697	\$ 3,535,580	\$ 11,619,073	\$ 12,045,557

### Debt

At the end of the year the County had \$1,215,000 of outstanding debt. The debt was from the County's sale of \$1,879,000 of general obligation refunding bonds. The bond was issued with a fixed interest rate of 2.300%.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office, at the Presidio County Courthouse, P.O. Box 1055, Marfa, Texas 79843.

## **BASIC FINANCIAL STATEMENTS**

**Presidio County**  
Statement of Net Position  
September 30, 2015

Exhibit A-1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,462,948	\$ 934,887	\$ 2,397,835
Restricted Cash and Cash Equivalents	241,281	-	241,281
	<u>1,704,229</u>	<u>934,887</u>	<u>2,639,116</u>
Receivables, net	1,420,498	249,617	1,670,115
Grants Receivable	516,278	-	516,278
Amount Due from Others	914,053	646,512	1,560,565
Other Assets	-	1,924	1,924
Capital Assets, net	8,377,376	3,241,697	11,619,074
<b>Deferred Outflow of Resources</b>			
Differences Between Actual and Expected Experience	68,625	-	68,625
Contributions Subsequent to Measurement Date	103,809	-	103,809
Net Pension Asset	455,013	-	455,013
	<u>\$ 13,559,881</u>	<u>\$ 5,074,637</u>	<u>\$ 18,634,519</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Expenses	\$ 851,262	\$ 10,532	\$ 861,794
Amount Due to Others	1,448,773	92,723	1,541,497
Long-term Debt			
Due Within One Year	236,000	-	236,000
Due in More Than One Year	979,000	-	979,000
Compensated Absences	104,705	50,710	155,415
	<u>3,619,740</u>	<u>153,965</u>	<u>3,773,705</u>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	7,162,376	3,241,697	10,404,074
Restricted	241,281	-	241,281
Unrestricted	2,536,484	1,678,975	4,215,459
	<u>9,940,141</u>	<u>4,920,673</u>	<u>14,860,813</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 13,559,881</u>	<u>\$ 5,074,637</u>	<u>\$ 18,634,519</u>

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

**Presidio County**  
**Statement of Activities**  
For the Year Ended September 30, 2015

Exhibit B-1

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Primary Government:</b>						
<b>Government Activities:</b>						
County Judge	\$ 88,563	\$ 73,835	\$ 17,124	\$ 2,395	\$ -	\$ 2,395
County Commissioners	102,342	-	-	(102,342)	-	(102,342)
County and District Clerk	204,984	24,513	-	(180,470)	-	(180,470)
County VA Officer	13,807	-	-	(13,807)	-	(13,807)
Justice of the Peace	187,548	119,895	-	(67,653)	-	(67,653)
County Attorney	113,182	26	23,333	(89,823)	-	(89,823)
District Court	51,453	224,900	6,392	179,839	-	179,839
District Attorney	41,200	-	-	(41,200)	-	(41,200)
County Treasurer	105,030	-	-	(105,030)	-	(105,030)
Office of Management & Budget	110,224	-	-	(110,224)	-	(110,224)
County Tax Office	234,161	-	-	(234,161)	-	(234,161)
County Auditor	4,910	-	-	(4,910)	-	(4,910)
County Courthouse	152,146	-	-	(152,146)	-	(152,146)
County Annex	56,276	-	-	(56,276)	-	(56,276)
County Sheriff	810,546	82,055	-	(728,491)	-	(728,491)
County Constables	26,376	-	-	(26,376)	-	(26,376)
County Agent	31,337	-	-	(31,337)	-	(31,337)
Emergency Management	57,429	35,579	-	(21,850)	-	(21,850)
Department of Public Safety	2,399	-	-	(2,399)	-	(2,399)
Non-Departmental	3,349,068	987,846	700,726	(1,660,496)	-	(1,660,496)
	<u>5,742,982</u>	<u>1,548,648</u>	<u>747,575</u>	<u>(3,446,759)</u>	<u>-</u>	<u>(3,446,759)</u>
<b>Business-Type Activities:</b>						
Corrections & Rehabilitation	1,526,053	1,882,665	-	-	356,612	356,612
	<u>1,526,053</u>	<u>1,882,665</u>	<u>-</u>	<u>-</u>	<u>356,612</u>	<u>356,612</u>
<b>Total Expenses</b>	<u>\$ 7,269,035</u>	<u>\$ 3,431,313</u>	<u>\$ 747,575</u>	<u>(3,446,759)</u>	<u>356,612</u>	<u>(3,090,147)</u>
<b>General Revenues</b>						
Property Taxes				2,961,942	-	2,961,942
Property Tax Collection Contracts				97,678	-	97,678
Licenses and Permits				21,559	-	21,559
Unrestricted Investment Earnings				265	723	988
Miscellaneous				376,343	-	376,343
Transfers				(9,500)	9,500	-
<b>Total General Revenues and Transfers</b>				<u>3,448,287</u>	<u>10,223</u>	<u>3,458,510</u>
Change in Net Position				1,528	366,835	368,363
Net Position - Beginning of the Year (Restated)				9,938,613	4,553,838	14,492,451
<b>Net Position - End of the Year</b>				<u>\$ 9,940,141</u>	<u>\$ 4,920,673</u>	<u>\$ 14,860,813</u>

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

**Presidio County**  
**Balance Sheet - Governmental Funds**  
**September 30, 2015**

Exhibit C-1

	Major	Non-Major Funds			Total Governmental Funds	
	General Fund	Special Revenue	Capital Projects	Debt Service		Other Funds
<b>Assets</b>						
Cash and Cash Equivalents	\$ 1,037,500	\$ 326,645	\$ 13,038	\$ -	\$ 85,764	\$ 1,462,948
Restricted Cash and Cash Equivalents	-	-	-	241,281	-	241,281
Receivables, net	1,420,498	66,021	-	-	-	1,486,520
Grant Receivable	-	450,256	-	-	-	450,256
Interfund Receivable	460,711	451,992	-	-	1,350	914,053
<b>Total Assets</b>	<b>\$ 2,918,710</b>	<b>\$ 1,294,915</b>	<b>\$ 13,038</b>	<b>\$ 241,281</b>	<b>\$ 87,114</b>	<b>\$ 4,555,058</b>
<b>Liabilities and Fund Balance</b>						
Liabilities						
Accounts Payable	\$ 432,536	\$ 411,433	\$ -	\$ -	\$ 7,294	\$ 851,262
Interfund Payable	779,253	669,520	-	-	-	1,448,773
Total Liabilities	1,211,789	1,080,952	-	-	7,294	2,300,035
Fund Balance						
Non-spendable	-	-	-	-	-	-
Restricted	-	-	-	241,281	-	241,281
Committed	-	-	-	-	-	-
Assigned	-	213,963	13,038	-	79,820	306,821
Unassigned	1,706,921	-	-	-	-	1,706,921
Total Fund Balance	1,706,921	213,963	13,038	241,281	79,820	2,255,023
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,918,710</b>	<b>\$ 1,294,915</b>	<b>\$ 13,038</b>	<b>\$ 241,281</b>	<b>\$ 87,114</b>	<b>\$ 4,555,058</b>

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

**Presidio County**

Exhibit C-2

Reconciliation of Governmental Fund Balance Sheet to the  
Statement of Net Position  
September 30, 2015

Total Fund Balance - Governmental Funds	\$ 2,255,023
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. At the beginning of the year, the costs of these assets was \$ 17,153,756 and the accumulated depreciation was \$8,643,778. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets	8,048,719
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and the reduction in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase (decrease) net position.	208,254
The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	<u>(571,855)</u>
Net Position of Governmental Activities	<u>\$ 9,940,141</u>

