

PRESIDIO COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2014

PRESIDIO COUNTY
Financial Statements with Supplementary Information
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September 30, 2014

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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

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Presidio County, Texas, as of and for the year ended September 30, 2014, 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. 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 Adverse Opinion on Financial Statements as a Whole

As discussed in Note 3 to the financial statements, management has not recorded an asset, cash balance, or corresponding liability for amounts the County is holding as an agent for the inmate trust fund, a fiduciary fund, or amounts the County is holding as an agent in the District and County Clerk's Offices, a governmental fund. Accounting principles generally accepted in the United States of America require that those assets be recognized which would disclose the amounts held by the County for others and show the liability that is present.

As discussed in Note 3 to the financial statements, management has not recorded an asset, cash balance, or the corresponding revenues and expenses for the Commissary at the County Jail, a proprietary fund. Accounting principles generally accepted in the United States of America require that those assets and the County Jail's monthly transactions be recognized which would increase the assets, net position, revenues and expenses of the County's enterprise activities.

Management has not maintained the enterprise fund, the County Jail, on an accrual basis which understates revenues by a material amount. Accounting principles generally accepted in the United States of America require that those assets be accrued and recognized which would increase the assets, net position and revenues of the County's enterprise activities.

As discussed in Note 4 to the financial statements, management has not maintained or recorded capital assets and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those assets be capitalized and depreciated, which would increase the assets, net position and expenses of the County's activities.

The amounts that would be reported in the County's financial statements for government-wide activities, governmental activities and business-type activities have not been determined.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Financial Statements as a Whole" paragraph, the financial statements referred to above do not present fairly the financial position of Presidio County, Texas, as of September 30, 2014, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Painter and Associates, P.C.

Savannah, Texas
July 14, 2015

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, 2014. 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 \$3,722,632. The result was that net position of our governmental activities increased by 33.7%.

During the year, the County had expenses that were \$234,098 more than the \$5,606,268 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 \$960,234 less than the \$2,086,410 that was generated by charges for services and miscellaneous income in the Proprietary Fund.

The Governmental Funds ended the year with a fund balance of \$1,733,999 compared to a fund balance of \$2,308,812, as restated, at the end of the prior year. The Proprietary Fund ended the year with a fund balance of \$3,460,689 compared to a fund balance of \$2,445,463, as restated, at the end of the prior year.

The General Fund budget for the County revealed \$173,436 more revenues were received during the year than were budgeted while \$186,605 more expenses were incurred than were budgeted for in the year. The net effect of the budget variance was \$13,169, a negative 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 8. Its primary purpose is to show whether the County is better off 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 #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			
	2014	2013	2014	2013	2014	2013
Assets						
Cash & Cash Equivalents	\$ 839,911	\$ 857,503	\$ 512,851	\$ 405,233	\$ 1,352,762	\$ 1,262,736
Receivables, Net of Allowance	1,072,284	807,072	844,415	-	1,916,699	807,072
Grants Receivable	343,875	487,282	-	-	343,875	487,282
Amount Due From Others	462,172	134,867	7,558	3,011	469,730	137,878
Capital Assets, net of accum. deprec.	10,725,155	9,441,426	2,136,182	2,086,289	12,861,337	11,527,715
Total Assets	\$13,443,397	\$11,728,150	\$ 3,501,006	\$ 2,494,533	\$16,944,403	\$14,222,683
Liabilities						
Accounts Payable	\$ 312,475	\$ 320,722	\$ 32,700	\$ 44,518	\$ 345,175	\$ 365,240
Deferred Revenues	278,370	801,886	-	-	278,370	801,886
Amount Due To Others	107,675	82,191	7,616	269,431	115,291	351,622
Debt Service - Current	231,000	-	-	-	231,000	-
Debt Service - Long Term	1,215,000	1,667,000	-	-	1,215,000	1,667,000
Total Liabilities	2,144,520	2,871,799	40,316	313,949	2,184,836	3,185,748
Net Position						
Invested in Capital Assets						
Net of Related Debt	9,279,155	7,774,426	2,136,182	2,086,289	11,415,337	9,860,715
Restricted	223,983	-	-	-	223,983	-
Unrestricted	1,795,738	1,081,925	1,324,507	94,295	3,120,246	1,176,220
Total Net Position	11,298,877	8,856,351	3,460,690	2,180,584	14,759,567	11,036,935
Total Liabilities and Net Position	\$13,443,397	\$11,728,150	\$ 3,501,006	\$ 2,494,533	\$16,944,403	\$14,222,683