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

**Presidio County**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2015**

Exhibit C-3

	<u>Major</u>	<u>Non-Major Funds</u>			<u>Total Governmental Funds</u>	
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>		<u>Other Funds</u>
<b>Revenues</b>						
Property Taxes	\$ 2,685,689	\$ -	\$ -	\$ 276,253	\$ -	\$ 2,961,942
Charges for Services	584,162	585,306	-	-	379,180	1,548,648
Program Income from Grants	46,849	700,726	-	-	-	747,575
Property Tax Collection Contracts	97,678	-	-	-	-	97,678
Licenses and Permits	21,559	-	-	-	-	21,559
Unrestricted Investment Earnings	9	-	-	256	-	265
Miscellaneous	376,343	-	-	-	-	376,343
<b>Total Revenues</b>	<b>3,812,289</b>	<b>1,286,031</b>	<b>-</b>	<b>276,509</b>	<b>379,180</b>	<b>5,754,010</b>
<b>Expenditures</b>						
County Judge	126,098.91	-	-	-	-	126,099
County Commissioners	102,342.41	-	-	-	-	102,342
County and District Clerk	207,666.95	-	-	-	-	207,667
County VA Officer	13,807.26	-	-	-	-	13,807
Justice of the Peace	186,318	-	-	-	-	186,318
County Attorney	112,715	-	-	-	-	112,715
District Court	51,452.97	-	-	-	-	51,453
District Attorney	41,200	-	-	-	-	41,200
County Treasurer	106,557.10	-	-	-	-	106,557
Office of Management & Budget	112,106.05	-	-	-	-	112,106
County Tax Office	230,272.66	-	-	-	-	230,273
County Auditor	4,910	-	-	-	-	4,910
County Courthouse	151,869	-	-	-	-	151,869
County Annex	56,457.86	-	-	-	-	56,458
County Sheriff	741,932.71	-	-	-	-	741,933
County Constables	26,376.37	-	-	-	-	26,376
County Agent	31,337	-	-	-	-	31,337
Emergency Management	35,232.83	-	-	-	-	35,233
Department of Public Safety	2,398.64	-	-	-	-	2,399
Non-Departmental	1,024,730	1,229,120	-	261,602	649,172	3,164,624
<b>Total Expenditures</b>	<b>3,365,781</b>	<b>1,229,120</b>	<b>-</b>	<b>261,602</b>	<b>649,172</b>	<b>5,505,675</b>
Excess (Deficiency) of Revenues Over Expenditures	446,508	56,911	-	14,908	(269,992)	248,335
<b>Other Financing Sources (Uses)</b>						
Transfers	(335,070)	87,577	-	-	237,992	(9,500)
Sale of Capital Assets	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(335,070)</b>	<b>87,577</b>	<b>-</b>	<b>-</b>	<b>237,992</b>	<b>(9,500)</b>
Net Change in Fund Balances	111,438	144,489	-	14,908	(32,000)	238,835
Fund Balances - Beginning of Year	1,595,483	69,474	13,038	226,373	111,820	2,016,188
Prior Period Adjustment	-	-	-	-	-	-
Fund Balances - End	\$ 1,706,921	\$ 213,963	\$ 13,038	\$ 241,281	\$ 79,820	\$ 2,255,023

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



**Presidio County**

Exhibit C-4

Reconciliation of Governmental Funds Statement of Revenues,  
Expenditures, and Changes in Fund Balances to the Statement of Activities  
For the Year Ended September 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$ 238,835
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and the reducing in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase (decrease) net assets.	208,254
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(571,855)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of the reclassifications and recognitions is to increase (decrease) net position.	<u>126,294</u>
Change in Net Position of Governmental Activities	<u>\$ 1,528</u>

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

**Presidio County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended September 30, 2015**

	<b>Budgeted Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>2015</b>	<b>Final Budget</b>
	<b>Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Positive</b> <b>(Negative)</b>
<b>Revenues</b>				
Property Taxes	\$ 2,324,943	\$ 2,324,943	\$ 2,685,689	\$ 360,746
Charges for Services	580,732	580,732	584,162	3,430
Program Income from Grants	40,833	40,833	46,849	6,016
Property Tax Collection Contracts	107,000	107,000	97,678	(9,322)
Licenses and Permits	12,500	12,500	21,559	9,059
Unrestricted Investment Earnings	1,000	1,000	9	(991)
Miscellaneous	518,724	518,724	376,343	(142,381)
<b>Total Revenues</b>	<b>3,585,732</b>	<b>3,585,732</b>	<b>3,812,289</b>	<b>226,557</b>
<b>Expenditures</b>				
County Judge	117,510	121,558	126,099	(4,541)
County Commissioners	112,211	110,552	102,342	8,209
County and District Clerk	219,869	217,139	207,667	9,472
County VA Officer	13,794	13,421	13,807	(386)
Justices of the Peace	179,357	176,169	186,318	(10,148)
County Attorney	112,769	110,886	112,715	(1,829)
District Court	73,041	73,041	51,453	21,588
District Attorney	41,200	41,200	41,200	-
County Treasurer	110,060	108,521	106,557	1,964
Office of Management & Budget	145,483	137,885	112,106	25,779
County Tax Office	242,326	238,884	230,273	8,611
County Auditor	128,473	126,453	4,910	121,543
County Courthouse	185,287	184,053	151,869	32,184
County Annex	61,378	59,936	56,458	3,478
County Sheriff	730,697	760,670	741,933	18,738
County Constables	27,480	53,458	26,376	27,081
County Agent	33,359	32,940	31,337	1,602
Emergency Management	43,005	43,576	35,233	8,343
Department of Public Safety	4,450	4,450	2,399	2,051
Non-Departmental	1,013,433	1,013,433	1,024,730	(11,296)
<b>Total Expenditures</b>	<b>3,595,183</b>	<b>3,628,225</b>	<b>3,365,781</b>	<b>262,443</b>
Excess (Deficiency) of Revenues Over Expenditures	(9,452)	(42,493)	446,508	489,000
<b>Other Financing Sources (Uses)</b>				
Transfers	-	-	(335,070)	-
Sale of Capital Assets	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(335,070)</b>	<b>-</b>
Net Change in Fund Balances			111,438	
Fund Balances - Beginning of Year			1,595,483	
Prior Period Adjustment			-	
Fund Balances - End			<u>\$ 1,706,921</u>	

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

**Presidio County**  
Statement of Net Position - Enterprise Fund  
September 30, 2015

Exhibit D-1

	<u>Enterprise Fund</u>
<b>Assets</b>	
Current Assets	
Cash and Cash Equivalents	\$ 934,887
Receivables, net	249,617
Amounts Due from Others	646,512
Other Assets	1,924
Total Current Assets	<u>1,832,940</u>
Noncurrent Assets	
Capital Assets, net	3,241,697
Total Noncurrent Assets	<u>3,241,697</u>
<b>Total Assets</b>	<b><u><u>\$ 5,074,637</u></u></b>
<b>Liabilities and Net Position</b>	
Current Liabilities	
Accounts Payable	\$ 10,532
Due to Other Funds	92,723
Total Current Liabilities	<u>103,255</u>
Noncurrent Liabilities	
Debt Service-Noncurrent	-
Compensated Absences	50,710
Total Noncurrent Liabilities	<u>50,710</u>
<b>Total Liabilities</b>	<b><u>153,965</u></b>
Net Position	
Invested in Capital Assets	3,241,697
Restricted	-
Unrestricted	1,678,975
<b>Total Net Position</b>	<b><u>4,920,673</u></b>
<b>Total Liabilities and Net Position</b>	<b><u><u>\$ 5,074,637</u></u></b>

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

**Presidio County**  
Statement of Revenues, Expenses and Changes in Net Position  
Enterprise Fund  
For the Year Ended September 30, 2015

Exhibit D-2

	<u>Enterprise Fund</u>
<b>Operating Revenues</b>	
Charges for Services	\$ 1,882,665
<b>Total Operating Revenues</b>	<u><b>1,882,665</b></u>
<b>Operating Expenses</b>	
Compensation for Services	774,408
Charges for Services	401,961
Supplies	46,033
Depreciation	303,651
<b>Total Operating Expenses</b>	<u><b>1,526,053</b></u>
Operating Income (Loss)	356,612
<b>Nonoperating Revenues (Expenses)</b>	
Investment Income (Loss)	723
Miscellaneous	-
<b>Net Nonoperating Revenues (Expenses)</b>	<u><b>723</b></u>
Income (Loss) Before Capital Contributions and Transfers	357,335
<b>Capital Contributions and Transfers</b>	
Capital Contributions	-
Transfers	9,500
<b>Net Capital Contributions and Transfers</b>	<u><b>9,500</b></u>
Change in Net Position	366,835
Total Net Position - Beginning of the Year (Restated)	4,553,838
Total Net Position - End of the Year	<u><u><b>\$ 4,920,673</b></u></u>

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

**Presidio County**  
Statement of Cash Flows - Enterprise Fund  
For the Year Ended September 30, 2015

Exhibit D-3

	Enterprise Fund
<b>Cash Flows from Operating Activities</b>	
Cash Received from Other Governments	\$ 1,633,771
Payments to Suppliers	(437,781)
Payments to Employees	(774,408)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>421,582</b>
<b>Cash Flows from Financing Activities</b>	
Acquisition and Construction of Capital Assets	(9,769)
Net Transfers	9,500
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>(269)</b>
<b>Cash Flows from Investing Activities</b>	
Interest Received	723
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>723</b>
Net Increase (Decrease) in Cash and Cash Equivalents	422,036
Cash and Cash Equivalents at the Beginning of the Year	512,851
Cash and Cash Equivalents at the End of the Year	<b>\$ 934,887</b>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ 356,612
Adjustments for Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	303,651
(Increase) Decrease in Accounts Receivable and Other Assets	(301,620)
Increase (Decrease) in Accounts Payable and Other Liabilities	62,939
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 421,582</b>

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

**Presidio County**  
Statement of Fiduciary Net Position  
September 30, 2015

Exhibit E-1

	<u>District Clerk Agency Funds</u>	<u>Inmate Trust Funds</u>	<u>Total Funds</u>
<b>Assets</b>			
Cash and Cash Equivalents	35,487	79,837	115,324
Accounts Receivable	-	1,894	1,894
<b>Total Assets</b>	<b><u>\$ 35,487</u></b>	<b><u>\$ 81,731</u></b>	<b><u>\$ 117,218</u></b>
<b>Liabilities</b>			
Amounts Due to Others	\$ 35,487	\$ 81,731	117,218
<b>Total Liabilities</b>	<b><u>35,487</u></b>	<b><u>81,731</u></b>	<b><u>117,218</u></b>
<b>Net Position</b>			
Unrestricted	-	-	-
<b>Total Net Position</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 35,487</u></b>	<b><u>\$ 81,731</u></b>	<b><u>\$ 117,218</u></b>

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

**PRESIDIO COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The County of Presidio, Texas (County) is incorporated as a County Corporation under the laws of the state of Texas. The County operates under a charter that establishes management by an elected County Judge and a Commissioners' Court made of four elected members. The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations.
- Financial statements prepared for all of the County's activities, including infrastructure.
- A change in the fund financial statements to focus on the major funds.

Reporting Entity

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, county-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required financial statements and notes.

The accounting and reporting policies of the County relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the *Governmental Accounting Standards Board (GASB)*, the American Institute of Certified Public Accountants in the publication entitled *Audits and Accounting Guide of State and Local Governments* and by the Financial Accounting Standards Board (when applicable).

## Basic Financial Statements – Government-Wide Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's law enforcement, fire protection, parks, recreation, airports, roads and bridges and general administrative services are classified as governmental activities. The County's corrections and rehabilitation/jail operations are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: investment in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (law enforcement, parks, airport, roads & bridges, etc.) and business-type activities (jail operations). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, roads & bridges, community services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, fines, licenses and fees, intergovernmental revenues, interest income, etc). The County does not allocate indirect costs.

This government-wide focus is more on the presentation of the County as an entity and the change in the County's net position resulting from the current year's activities.

## Basic Financial Statements – Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred inflows, liabilities,



deferred outflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the County:

### *Governmental Funds*

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

- General fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

### *Proprietary Funds*

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The County Jail, an enterprise fund, is the only proprietary fund of the County.

### *Fiduciary Funds*

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus is on net position, changes in net position and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The County electively segregated and reported nonmajor funds

into three columns in the fund financial statements, which represent combined non-major special revenue, debt service, and capital project funds.

The County's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

### Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

- Accrual – Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.
- Modified Accrual – The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within sixty days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

### Financial Statement Amounts:

- Cash and Cash Equivalents – The County has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with a fiscal agent. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.
- Investments – Investments, when applicable, are stated at fair value, (quoted) market price or the best available estimate.
- Inventories – The County does not inventory supplies. Supplies are expensed when purchased and the effect to the financial statements is not considered to be material.
- Capital Assets – It is the County's policy to capitalize assets purchased or acquired with an original cost of \$500 or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life

of an asset are capitalized. Other costs incurred for repairs and maintenance are expended as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-40 years
Building restoration	30 years
Machinery and equipment	3 -15 years
Improvements	10-30 years
Other infrastructure	10-50 years

The County had not reconciled its fixed asset accounting system to the financial records of the County since 2007. During fiscal year 2015 RCI, Inc performed a detailed inventory of the fixed assets for the County. The restated beginning balances at October 1, 2014 for historical cost and accumulated depreciation were backed into using the fixed asset listing present at September 30, 2015.

GASB Statement No. 34 requires the County to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are not expected to represent a significant class of assets in the County since the County has no significant improved roads or bridges. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2008. The County elected in prior years to implement the general provisions of GASB Statement No. 34 and implement the infrastructure provisions for infrastructure investments occurring subsequent to January 1, 2002. The most significant infrastructure assets capitalized to date include the airport runway reconstruction and improvements and street and levee improvements.

- Revenues – Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.
- Expenditures – Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are purchased, which approximates the results of reporting when used.

- Compensated Absences – The County accrues accumulated unpaid vacation leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The timing of the payments of accrued vacation unused at year end is determinable and therefore is recorded for governmental and proprietary funds statements. As of September 30, 2015, total accrued vacation, compensated absences and corresponding payroll taxes was \$155,415. Sick leave benefits accrue based on years of service and are not required to be paid upon an employee’s termination.
- Interfund Activity – Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.
- Accounting Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- Fund Balance Classification Policies and Procedures – The County has adopted the fund balance classifications prescribed by *GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are classified as non-spendable, restricted, committed, assigned and unassigned based on the circumstances that apply.

*Fund Balance* – The County reports the following fund balance categories which describe the relative strength of the spending constraints:

- Non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance classification includes funds with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b. Imposed by law through constitutional provisions or enabling legislation.

- Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by court resolution/formal action of the commissioners' court which is the government's highest level of decision-making authority.
- Assigned fund balances include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the commissioners' court action or (b) by a county judge who is the official delegated by the commissioners' court with the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance is the residual classification for the general fund. 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.

#### *Fund Balance Policies and Procedures*

- Minimum Fund Balance Policies – The County has not formally adopted a minimum fund balance policy; however, in practice deficit special revenue funds are classified as unassigned since the deficits are typically paid through pooled cash overdraft.
- Encumbrances – The County does not encumber or reserve an appropriation for future expenditures. Appropriations lapse at fiscal year end and must be appropriated in the next fiscal year budget.
- Order of Expenditure – When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amount to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioner's Court has provided otherwise in its budget or its commitment or assignment actions.

*Net Position* – Net Position of the Statement of Net Position includes the following:

- Invested in Capital Assets – this component of net position consists of capital assets, net accumulated depreciation.
- Restricted – this component of net position consists of restricted assets reduced by liabilities related to those assets.
- Unrestricted Net Position – this component of net position is the net amount of assets and liabilities that are not included in the determination of the other categories described above.

## 2. PROPERTY TAX

The County's annual ad valorem property tax is required to be levied by October 1<sup>st</sup>, or as soon thereafter as practicable, on the assessed value listed as of the prior January 1 for all real and certain personal property. Taxes are due on January 31<sup>st</sup> of the year following the year of the levy before penalties and interest are assessed.

All taxes are assessed based on 100% of the appraised value of the property. The State Constitution and County Charter set a maximum tax rate per \$100 valuation of \$.80. Although there is no debt limit or margin set by State Law or County Charter, the Attorney General of Texas does not approve more than \$.40 of overall tax to be dedicated to secure debt service. The tax rate during 2015 was \$.63804 per \$100 valuation.

The Texas Property Tax Code (Code), with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles from taxation. In addition, the Code provides for the establishment of county-wide appraisal districts. Since January 1, 1983, the appraisal of property within the County has been the responsibility of the county-wide appraisal district.