TABLE II - SUMMARY OF CHANGES IN NET POSITION

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues						
Property Taxes	\$ 2,290,433	\$ 1,588,815	\$ -	\$ -	\$ 2,290,433	\$ 1,588,815
Charges for Services	2,008,801	101,597	2,015,181	144,624	4,023,983	2,116,778
Investment Earnings	335	485	356	-	691	485
State Grant Funds	1,090,351	-	-	37,404	1,090,351	37,404
Other Revenue	216,348	3,724,329	70,873	45,274	287,221	3,795,202
Total Revenues	5,606,268	5,415,226	2,086,410	1,528,921	7,692,678	7,538,684
Expenses						
County Judge	\$ 134,092	\$ 120,139	-	-	\$ 134,092	\$ 120,139
County and District Clerk	204,592	210,476	-	-	204,592	210,476
County VA Officer	12,394	13,151	-	-	12,394	13,151
Justices of the Peace	197,829	194,101	-	-	197,829	194,101
County Attorney	113,879	112,933	-	-	113,879	112,933
District Court	53,284	45,629	-	-	53,284	45,629
District Attorney	30,900	40,000	-	-	30,900	40,000
County Treasurer	110,768	114,842	-	-	110,768	114,842
Office of Management & Budget	164,337	141,539	-	-	164,337	141,539
County Tax Office	234,801	219,095	-	-	234,801	219,095
County Auditor	38,889	-	-	-	38,889	-
County Courthouse	56,966	116,708	-	-	56,966	116,708
County Annex	71,279	57,975	-	-	71,279	57,975
County Sheriff	656,412	585,915	-	-	656,412	585,915
County Constables	24,976	31,144	-	-	24,976	31,144
County Agent	30,013	29,795	-	-	30,013	29,795
Emergency Management	64,618	52,834	-	-	64,618	52,834
Department of Public Safety	3,305	4,829	-	-	3,305	4,829
Non-Departmental	3,637,032	3,905,208	-	-	3,637,032	3,905,208
Compensation for Services	-	-	758,566	791,534	758,566	791,534
Supplies	-	-	253,977	25,255	253,977	25,255
Charges for Services	-	-	113,633	267,556	113,633	267,556
Depreciation	-	-	-	-	-	-
Total Expenses	5,840,366	5,996,313	1,126,176	1,084,345	6,966,542	7,080,658
Excess (Deficiency) of Revenues over Expenditures	(234,098)	(581,087)	960,234	444,576	726,136	458,026
Other Financing Sources (Uses)						
Transfers	(54,992)	-	54,992	-	-	-
Sales of Capital Assets	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(289,091)	(581,087)	1,015,227	444,576	726,136	458,026
Net Position - Beginning of Year	8,856,351	9,437,438	2,180,585	1,736,009	11,036,936	11,173,447
Prior Period Adjustments	2,731,617	-	264,878	-	2,996,495	-
Net Position - End of Year	\$ 11,298,877	\$ 8,856,351	\$ 3,460,690	\$ 2,180,584	\$ 14,759,567	\$ 11,631,473

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 2013. 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, 2014, the County had over \$18 million invested in land, buildings, machinery and equipment, and office furniture and fixtures.

TABLE III - Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 208,540	\$ 208,540	\$ -	\$ -	\$ 208,540	\$ 208,540
Other Capital Assets	15,082,798	15,082,798	2,712,903	2,662,036	17,795,701	17,744,834
Accumulated Depreciation	(4,566,183)	(4,566,183)	(576,721)	(576,721)	(5,142,904)	(5,142,904)
Total Net Capital Assets	<u>\$ 10,725,155</u>	<u>\$ 10,725,155</u>	<u>\$ 2,136,182</u>	<u>\$ 2,085,315</u>	<u>\$ 12,861,337</u>	<u>\$ 12,810,470</u>

Debt

At the end of the year the County had \$1,446,000 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 606, Marfa, Texas 79843.

BASIC FINANCIAL STATEMENTS

Presidio County
Statement of Net Position
September 30, 2014

Exhibit A-1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and Cash Equivalents	\$ 615,927	\$ 512,851	\$ 1,128,778
Restricted Cash and Cash Equivalents	223,983	-	223,983
	<u>839,911</u>	<u>512,851</u>	<u>1,352,762</u>
Receivables (net of allowance for uncollectibles)	1,072,284	844,415	1,916,699
Grants Receivable	343,875	-	343,875
Amount Due From Others	462,172	7,558	469,730
Capital Assets			
Land	208,540	-	208,540
Other Capital Assets	15,082,798	2,712,903	17,795,701
Accumulated Depreciation	(4,566,183)	(576,721)	(5,142,904)
Total Assets	<u>\$ 13,443,397</u>	<u>\$ 3,501,006</u>	<u>\$ 16,944,402</u>
Liabilities			
Accounts Payable and Accrued Expenses	\$ 312,475	\$ 32,700	\$ 345,175
Deferred Revenues	278,370	-	278,370
Amounts Due to Others	107,675	7,616	115,291
Long-term Debt			
Due Within One Year	231,000	-	231,000
Due in More Than One Year	1,215,000	-	1,215,000
Total Liabilities	<u>2,144,520</u>	<u>40,316</u>	<u>2,184,836</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	9,279,155	2,136,182	11,415,337
Restricted	223,983	-	223,983
Unrestricted	1,795,738	1,324,507	3,120,245
Total Net Position	<u>11,298,877</u>	<u>3,460,689</u>	<u>14,759,566</u>
Total Liabilities and Net Position	<u>\$ 13,443,397</u>	<u>\$ 3,501,006</u>	<u>\$ 16,944,402</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, 2014

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
Primary Government:						
Government Activities:						
County Judge	\$ 134,092	\$ 134,948	\$ 12,358	\$ 13,213	\$ -	\$ 13,213
County and District Clerk	204,592	39,236	-	(165,356)	-	(165,356)
County VA Officer	12,394	-	-	(12,394)	-	(12,394)
Justice of the Peace	197,829	158,061	-	(39,768)	-	(39,768)
County Attorney	113,879	28,764	51,666	(33,449)	-	(33,449)
District Court	53,284	322,009	2,772	271,497	-	271,497
District Attorney	30,900	-	-	(30,900)	-	(30,900)
County Treasurer	110,768	-	-	(110,768)	-	(110,768)
Office of Management & Budget	164,337	-	-	(164,337)	-	(164,337)
County Tax Office	234,801	4,179	-	(230,622)	-	(230,622)
County Auditor	38,889	-	-	(38,889)	-	(38,889)
County Courthouse	56,966	-	-	(56,966)	-	(56,966)
County Annex	71,279	-	-	(71,279)	-	(71,279)
County Sheriff	656,412	6,858	153,143	(496,411)	-	(496,411)
County Constables	24,976	-	-	(24,976)	-	(24,976)
County Agent	30,013	-	-	(30,013)	-	(30,013)
Emergency Management	64,618	-	-	(64,618)	-	(64,618)
Department of Public Safety	3,305	-	-	(3,305)	-	(3,305)
Non-Departmental	3,893,832	1,213,418	870,412	(1,810,002)	-	(1,810,002)
	6,097,166	1,907,472	1,090,351	(3,099,343)	-	(3,099,343)
Business-Type Activities:						
Corrections & Rehabilitation	1,126,176	2,086,054	-	-	959,878	959,878
	1,126,176	2,086,054	-	-	959,878	959,878
Total Expenses	\$ 7,223,342	\$ 3,993,526	\$ 1,090,351	(3,099,343)	959,878	(2,139,464)
General Revenues						
Property Taxes				2,290,433	-	2,290,433
Property Tax Collection Contracts				81,181	-	81,181
Licenses and Permits				20,148	-	-
Unrestricted Investment Earnings				335	356	691
Miscellaneous				216,348	-	216,348
Transfers				(54,992)	54,992	-
Total General Revenues and Transfers				2,553,453	55,348	2,608,801
Change in Net Position				(545,890)	1,015,226	469,337
Net Position - Beginning of the Year (Restated)				11,844,766	2,445,463	14,290,230
Net Position - End of the Year				\$ 11,298,877	\$ 3,460,689	\$ 14,759,566