The appraisal district is required under the Code to appraise all taxable property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of real property within the appraisal district must be reviewed every four years; however, the County may, at its own expense, require annual reviews of appraised values. The County may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The County Tax Office collects County property taxes for the County and five other local governments. At the end of the year tax receivables represent delinquent and current year uncollected taxes. Major tax payments are received December through April, and are recognized as revenue in the year received. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received. Property taxes receivable consisted of the following at September 30, 2015:

Current taxes receivable	\$ 239,258
Delinquent taxes receivable	<u>1,078,180</u>
	<u>\$ 1,317,438</u>

## 3. CASH AND CASH EQUIVALENTS

Deposit Risk – As of September 30, 2015, the carrying amount of the County's deposits held in one depository bank was \$3,070,099 for the primary government and \$35,487 for trust and agency funds and the balances per bank totaled

\$3,105,585 with differences being attributed to items in transit. Of the bank balances at year end, \$250,000 of the County's deposits and all trust and agency fund deposits were insured by the Federal Deposit Insurance Corporation. The bank has also pledged bank-owned securities with market values of \$3,565,346 to secure deposits in excess of FDIC insurance. Deposits secured by securities pledge to the County but held by a third party agent of the bank, in the County's name are considered unsecured for financial reporting purposes.

- Pooled Cash – The County operates three pooled accounts, a primary checking account, a payroll checking account and an interest-bearing money market account, to accomplish cash transactions for a number of funds and sub-funds.
- Commissary Funds – The County operates one commissary cash account for the jail facility. The cash balance of \$8,943 at September 30, 2015 is the amount currently being recognized.
- Inmate Trust Funds - The County maintains four bank accounts in which they deposit inmate trust funds. The cash balance of \$79,837 at September 30, 2015 is the amount currently being recognized.
- Agency Trust Funds - The District Clerk maintains fifteen bank accounts as agency trust funds. The cash balances of \$35,487 at September 30, 2015 is the amount currently being recognized.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

#### **4. CAPITAL ASSETS**

A summary of capital asset activities for the year ended September 30, 2015 follows:

	Balance at 9/30/2014	Additions	Deletions	Balance at 9/30/2015
<b>Governmental</b>				
Buildings	\$ 12,952,040	\$ -	\$ -	\$ 12,952,040
Machinery and Equipment	4,201,716	439,254	-	4,640,970
Totals at Historical Cost	<u>17,153,756</u>	<u>439,254</u>	<u>-</u>	<u>17,593,010</u>
Less Accumulated Depreciation				
Accumulated Depreciation	(8,643,778)	(571,855)	-	(9,215,634)
Total Accumulated Depreciation	<u>(8,643,778)</u>	<u>(571,855)</u>	<u>-</u>	<u>(9,215,634)</u>
<b>Governmental Capital Assets, Net</b>	<b><u>8,509,977</u></b>	<b><u>(132,601)</u></b>	<b><u>-</u></b>	<b><u>8,377,376</u></b>
<b>Business-type</b>				
Buildings	\$ 6,009,204	\$ -	\$ -	\$ 6,009,204
Machinery and Equipment	896,503	9,769	-	906,272
Totals at Historical Cost	<u>6,905,707</u>	<u>9,769</u>	<u>-</u>	<u>6,915,476</u>
Less Accumulated Depreciation				
Accumulated Depreciation	(3,370,127)	(303,651)	-	(3,673,778)
Total Accumulated Depreciation	<u>(3,370,127)</u>	<u>(303,651)</u>	<u>-</u>	<u>(3,673,778)</u>
<b>Business-type Activities Capital Assets, Net</b>	<b><u>3,535,580</u></b>	<b><u>(293,882)</u></b>	<b><u>-</u></b>	<b><u>3,241,697</u></b>

Depreciation expense for the 2015 fiscal year was \$875,506.

## 5. LONG-TERM DEBT

Changes in long-term debt relative to governmental activities follows:

	Balance at 9/30/14	Issued	Retired	Balance at 9/30/15
General Obligation Refunding Bonds Series 2012	<u>\$1,446,000</u>	<u>0</u>	<u>\$231,000</u>	<u>\$1,215,000</u>

- 1) General Obligation Refunding Bonds Series 2012 – On December 1, 2011 the County retired and refinanced the Certificates of Obligation Series 2000 and Series 2001 with a Series 2012 in the amount of \$1,879,000 with an interest rate of 2.3% the matures on December 15, 2019.

The principal and interest maturities of long-term debt for Governmental Activities as of September 30, 2015 are as follows:

<b>Certificates of Obligation</b>		
Ending Period	Principal	Interest
2015	\$ 236,000	\$ 25,231
2016	244,000	19,711
2017	252,000	14,007
2018	264,000	8,073



2019	<u>219,000</u>	<u>2,519</u>
	<u>\$1,215,000</u>	<u>\$69,541</u>

## 6. PENSION PLAN

During fiscal year 2015 the County adopted *GASB Statement No. 68 – Accounting and Financial Reporting for Pensions (an amendment to GASB Statement No. 27)*. The primary objective of the statement is to improve the accounting and financial reporting by state and local governments for pensions. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses/expenditures related to pensions.

The County's net pension liability / (asset) was measured as of December 31, 2014, and the total pension liability / (asset) used to calculate the net pension liability / (asset) was determined by an actuarial valuation as of that date.

All actuarial methods and assumptions were the same as those used in the December 31, 2014 funding valuation, except as noted below and throughout the rest of this note. Following are the key assumptions and methods used in the analysis of the total pension liability / (asset) in the December 31, 2014 actuarial valuation which was determined using the following assumptions:

### **Texas County and District Retirement System (TCDRS) system-wide economic assumptions:**

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

The long-term investment return of 8% is net of investment expenses and is expected to enable the system to credit interest at the nominal annual rates shown below to the following major funds:

Subdivision Accumulation Fund	9%
Employee Savings Fund	7%
Current Service Annuity Reserve Fund	7%

Assuming interest will be credited at these nominal annual rates to the various funds, the following has been assumed:

- An annual rate of 9% for calculating the actuarial liability and normal cost contributions rate for the retirement plan
- An annual rate of 7% required under the TCERS Act for :

1. accumulating current service credit and multiple matching credit after the valuation date;
2. accumulating prior service credit after the valuation date;
3. determining the amount of the monthly benefit at future dates of retirement or disability; and
4. calculating the actuarial accrued liability of the system-wide Current Service Annuity Reserve Fund.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3% inflation and .05% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

### Employer-specific Economic Assumptions

Growth in membership	0.0%
Payroll growth	3.5%

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

	<u>12/31/2013</u>	<u>12/31/2014</u>
Total Pension Liability	\$ 5,242,690	5,601,350
Fiduciary Net Position	5,673,344	6,056,363
Net Pension Liability / (Asset)	(430,654)	(455,013)
Fiduciary Net Position as a % of Total Pension Liability	108.21%	108.12%
Pensionable Covered Payroll	\$ 2,317,652	2,196,899
Net Pension Liability as of % of Covered Payroll	-18.58%	-20.71%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below:

Discount Rate	8.10%	8.10%
Long-term Expected Rate of Return, net	8.10%	8.10%
Municipal Bond Rate	does not apply	does not apply

### Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability / (asset) as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

## Long-term Expected Rate of Return

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 below are based on January 2015 information for a 7-10 year time horizon.

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

\* Target asset allocation adopted at the April 2015 TCDRS Board Meeting

## Discount Rate

The discount rate used to measure the total pension liability / (asset) was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in that statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return

on pension plan investments was applied to all periods of projected benefit payments to determine the total Pension Liability / (Asset).

<b>Changes in the Net Pension Liability / (Asset)</b>			
	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2013	\$ 5,242,690	\$ 5,673,344	\$ (430,654)
Changes for this year:			
Service Cost	301,034		301,034
Interest on Total Pension Liability *	425,378		425,378
Effect of Plan Changes	-		-
Effect of Economic/Demographic Gains or Losses	(84,839)		(84,839)
Effect of Assumptions Changes or Inputs	-		-
Refund of Contributions	(48,851)	(48,851)	-
Benefit Payments	(234,061)	(234,061)	-
Administrative Expenses		(4,520)	4,520
Member Contributions		131,814	(131,814)
Net Investment Income		378,461	(378,461)
Employer Contributions		147,730	(147,730)
Other	-	12,447	(12,447)
	<u>\$ 5,601,351</u>	<u>\$ 6,056,363</u>	<u>\$ (455,013)</u>

\* Reflects the change in liability due to the time value of money. TCDRS does not charge fees or interest.

\*\* Relates to allocation of system-wide items

## Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the Presidio County 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	\$ 6,314,582	5,601,350	5,017,121
Fiduciary Net Pension	6,056,363	6,056,363	6,056,363
Net Pension Liability / (Asset)	<u>\$ 258,219</u>	<u>\$ (455,013)</u>	<u>\$ (1,039,242)</u>

## Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position and funding valuation is available in a separately-issued TCDRS financial report. That report may be obtained from the internet at [www.tcdrs.org](http://www.tcdrs.org).