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

Presidio County
Balance Sheet - Governmental Funds
September 30, 2014

Exhibit C-1

	Governmental Funds				Total Governmental Funds
	Major	Non-Major Funds			
	General Fund	Special Revenue	Capital Projects	Debt Service	
Assets					
Cash and Cash Equivalents	\$ 520,214	\$ (143,698)	\$ 13,038	\$ 226,373	\$ 615,927
Restricted Cash and Cash Equivalents	223,983	-	-	-	223,983
Receivables (net of allowance for uncollectibles)	1,072,284	-	-	-	1,072,284
Grant Receivable	-	343,875	-	-	343,875
Interfund Receivable	342,083	120,089	-	-	462,172
Total Assets	\$ 2,158,564	\$ 320,266	\$ 13,038	\$ 226,373	\$ 2,718,242
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	\$ 146,195	\$ 166,280	\$ -	\$ -	\$ 312,475
Deferred Revenues	278,370	-	-	-	278,370
Interfund Payables	-	107,675	-	-	107,675
Total Liabilities	424,565	273,955	-	-	698,520
Fund Balance					
Non-spendable	-	-	-	-	-
Restricted	223,983	-	-	-	223,983
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,510,016	46,311	13,038	226,373	1,795,738
Total Fund Balance	1,733,999	46,311	13,038	226,373	2,019,722
Total Liabilities and Fund Balance	\$ 2,158,564	\$ 320,266	\$ 13,038	\$ 226,373	\$ 2,718,241

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

Presidio County
Reconciliation of Governmental Fund Balance Sheet to the
Statement of Net Position
September 30, 2014

Exhibit C-2

Total Fund Balance - Governmental Funds	\$ 2,019,722
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 \$ 15,281,338 and the accumulated depreciation was \$4,566,183. 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	9,535,955
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 2014 capital outlays and debt principal payments is to increase (decrease) net position.	(256,800)
The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	<u>-</u>
Net Position of Governmental Activities	<u><u>\$ 11,298,877</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 Balances - Governmental Funds
For the Year Ended September 30, 2014

Exhibit C-3

	Governmental Funds				Total Governmental Funds
	Major	Non-Major Funds			
	General Fund	Special Revenue	Capital Projects	Debt Service	
Revenues					
Property Taxes	\$ 2,212,122	\$ -	\$ -	\$ 78,312	\$ 2,290,433
Charges for Services	1,249,164	658,308	-	-	1,907,472
Program Income from Grants	219,939	870,412	-	-	1,090,351
Property Tax Collection Contracts	81,181	-	-	-	81,181
Licenses and Permits	20,148	-	-	-	20,148
Unrestricted Investment Earnings	24	-	-	311	335
Miscellaneous	216,348	-	-	-	216,348
Total Revenues	3,998,925	1,528,720	-	78,623	5,606,268
Expenditures					
County Judge	134,092	-	-	-	134,092
County and District Clerk	204,592	-	-	-	204,592
County VA Officer	12,394	-	-	-	12,394
Justice of the Peace	197,829	-	-	-	197,829
County Attorney	113,879	-	-	-	113,879
District Court	53,284	-	-	-	53,284
District Attorney	30,900	-	-	-	30,900
County Treasurer	110,768	-	-	-	110,768
Office of Management & Budget	164,337	-	-	-	164,337
County Tax Office	234,801	-	-	-	234,801
County Auditor	38,889	-	-	-	38,889
County Courthouse	56,966	-	-	-	56,966
County Annex	71,279	-	-	-	71,279
County Sheriff	656,412	-	-	-	656,412
County Constables	24,976	-	-	-	24,976
County Agent	30,013	-	-	-	30,013
Emergency Management	64,618	-	-	-	64,618
Department of Public Safety	3,305	-	-	-	3,305
Non-Departmental	1,641,820	1,738,413	-	256,800	3,637,032
Total Expenditures	3,845,153	1,738,413	-	256,800	5,840,366
Excess (Deficiency) of Revenues Over Expenditures	153,771	(209,693)	-	(178,176)	(234,098)
Other Financing Sources (Uses)					
Transfers	4,894	(59,885)	-	-	(54,992)
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	4,894	(59,885)	-	-	(54,992)
Net Change in Fund Balances	158,665	(269,579)	-	(178,176)	(289,090)
Fund Balances - Beginning of Year	1,331,307	299,621	13,038	404,550	2,048,516
Prior Period Adjustment	244,027	16,269	-	-	260,296
Fund Balances - End	\$ 1,733,999	\$ 46,311	\$ 13,038	\$ 226,373	\$ 2,019,722

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

**Reconciliation of Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2014**

Total Net Change in Fund Balances - Governmental Funds	\$ (289,090)
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 2014 capital outlays and debt principal payments is to increase (decrease) net assets.	(256,800)
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.	-
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.	-
Change in Net Position of Governmental Activities	\$ (545,890)

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, 2014

	Budgeted Amounts		2014 Actual	Variance
	Original Budget	Final Budget		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 2,420,510	\$ 2,036,355	\$ 2,290,433	\$ 254,079
Charges for Services	422,345	422,344	1,907,472	1,485,128
Program Income from Grants	482,333	602,503	1,090,351	487,848
Property Tax Collection Contracts	107,000	203,177	81,181	(121,996)
Licenses and Permits	5,000	5,000	20,148	15,148
Unrestricted Investment Earnings	1,000	1,000	335	(665)
Miscellaneous	1,408,689	2,162,453	216,348	(1,946,106)
Total Revenues	4,846,877	5,432,832	5,606,268	173,436
Expenditures				
County Judge	122,010	120,358	134,092	(13,735)
County and District Clerk	229,695	226,965	204,592	22,373
County VA Officer	15,344	14,971	12,394	2,577
Justices of the Peace	197,252	193,932	197,829	(3,897)
County Attorney	118,734	116,820	113,879	2,940
District Court	72,576	72,586	53,284	19,302
District Attorney	41,200	41,200	30,900	10,300
County Treasurer	111,044	109,511	110,768	(1,257)
Office of Management & Budget	195,712	194,920	164,337	30,583
County Tax Office	260,870	257,427	234,801	22,627
County Auditor	-	88,300	38,889	49,411
County Courthouse	127,411	126,908	56,966	69,942
County Annex	67,878	62,936	71,279	(8,342)
County Sheriff	712,399	702,284	656,412	45,872
County Constables	32,306	33,055	24,976	8,079
County Agent	33,359	32,139	30,013	2,126
Emergency Management	25,805	26,376	64,618	(38,242)
Department of Public Safety	6,450	6,450	3,305	3,145
Non-Departmental	2,638,195	3,226,624	3,637,032	(410,409)
Total Expenditures	5,008,240	5,653,761	5,840,366	(186,605)
Excess (Deficiency) of Revenues Over Expenditures	(161,363)	(220,929)	(234,098)	(13,169)
Other Financing Sources (Uses)				
Transfers	-	-	(54,992)	-
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(54,992)	-
Net Change in Fund Balances			(289,090)	

Presidio County
Statement of Net Position - Proprietary Fund
September 30, 2014

Exhibit D-1

	Enterprise Fund
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 512,851
Receivables (net of allowance for uncollectible)	844,415
Amounts Due from Others	7,558
Total Current Assets	1,364,824
Noncurrent Assets	
Capital Assets	
Plant, Property and Equipment	2,712,903
Accumulated Depreciation - Plant, Property and Equipment	(576,721)
Total Noncurrent Assets	2,136,182
Total Assets	\$ 3,501,006
Liabilities and Net Position	
Current Liabilities	
Accounts Payable	\$ 32,700
Due to Other Funds	7,616
Total Current Liabilities	40,316
Noncurrent Liabilities	
Debt Service-Noncurrent	-
Total Noncurrent Liabilities	-
Total Liabilities	40,316
Net Position	
Invested in Capital Assets	2,136,182
Restricted	-
Unrestricted	1,324,507
Total Net Position	3,460,689
Total Liabilities and Net Position	\$ 3,501,006