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

For the year ended September 30, 2015 the County recognized pension expense of \$156,141. At September 30, 2015 the County reported deferred outflows of

resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 63,629	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings	-	68,625
Contributions Made Subsequent to Measurement Date	n/a	103,809

\$103,809 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to measurement date will be recognized as a reduction to the net pension liability / (asset) for the year ended September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2015	\$ (4,054)
2016	(4,054)
2017	(4,054)
2018	17,156
2019	-
thereafter	-

## 7. CONCENTRATIONS OF CREDIT RISK

Property tax receivables are from residences and business located in the County. Collection of such taxes is directly related to the general economic conditions of the County. Typically 75% of assessed taxes are received within one year and 80% within five years. Delinquent taxes are eventually substantially collected, thus an allowance for uncollectible taxes has not been provided for in the financial statements. Refer to Note 3 for disclosures relevant to concentration of credit risk for bank deposits.

## 8. CONTINGENCIES

### *Litigation*

In the normal course of providing services to the public the County from time to time is subjected to litigation claims. The County defends itself against such claims based on internal assessment of liability and risk. Litigation expenses and damages are recorded as expense in the period when services are rendered. No liabilities have been accrued in the financial statements relative to litigation in process since all claims are expected to be within insurance coverage of the County.

## *Federal Grants*

The County participates in a number of federal and state assisted programs which are periodically audited by grantor agencies. Historically these audits have not resulted in identification of material disallowed costs. Compliance test work performed during the September 30, 2014 fiscal year audit identified \$64,871 in federal funding which was determined to be a disallowed cost for the Operation Stonegarden grant.

## **9. RISK MANAGEMENT**

Presidio County is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The County maintains insurance policies acquired from independent insurance carriers covering structural property, dishonesty, errors, and omissions, personal property and general liability. There have been no significant reductions in insurance coverage from prior years and settlements did not exceed insurance coverage for each of the past three years.

## **10. RELATED PARTY TRANSACTIONS**

From time to time the County may enter into transactions with related parties through the normal course of business. If a member of the Commissioner's Court has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred for the year ended September 30, 2015.

## **11. RESTATEMENTS**

In order for net position and specific fund balances to roll forward year over year various restatements were made in the course of the fiscal year as a result of fiscal year 2014 ending fund balances not rolling forward to the fiscal year 2015 beginning fund balances.

## **12. SUBSEQUENT EVENTS**

In preparing the financial statements the management of Presidio County, Texas has evaluated events and transactions for potential recognition or disclosure through September 19, 2016, the date the financial statements were issued. No events, including instances of noncompliance, have occurred subsequent to the statement of financial position date that would require adjustment to or further disclosure in the financial statements.

**Presidio County**  
**Combining Balance Sheet**  
**Governmental Funds**  
**September 30, 2015**

Exhibit F-1

	Major	Other Non-major Governmental Funds				Total Other Governmental Funds	Combined Total
	General Fund	Road and Bridge Fund	Vizcaino Park Fund	Redford School / Community Fund	Archives Fund		
<b>Assets</b>							
Cash and Cash Equivalents	\$ 1,037,500	\$ 3,127	\$ -	\$ 3,071	\$ 79,566	\$ 85,764	\$ 1,123,264
Restricted Cash and Cash Equivalen	-	-	-	-	-	-	-
	<u>1,037,500</u>	<u>3,127</u>	<u>-</u>	<u>3,071</u>	<u>79,566</u>	<u>85,764</u>	<u>1,123,264</u>
Receivables, net	1,420,498	-	-	-	-	-	1,420,498
Grants Receivable	-	-	-	-	-	-	-
Interfund Receivable	460,711	-	-	-	1,350	1,350	462,061
<b>Total Assets</b>	<b><u>\$ 2,918,710</u></b>	<b><u>\$ 3,127</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,071</u></b>	<b><u>\$ 80,916</u></b>	<b><u>\$ 87,114</u></b>	<b><u>\$ 3,005,824</u></b>
<b>Liabilities</b>							
Accounts Payable	\$ 432,536	\$ 3,092	\$ 1,131	\$ 3,071	\$ -	\$ 7,294	\$ 439,829
Deferred Revenues	-	-	-	-	-	-	-
Interfund Payable	779,253	-	-	-	-	-	779,253
<b>Total Liabilities</b>	<b><u>1,211,789</u></b>	<b><u>3,092</u></b>	<b><u>1,131</u></b>	<b><u>3,071</u></b>	<b><u>-</u></b>	<b><u>7,294</u></b>	<b><u>1,219,083</u></b>
<b>Fund Balance</b>							
Non-spendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	36	(1,131)	-	80,916	79,820	79,820
Unassigned	1,706,921	-	-	-	-	-	1,706,921
<b>Total Fund Balance</b>	<b><u>1,706,921</u></b>	<b><u>36</u></b>	<b><u>(1,131)</u></b>	<b><u>-</u></b>	<b><u>80,916</u></b>	<b><u>79,820</u></b>	<b><u>1,786,741</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 2,918,710</u></b>	<b><u>\$ 3,127</u></b>	<b><u>\$ (0)</u></b>	<b><u>\$ 3,071</u></b>	<b><u>\$ 80,916</u></b>	<b><u>\$ 87,114</u></b>	<b><u>\$ 3,005,824</u></b>

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

**Presidio County**  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance - Governmental Funds  
 For the Year Ended September 30, 2015

Exhibit F-2

	Major		Other Non-major Governmental Funds			Total Other Governmental Funds	Combined Total
	General Fund	Road and Bridge Fund	Vizcaino Park Fund	Redford School / Community Fund	Archives Fund		
<b>Revenues</b>							
Property Taxes	\$ 2,685,689	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,685,689
Charges for Services	584,162	311,359	58,551	-	9,270	379,180	963,343
Program Income from Grants	46,849	-	-	-	-	-	46,849
Property Tax Collection Contracts	97,678	-	-	-	-	-	97,678
Licenses and Permits	21,559	-	-	-	-	-	21,559
Unrestricted Investment Earnings	9	-	-	-	-	-	9
Miscellaneous	376,343	-	-	-	-	-	376,343
<b>Total Revenues</b>	<b>3,812,289</b>	<b>311,359</b>	<b>58,551</b>	<b>-</b>	<b>9,270</b>	<b>379,180</b>	<b>4,191,469</b>
<b>Expenditures</b>							
County Judge	126,099	-	-	-	-	-	126,099
County Commissioners	102,342	-	-	-	-	-	102,342
County and District Clerk	207,667	-	-	-	-	-	207,667
County VA Officer	13,807	-	-	-	-	-	13,807
Justice of the Peace	186,318	-	-	-	-	-	186,318
County Attorney	112,715	-	-	-	-	-	112,715
District Court	51,453	-	-	-	-	-	51,453
District Attorney	41,200	-	-	-	-	-	41,200
County Treasurer	106,557	-	-	-	-	-	106,557
Office of Management & Budget	112,106	-	-	-	-	-	112,106
County Tax Office	230,273	-	-	-	-	-	230,273
County Auditor	4,910	-	-	-	-	-	4,910
County Courthouse	151,869	-	-	-	-	-	151,869
County Annex	56,458	-	-	-	-	-	56,458
County Sheriff	741,933	-	-	-	-	-	741,933
County Constables	26,376	-	-	-	-	-	26,376
County Agent	31,337	-	-	-	-	-	31,337
Emergency Management	35,233	-	-	-	-	-	35,233
Department of Public Safety	2,399	-	-	-	-	-	2,399
Non-Departmental	1,024,730	478,768	155,630	14,775	-	649,172	1,673,902
<b>Total Expenditures</b>	<b>3,365,781</b>	<b>478,768</b>	<b>155,630</b>	<b>14,775</b>	<b>-</b>	<b>649,172</b>	<b>4,014,954</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	446,508	(167,409)	(97,078)	(14,775)	9,270	(269,992)	176,515
<b>Other Financing Sources (Uses)</b>							
Transfers	(335,070)	126,134	97,084	14,775	-	237,992	(97,077)
Sale of Capital Assets	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>							
Net Change in Fund Balances	111,438	(41,276)	6	0	9,270	(32,000)	79,438
Fund Balance - Beginning of the Year	1,595,483	41,311	(1,137)	-	71,646	111,820	1,707,303
Prior Period Adjustment	-	-	-	-	-	-	-
Fund Balance - End of the Year	\$ 1,706,921	\$ 36	\$ (1,131)	\$ 0	\$ 80,916	\$ 79,820	\$ 1,786,741