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

Presidio County
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended September 30, 2014

Exhibit D-2

	Enterprise Fund
Operating Revenues	
Charges for Services	\$ 2,015,181
Other Revenue	70,873
Total Operating Revenues	2,086,054
Operating Expenses	
Compensation for Services	758,566
Charges for Services	253,977
Supplies	113,633
Depreciation	-
Total Operating Expenses	1,126,176
Operating Income (Loss)	959,878
Nonoperating Revenues (Expenses)	
Investment Income (Loss)	356
Miscellaneous	-
Net Nonoperating Revenues (Expenses)	356
Income (Loss) Before Capital Contributions and Transfers	960,234
Capital Contributions and Transfers	
Capital Contributions	-
Net Transfers	54,992
Net Capital Contributions and Transfers	54,992
Change in Net Position	1,015,226
Total Net Position - Beginning of the Year (Restated)	2,445,463
Total Net Position - End of the Year	\$ 3,460,689

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

Presidio County
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2014

Exhibit D-3

	Enterprise Fund
Cash Flows from Operating Activities	
Cash Received from Other Governments	\$ 1,229,023
Payments to Suppliers	(367,610)
Payments to Employees	(758,566)
Net Cash Provided (Used) by Operating Activities	102,847
Cash Flows from Financing Activities	
Acquisition and Construction of Capital Assets	(49,893)
Proceeds from the Sale of Capital Assets	-
Net Transfers	54,992
Net Cash Provided (Used) by Financing Activities	5,099
Cash Flows from Investing Activities	
Interest Received	356
Net Cash Provided (Used) by Investing Activities	356
Net Increase (Decrease) in Cash and Cash Equivalents	108,302
Cash and Cash Equivalents at the Beginning of the Year	404,549
Cash and Cash Equivalents at the End of the Year	\$ 512,851
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 959,878
Adjustments for Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	-
(Increase) Decrease in Accounts Receivable and Other Assets	(583,398)
Increase (Decrease) in Accounts Payable and Other Liabilities	(273,633)
Net Cash Provided (Used) by Operating Activities	\$ 102,847

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

Presidio County
Statement of Fiduciary Net Position
September 30, 2014

Exhibit E-1

	Inmate Trust Fund
Assets	
Cash in Agency Accounts	68,791
Total Assets	\$ 68,791
Liabilities	
Amounts Due to Others	\$ 68,791
Total Liabilities	68,791
Net Position	
Unrestricted	-
Total Net Position	-
Total Liabilities and Net Position	\$ 68,791

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

**COUNTY OF PRESIDIO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 assets are reported in three parts: investment in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

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, liabilities, reserves, 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. GASBS 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 expensed 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 courthouse is a historical building placed in service in January 1887. The facility was capitalized at its original cost of \$60,000. Since the original cost of the courthouse as well as the original cost of the historical jail facility of \$26,000 are valued at less than the estimated salvage value of the facilities, the courthouse and the original cost of the historical jail site are therefore not depreciated. The major courthouse restoration project which was completed in 2002 was capitalized and is being depreciated over an estimated 30 years. The County has not reconciled its fixed asset accounting system to the financial records of the County since 2007. Since 2007 the County has estimated depreciation based on system information through 2007 adjusted for capitalized assets < \$5000, which represents a departure from prior accounting policy, and is one of the subjects of the auditor's report.

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. Due to the lack of accounting of Capital Assets since 2007, the assets have been carried on the County's financial statements at the amount present as of the September 30, 2011 with no corresponding increase or decrease in amounts capitalized and with no corresponding annual depreciation expense.

- 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, 2014, total accrued vacation and compensated absences was \$45,356. Sick leave benefits accrue based on years of service and is 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 54. Fund balances are classified as non-spendable, restricted, committed, assigned and unassigned based on the circumstances that apply. In accordance with County policy:
 - 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.