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



**Presidio County**  
**Balance Sheet – Special Revenue Funds**  
**September 30, 2015**

	Seizure Fund	Technology Fund	Records Management Fund	Court Records Management Fund	Courthouse Security Fund	Abandoned Vehicle Fund
<b>Assets</b>						
Cash and Cash Equivalents	\$ 36,647	\$ 9,275	\$ 21,996	\$ 6,000	\$ 132,145	\$ 18,157
Receivables, net	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-
Interfund Receivable	-	781	70	-	-	180
<b>Total Assets</b>	<b>\$ 36,647</b>	<b>\$ 10,056</b>	<b>\$ 22,066</b>	<b>\$ 6,000</b>	<b>\$ 132,145</b>	<b>\$ 18,337</b>
<b>Liabilities</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenues	-	-	-	-	-	-
Interfund Payable	824	437	-	-	-	-
<b>Total Liabilities</b>	<b>824</b>	<b>437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance</b>						
Non-spendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	35,823	9,618	22,066	6,000	132,145	18,337
Unassigned	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>35,823</b>	<b>9,618</b>	<b>22,066</b>	<b>6,000</b>	<b>132,145</b>	<b>18,337</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 36,647</b>	<b>\$ 10,056</b>	<b>\$ 22,066</b>	<b>\$ 6,000</b>	<b>\$ 132,145</b>	<b>\$ 18,337</b>

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

**Presidio County**  
**Balance Sheet – Special Revenue Funds**  
**September 30, 2015**

Law Library Fund	LEOSE Fund	Airport Fund	Hot Check Fund	Estray Fund	Homeland Security Grant	Total
\$ 4,084	\$ 7,472	\$ 16,593	\$ 2,448	\$ 1,863	\$ 182,323	\$ 439,004
-	-	-	-	-	-	-
-	-	43,799	-	-	-	43,799
-	-	6,000	-	-	76,264	83,294
<b>\$ 4,084</b>	<b>\$ 7,472</b>	<b>\$ 66,392</b>	<b>\$ 2,448</b>	<b>\$ 1,863</b>	<b>\$ 258,587</b>	<b>\$ 566,097</b>
\$ -	\$ 325	\$ 1,291	\$ -	\$ -	\$ 4,718	\$ 6,334
-	-	-	-	-	-	-
-	-	90,926	-	-	253,869	346,057
-	325	92,217	-	-	258,587	352,391
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,084	7,147	(25,825)	2,448	1,863	-	213,707
-	-	-	-	-	-	-
4,084	7,147	(25,825)	2,448	1,863	-	213,707
<b>\$ 4,084</b>	<b>\$ 7,472</b>	<b>\$ 66,392</b>	<b>\$ 2,448</b>	<b>\$ 1,863</b>	<b>\$ 258,587</b>	<b>\$ 566,097</b>

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

**Presidio County**  
**Balance Sheet – Special Revenue Funds**  
**September 30, 2015**

	TDRA 729-135 OSSF 2010 Grant	Vending Machine Fund	BCAP Grant	Pueblo Nuevo Grant	Operation Stonegarden 2008
<b>Assets</b>					
Cash and Cash Equivalents	\$ 823	\$ 256	\$ 30,808	\$ 2,457	\$ (5,058)
Receivables, net	-	-	-	-	-
Grants Receivable	-	-	53,763	-	-
Interfund Receivable	-	-	48,464	330	5,058
<b>Total Assets</b>	<b>\$ 823</b>	<b>\$ 256</b>	<b>\$ 133,035</b>	<b>\$ 2,787</b>	<b>\$ -</b>
<b>Liabilities</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenues	-	-	-	-	-
Interfund Payable	823	-	133,035	2,787	-
<b>Total Liabilities</b>	<b>823</b>	<b>-</b>	<b>133,035</b>	<b>2,787</b>	<b>-</b>
<b>Fund Balance</b>					
Non-spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	256	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>256</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 823</b>	<b>\$ 256</b>	<b>\$ 133,035</b>	<b>\$ 2,787</b>	<b>\$ -</b>

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

**Presidio County**  
**Balance Sheet – Special Revenue Funds**  
**September 30, 2015**

Presidential Permit Grant	Operation Stonegarden 2011	State Homeland Security Program 2011	Law Enforcement Terrorist Prevention Activities 2011	Operation Stonegarden 2012	Operation Stonegarden 2013	State Homeland Security Program 2013	Total
\$ 58,368	\$ (33,120)	\$ (32,490)	\$ (30,523)	\$ (79,122)	\$ (40,375)	\$ 15,617	\$ (112,359)
-	12,508	-	-	53,514	-	-	66,021
352,695	-	-	-	-	-	-	406,457
30,360	33,120	32,490	30,523	99,167	48,685	40,500	368,698
<b>\$ 441,423</b>	<b>\$ 12,508</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 73,559</b>	<b>\$ 8,311</b>	<b>\$ 56,117</b>	<b>\$ 728,818</b>
\$ 329,604	\$ 12,508	\$ -	\$ -	\$ 62,987	\$ -	\$ -	\$ 405,099
-	-	-	-	-	-	-	-
111,819	-	-	-	10,572	8,311	56,117	323,463
<b>441,423</b>	<b>12,508</b>	<b>-</b>	<b>-</b>	<b>73,559</b>	<b>8,311</b>	<b>56,117</b>	<b>728,562</b>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	256
-	-	-	-	-	-	-	-
<b>\$ 441,423</b>	<b>\$ 12,508</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 73,559</b>	<b>\$ 8,311</b>	<b>\$ 56,117</b>	<b>\$ 728,818</b>

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

**Presidio County**  
 Combining Balance Sheet - Special Revenue Funds  
 September 30, 2015

Exhibit F-3-3

	Totals Exhibit F-3-1	Totals Exhibit F-3-2	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 439,004	\$ (112,359)	\$ 326,645
Receivables, net	-	66,021	66,021
Grants Receivable	43,799	406,457	450,256
Interfund Receivable	83,294	368,698	451,992
<b>Total Assets</b>	<b>\$ 566,097</b>	<b>\$ 728,818</b>	<b>\$ 1,294,915</b>
<b>Liabilities</b>			
Accounts Payable	\$ 6,334	\$ 405,099	\$ 411,433
Deferred Revenues	-	-	-
Interfund Payable	346,057	323,463	669,520
<b>Total Liabilities</b>	<b>352,391</b>	<b>728,562</b>	<b>1,080,952</b>
<b>Fund Balance</b>			
Non-spendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	213,707	256	213,963
Unassigned	-	-	-
<b>Total Fund Balance</b>	<b>213,707</b>	<b>256</b>	<b>213,963</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 566,097</b>	<b>\$ 728,818</b>	<b>\$ 1,294,915</b>

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

**Presidio County**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**– Special Revenue Funds**  
**September 30, 2015**

	Seizure Fund	Technology Fund	Records Management Fund	Court Records Management Fund	Courthouse Security Fund	Abandoned Vehicle Fund
<b>Revenues</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	20,200	4,353	6,006	1,885	6,958	18,230
Program Income from Grants	-	-	-	-	-	-
Property Tax Collection Contracts	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Unrestricted Investment Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total Revenues</b>	<b>20,200</b>	<b>4,353</b>	<b>6,006</b>	<b>1,885</b>	<b>6,958</b>	<b>18,230</b>
<b>Expenditures</b>						
Non-Departmental	6,148	892	-	-	-	8,181
<b>Total Expenditures</b>	<b>6,148</b>	<b>892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,181</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,052	3,460	6,006	1,885	6,958	10,049
<b>Other Financing Sources (Uses)</b>						
Transfers	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Net Change in Fund Balances	14,052	3,460	6,006	1,885	6,958	10,049
Fund Balance - Beginning of the Year	21,771	6,158	16,060	4,115	125,188	8,288
Prior Period Adjustment	-	-	-	-	-	-
Fund Balance - End of the Year	<b>\$ 35,823</b>	<b>\$ 9,618</b>	<b>\$ 22,066</b>	<b>\$ 6,000</b>	<b>\$ 132,145</b>	<b>\$ 18,337</b>

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

**Presidio County**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**– Special Revenue Funds**  
**September 30, 2015**

Law Library Fund	LEOSE Fund	Airport Fund	Hot Check Fund	Estray Fund	Homeland Security Grant	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,295	-	526,164	216	-	-	585,306
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,295</u>	<u>-</u>	<u>526,164</u>	<u>216</u>	<u>-</u>	<u>-</u>	<u>585,306</u>
-	325	511,556	1,548	-	-	528,650
-	<u>325</u>	<u>511,556</u>	<u>1,548</u>	<u>-</u>	<u>-</u>	<u>528,650</u>
1,295	(325)	14,608	(1,332)	-	-	56,656
-	-	87,577	-	-	-	87,577
-	-	-	-	-	-	-
<u>1,295</u>	<u>(325)</u>	<u>102,185</u>	<u>(1,332)</u>	<u>-</u>	<u>-</u>	<u>144,233</u>
2,789	7,472	(128,010)	3,781	1,863	-	69,474
-	-	-	-	-	-	-
<u>\$ 4,084</u>	<u>\$ 7,147</u>	<u>\$ (25,825)</u>	<u>\$ 2,448</u>	<u>\$ 1,863</u>	<u>\$ -</u>	<u>\$ 213,707</u>

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

**Presidio County**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**- Special Revenue Funds**  
**September 30, 2015**

	TDRA 729-135 OSSF 2010 Grant	Vending Machine Fund	BCAP Grant	Pueblo Nuevo Grant	Operation Stonegarden 2008
<b>Revenues</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-
Program Income from Grants	-	559	-	-	-
Property Tax Collection Contracts	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Unrestricted Investment Earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>559</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
Non-Departmental	-	303	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>303</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>256</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>					
Transfers	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Net Change in Fund Balances	<u>-</u>	<u>256</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning of the Year	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Fund Balance - End of the Year	<u>\$ -</u>	<u>\$ 256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



**Presidio County**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**– Special Revenue Funds**  
**September 30, 2015**

Presidential Permit Grant	Operation Stonegarden 2011	State Homeland Security Program 2011	Law Enforcement Terrorist Prevention Activities 2011	Operation Stonegarden 2012	Operation Stonegarden 2013	State Homeland Security Program 2013	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
553,372	-	-	-	-	87,278	59,517	700,726
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>553,372</b>	-	-	-	-	<b>87,278</b>	<b>59,517</b>	<b>700,726</b>
553,372	-	-	-	-	87,278	59,517	700,470
<b>553,372</b>	-	-	-	-	<b>87,278</b>	<b>59,517</b>	<b>700,470</b>
-	-	-	-	-	-	-	256
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	256
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 256</b>

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

Presidio County

Exhibit F-4-3

Combining Statement of Revenues, Expenditures and Changes in  
 Net Position - Special Revenue Funds  
 For the Year Ended September 30, 2015

	Totals Exhibit F-4-1	Totals Exhibit F-4-2	Total
<b>Revenues</b>			
Property Taxes	\$ -	\$ -	\$ -
Charges for Services	585,306	-	585,306
Program Income from Grants	-	700,726	700,726
Property Tax Collection Contracts	-	-	-
Licenses and Permits	-	-	-
Unrestricted Investment Earnings	-	-	-
Miscellaneous	-	-	-
<b>Total Revenues</b>	<b>585,306</b>	<b>700,726</b>	<b>1,286,031</b>
<b>Expenditures</b>			
Non-Departmental	528,650	700,470	1,229,120
<b>Total Expenditures</b>	<b>528,650</b>	<b>700,470</b>	<b>1,229,120</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	56,656	256	56,911
<b>Other Financing Sources (Uses)</b>			
Transfers	87,577	-	87,577
Sale of Capital Assets	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>87,577</b>	<b>-</b>	<b>87,577</b>
Net Change in Fund Balances	144,233	256	144,489
Fund Balance - Beginning of the Year	69,474	-	69,474
Prior Period Adjustment	-	-	-
Fund - End of the Year	\$ 213,707	\$ 256	\$ 213,963

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

**Other Information Required by the United States  
Governmental Accountability Office**

Painter and Associates, P.C.  
Certified Public Accountants

836 King George Lane  
Savannah, Texas 76227-7854

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

To the Honorable Cinderela Guevara and  
Members of the Commissioners' Court of  
Presidio County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and business-type activities, each major fund and the aggregate remaining fund information of Presidio County, Texas as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Presidio County's basic financial statements and have issued our report thereon dated September 19, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Presidio County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Presidio County's internal control. Accordingly, we do not express an opinion on the effectiveness of Presidio County's 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 Presidio County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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.

Painter and Associates, P.C.

Savannah, Texas  
September 19, 2016

Painter and Associates, P.C.  
Certified Public Accountants  
836 King George Lane  
Savannah, Texas 76227-7854

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable Judge Cinderela Guevara and  
Members of the Commissioners Court of  
Presidio County, Texas

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

We have audited Presidio County, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Presidio County, Texas' major federal programs for the year ended September 30, 2015. Presidio County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Presidio County, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Presidio County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Presidio County, Texas' compliance.

**Opinion on Each Major Federal Program**

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

**Report on Internal Control over Compliance**

Management of Presidio County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Presidio County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an

opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Presidio County, Texas' internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Presidio County, Texas' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Painter and Associates, P.C.

Savannah, Texas  
September 19, 2016

**Presidio County**  
**Individual Grants**  
For the Year Ended September 30, 2015

**State Homeland Security Program**  
**Federal Financial Assistance**  
**Federal Grantor: U.S. Department of Homeland Security**  
**Pass-through Grantor: Texas Division of Emergency Management**  
**Contract Number: EMW-2013-SS-00045**

2013 SHSP

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
<b>Revenues</b>				
Grant	\$ 60,000	\$ -	\$ 59,517	\$ 59,517
Local Revenues	-	-	-	-
<b>Total Revenues</b>	<u>60,000</u>	<u>-</u>	<u>59,517</u>	<u>59,517</u>
<b>Expenditures</b>				
Administration	60,000	-	59,517	59,517
<b>Total Expenditures</b>	<u>60,000</u>	<u>-</u>	<u>59,517</u>	<u>59,517</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**Presidio County**  
 Individual Grants  
 For the Year Ended September 30, 2015

Operation Stonegarden

Federal Financial Assistance

Federal Grantor: U.S. Department of Homeland Security

Pass-through Grantor: Texas Division of Emergency Management

Contract Number: EMW-2013-SS-00045

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
<b>Revenues</b>				
Grant	\$ 191,745	\$ 47,038	\$ 87,278	\$ 134,315
Local Revenues	-	-	-	-
<b>Total Revenues</b>	<u>191,745</u>	<u>47,038</u>	<u>87,278</u>	<u>134,315</u>
<b>Expenditures</b>				
Administration	191,745	47,038	87,278	134,315
<b>Total Expenditures</b>	<u>191,745</u>	<u>47,038</u>	<u>87,278</u>	<u>134,315</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Presidio County**  
**Individual Grants**  
For the Year Ended September 30, 2015

**U.S. 67 Presidential Permit**  
**Federal Financial Assistance**  
**Federal Grantor: U.S. Department of Transportation**  
**Pass-through Grantor: Federal Highway Administration**  
**Contract Number: 0924-07-010**

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
<b>Revenues</b>				
Grant	\$ 1,754,000	\$ 1,224,546	\$ 553,372	\$ 1,777,918
Local Revenues	22,000	-	-	-
<b>Total Revenues</b>	<u>1,776,000</u>	<u>1,224,546</u>	<u>553,372</u>	<u>1,777,918</u>
<b>Expenditures</b>				
Administration	1,776,000	1,233,920	553,372	1,787,292
<b>Total Expenditures</b>	<u>1,776,000</u>	<u>1,233,920</u>	<u>553,372</u>	<u>1,787,292</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ (9,374)</u>	<u>\$ -</u>	<u>\$ (9,374)</u>

**Presidio County**  
 Schedule of Expenditures and Federal Awards  
 for the Year Ended September 30, 2015

<u>GRANT TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>CURRENT YEAR EXPENDITURES</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<b>PASSED THROUGH:</b>				
Rio Grande Council of Governments State Homeland Security Program	97.067	EMW-2013-SS-00045	\$ 60,000	\$ 59,517
<b>PASSED THROUGH:</b>				
Texas Division of Emergency Management Operation Stonegarden	97.067	EMW-2013-SS-00045	191,745	87,277
Total U.S. Department of Homeland Security				<u>146,794</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<b>PASSED THROUGH:</b>				
Federal Highway Administration U.S. 67 Presidential Permit	20.205	0924-07-010	1,776,000	553,372
Total U.S. Department of Transportation				<u>553,372</u>
<b>Total Federal Expenditures</b>				<u>\$ 700,166</u>

**PRESIDIO COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2015**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes federal grant activity of the County of Presidio, Texas under programs of the federal government for the year ended September 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Comptroller General of the United States; and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, because the schedule presents only a selected portion of the operations of Presidio County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Presidio County, Texas.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule of federal awards are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule of expenditures of federal awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**3. SUBRECIPIENTS**

Of the federal awards presented in the schedule of federal awards, Presidio County did not provide federal awards to any subrecipients for the year ended September 30, 2015.