For the classification of fund balances the County considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and (2) the County considered committed and assigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

- 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.

2. PROPERTY TAX

The County's annual ad valorem property tax is required to be levied by October 1st, 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 31st 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 2014 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 challenged 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, 2014:

Current taxes receivable	\$ 278,370
Delinquent taxes receivable	789,385
Allowance for uncollectible	<u>(160,163)</u>
	<u>\$ 907,592</u>

3. CASH AND CASH EQUIVALENTS

Deposit Risk – As of September 30, 2014, the carrying amount of the County's deposits held in one depository bank was \$1,677,016 for the primary government and \$141,690 for trust and agency funds and the balances per bank totaled \$1,818,706 with differences being attributed to items in transit. Of the bank balance of year end, \$1,445,167 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 \$373,539 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 two pooled accounts, a primary checking account and an interest-bearing money market account, to accomplish cash transactions for a number of funds and sub-funds.
- Commissary Funds – The financial reporting framework to report the reconciled commissary cash balance into the fund financial statements and the government-wide financial statements does not currently exist. The cash balance of \$9,593 at September 30, 2014 is the amount currently being recognized.

- Inmate Trust Funds - The financial reporting framework to report the reconciled inmate trust fund cash balance into the fund financial statements and the government-wide financial statements does not currently exist. The cash balance of \$68,791 at September 30, 2014 is the amount currently being recognized.
- Agency Trust Funds - The financial reporting framework to report the reconciled agency trust fund cash balance into the fund financial statements and the government-wide financial statements does not currently exist. The cash balances of \$141,690 at September 30, 2014 is the amount currently being recognized.

4. CAPITAL ASSETS

A summary of capital asset activities for the year ended September 30, 2014 follows:

	Balance at 9/30/2013	Additions	Deletions	Balance at 9/30/2014
Governmental:				
Land	\$ 208,540	\$ -	\$ -	\$ 208,540
Other Capital Assets	15,082,798	-	-	15,082,798
Totals at Historical Cost	15,291,338	-	-	15,291,338
Less Accumulated Depreciation				
Accumulated Depreciation	(4,566,183)	-	-	(4,566,183)
Total Accumulated Depreciation	(4,566,183)	-	-	(4,566,183)
Governmental Capital Assets, Net	10,725,155	-	-	10,725,155
Proprietary:				
Land	\$ -	\$ -	\$ -	\$ -
Other Capital Assets	2,662,036	50,867	-	2,712,903
Totals at Historical Cost	2,662,036	50,867	-	2,712,903
Less Accumulated Depreciation				
Accumulated Depreciation	(576,721)	-	-	(576,721)
Total Accumulated Depreciation	(576,721)	-	-	(576,721)
Business-type Activities Capital Assets, Net	2,085,315	50,867	-	2,136,182

The amount of \$50,867 that was added for fiscal year 2014 is a result of amounts that should have been capitalized and were part of the sample for the proprietary fund disbursement testing performed during the audit of the 2014 fiscal year. The amounts are not being depreciated as a third part service provider, RCI, has performed an accounting and inspection of the County's assets during the 2014 fiscal year. The amounts recognized for Capital Assets will change for fiscal year 2015 and will be based on the work performed by RCI.

5. LONG-TERM DEBT

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

	Balance at 9/30/13	Issued	Retired	Balance at 9/30/13
General Obligation Refunding Bonds Series 2012	\$1,667,000	0	\$221,000	<u>\$1,446,000</u>
	1,667,000	0	221,000	\$1,446,000
	<u>\$1,667,000</u>	<u>\$0</u>	<u>\$221,000</u>	<u>\$1,446,000</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, 2015.

The principal and interest maturities of long-term debt for Governmental Activities as of September 30, 2014 are as follows:

Certificates of Obligation		
Ending Period	Principal	Interest
2015	231,000	30,602
2016	236,000	25,231
2017	244,000	19,711
2018	252,000	14,007
2019	264,000	8,073
2020	<u>219,000</u>	<u>2,519</u>
	<u>\$1,446,000</u>	<u>\$100,143</u>

6. EMPLOYEE PENSION AND RETIREMENT PROGRAMS

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, joint contributory, defined contribution plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for administration of the statewide agent multiple-employer public employee retirement system consisting of 656 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statues governing TCDRS (TCDRS Act).