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

**Section I Summary of Auditor's Results**

**Financial Statements:**

Type of audit report issued:	Qualified
Internal control over financial reporting:	
* Material weaknesses identified?	No
* Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

**Federal Awards:**

Internal control over major programs:	
* Material weaknesses identified?	No
* Significant deficiencies Identified?	Yes
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

**Identification of Major Programs:**

<u>CFDA Number</u>	<u>Name of Federal or State Program</u>
20.205	U.S. 67 Presidential Permit

Dollar threshold used to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**Section II Financial Statement Findings**

**None noted**

**Section III Federal and State Award Finding and Questioned Costs**

**1-2015 – Significant Deficiency**

**Program:** U.S. 67 Presidential Permit; CFDA Number 20.205.

**Criteria:** Entities that receive federal funding in excess of \$500,000 are required to have a single audit to be submitted to the Federal Audit Clearinghouse within nine months after the end of their fiscal year.

**Condition:** Financial statements are not being generated in a timely manner that allows an independent auditor to meet the necessary deadline as required by OMB Circular A-133 audits.

**Questioned Costs:** No questioned costs were identified. In correspondence with the awarding agency it was noted this should be reported as a finding.

**Context:** In the course of audit work performed and the need for clarification of specific issues, the awarding agencies were contacted. Each agency of the major programs discussed the need for timely submission of the audit package to the Federal Audit Clearinghouse as required by OMB Circular A-133.

**Cause:** The County's close process and schedule for which adherence to on a routine basis should enable the timely generation of financial data that could be audited and allow for overages in time so a submission of the single audit can be completed in a timely manner.

**Effect:** Continued recurring lack of submission of the single audit to the Federal Audit Clearinghouse could cause grantors to be reluctant to enter into contracts with the County.

**Recommendation:** A defined close schedule should be developed and adhered to that establishes a routine schedule based upon a set number of business days to accomplish specific tasks in order to effectively close an accounting period.

**View of Responsible Officials and Planned Corrective Actions:** A month end close procedure has been established and documented to encompass all aspects of the County's operations to ensure the financial reporting is complete, accurate and consistent.

**PRESIDIO COUNTY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**1-2014 - Material Weakness**

Cash balances and the corresponding fund balance should be reported on the County's financial statements.

Resolved – Proprietary Fund cash balances and their corresponding fund balance are now included in the financial reporting framework

**2-2014 - Material Weakness**

Cash balances and the corresponding fund balance should be reported on the County's financial statements.

Resolved – Fiduciary Fund cash balances and their corresponding fund balance are now included in the financial reporting framework

**3-2014 - Material Weakness**

Cash balances and the corresponding fund balance should be reported on the County's financial statements.

Resolved – Governmental Fund cash balances and their corresponding fund balance are now included in the financial reporting framework

**4-2014 - Material Weakness**

Cash balances and the corresponding fund balance should be reported on the County's financial statements.

Resolved – Restricted Fund cash balances and their corresponding fund balance are now included in the financial reporting framework

**5-2014 - Material Weakness**

Sales tax payments should be made to the State Comptroller on a regular basis

Resolved – Sales tax permit has been obtained, catch-up payments have been made and regular recurring sales tax payments are being made

**6-2014 - Material Weakness**

Receivables and the corresponding revenue should be on the accrual basis for proprietary funds.

Resolved – proprietary fund receivables are now being recognized and accrued as a result of a formalized month-end close process

**7-2014 – Significant Deficiency**

The County has established procedures for purchases in excess of \$50,000 and specifically regarding sole source items that may be purchased without competitive procurement, but must have the approval of both the Commissioner's Court and the

## **Schedule of Findings and Questioned Costs (Continued)**

County Purchasing Officer. The \$50,000 competitive procurement amount is set by the State Legislature.

Resolved – no payments noted in excess of \$50,000 that had not been approved in Commissioner's Court

### **8-2014 - Material Weakness**

Federally funded grant agreements require there to be no conflicts of interest

Partially Resolved – while the County has adopted and implemented a conflict of interest policy, not all key personnel within the County have consented to signing the Court approved conflict of interest document

### **9-2014 - Material Weakness**

Federally funded grant agreements require specific supporting documentation and specific time requirements for documentation to be submitted when applying for reimbursement.

Resolved – requests for reimbursements appear to be submitted within the timelines of the corresponding grants

### **10-2014 - Material Weakness**

Entities that receive federal funding in excess of \$500,000 are required to have a single audit to be submitted to the Federal Audit Clearinghouse within nine months after the end of their fiscal year.

Unresolved – a single audit is required for the year ended September 30, 2015, and has not been submitted timely, but based on a review of federal expenditures as of the date of this report, September 19, 2016, the County will not be subject to a Single Audit for the subsequent fiscal year as the new federal funding threshold of \$750,000 has not been met. This will not be a finding for the year ended September 30, 2016 financial audit.

### **1-2013 - Material Weakness – Repeat Finding**

Month End Closing Procedures and Accounting for Fund Transfers

Resolved – a formalized month-end close process has been initiated

### **2-2013 - Material Weakness – Repeat Finding**

Capital Asset Accounting and Control - All Funds

Resolved – a listing of the County's fixed assets was performed during fiscal year 2015 and a physical inventory was taken at September 30, 2015 which was observed and verified by an independent third party



## **Schedule of Findings and Questioned Costs (Continued)**

### **3-2013 - Material Weakness – Repeat Finding**

#### **Bank Reconciliation Procedures – All Funds**

Resolved – all bank accounts are being reconciled on a contemporaneous basis

### **2-2009 – Significant Deficiency – Repeat Finding**

Reconcile Grant Reimbursement Requests to General Ledger – Linebacker (CFDA 16.580 and 16.753), Homeland Security (CFDA 97.073, 97.074), Stonegarden (CFDA 97.067), and Border Colonia Access Program (BCAP)

Resolved – grant reimbursements requests are being reconciled to the general ledger which is occurring concurrently with the bank account reconciliations

**REQUIRED SUPPLEMENTARY INFORMATION**

**Presidio County**  
Schedule of Changes in Net Pension Liability and Related Ratios

	<b>2014</b>
<b>Total Pension Liability</b>	
Service cost	\$ 301,034
Interest on Total Pension Liability	425,378
Effect of Plan Changes	-
Effect of Assumption Changes or Inputs	-
Effect of Economic/Demographic (gains) or losses	(84,839)
Benefit Payments/Refunds of Contributions	(282,912)
Net Change in Total Pension Liability	<u>358,660</u>
Total Pension Liability, Beginning	<u>5,242,690</u>
Total Pension Liability, Ending (a)	<u>\$ 5,601,350</u>
<b>Fiduciary Net Position</b>	
Employer Contributions	147,730
Member Contributions	131,814
Investment Income net of Investment Expenses	378,461
Benefit Payments/Refunds of Contributions	(282,912)
Administrative Expenses	(4,520)
Other	12,447
Net Change in Fiduciary Net Position	<u>383,019</u>
Fiduciary Net Position, Beginning	<u>5,673,344</u>
Fiduciary Net Position, Ending (b)	<u>\$ 6,056,363</u>
Net Pension Liability / (asset), ending = (a) - (b)	<u>\$ (455,013)</u>
Fiduciary Net Position as a % of Total Pension Liability	108.12%
Pensionable Covered Payroll	\$ 2,196,899
Net Pension Liability as a % of Covered Payroll	-20.71%