Members can retire at ages 60 and above with 8 years or more of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contribution in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy. The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 6% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost. For the employer's accounting year ending September 30, 2014, the pension cost for the TCDRS plan for its employees was \$146,846, and the actual total contributions for employee and employer were \$283,610.

The annual required contributions were actuarially determined as a percentage of the covered payroll of the participating employees, and were in compliance with GASB Statement No.27 parameters based on the actuarial valuation as of December 31, 2013, the basis for determining the contribution rate for calendar year 2014. The December 31, 2013 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/11	12/31/12	12/31/13
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level % of payroll, open	Level % of payroll, closed	Level % of payroll, open
Amortization period in years	30	20	30
Asset valuation method	Amortized	Amortized	Amortized

Actuarial assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.4	5.4	4.9
Inflation	3.5%	3.5%	3.0%
Cost-of-living adjustment	0.0%	0.0%	0.0%

Actuarial valuation date	12/31/11	12/31/12	12/31/13
Actuarial valuation of assets	\$3,606,551	\$3,880,890	\$3,980,426
Actuarial accrued liability (AAL)	\$3,602,352	\$3,927,863	\$3,911,537
Unfunded AAL (UAAL)	\$ (4,199)	\$ 46,973	\$ (68,889)
Funded ratio	100.12%	98.80%	101.76%
Annual covered payroll	\$1,402,995	\$2,188,373	\$2,317,652
UAAL as percentage of covered payroll	-0.30%	2.15%	-2.97%

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. Although delinquent taxes are eventually substantially collected, a 15% allowance for uncollectible taxes has been provided based on historical collection history. Refer to Note 3 for disclosures relevant to concentration of credit risk for bank deposits.

As of September 30, 2014, the Presidio Health Care Clinic (Fund 61) reported with special revenue funds owed the general fund \$52,521 for pooled cash overdraft of (\$52,521). Uncertainty exists as to the programs ability to repay the General fund based on results of operations in the current and prior years. In accordance with current accounting standards the deficit fund balance is reported reducing total unassigned fund balance since the pooled cash overdrafts have in substance been paid by the general fund via pooled cash overdraft.

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 for the September 30, 2014 single audit identified \$64,871 in federal funding which is a disallowed cost for the Operation Stonegarden grant.

9. 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 and as a result of the audit that resulted in a net prior period adjustment of \$260,296 from fiscal year 2013 governmental fund balances to the fiscal year 2014 governmental fund balances.

10. SUBSEQUENT EVENTS

In preparing the financial statements the management of Presidio County, Texas has evaluated events and transactions for potential recognition or disclosure through July 14, 2015, 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, 2014**

Exhibit F-1

	Major	Non-major Governmental Funds				Combined Total
	General Fund	Road and Bridge Fund	Vizcaino Park Fund	Redford School / Community Fund	Archives Fund	
Assets						
Cash and Cash Equivalents	\$ 696,358	\$ 26,631	\$ (255,322)	\$ (16,924)	\$ 69,471	\$ 520,214
Restricted Cash and Cash Equivalents	223,983	-	-	-	-	223,983
	<u>920,341</u>	<u>26,631</u>	<u>(255,322)</u>	<u>(16,924)</u>	<u>69,471</u>	<u>744,197</u>
Receivables (net of allowance for uncollectibles)	1,072,284	-	-	-	-	1,072,284
Grants Receivable	-	-	-	-	-	-
Interfund Receivable	342,083	-	-	-	-	342,083
Total Assets	<u>\$ 2,334,708</u>	<u>\$ 26,631</u>	<u>\$ (255,322)</u>	<u>\$ (16,924)</u>	<u>\$ 69,471</u>	<u>\$ 2,158,564</u>
Liabilities						
Accounts Payable	\$ 140,340	\$ 8,234	\$ 596	\$ -	\$ (2,975)	\$ 146,195
Deferred Revenues	278,370	-	-	-	-	278,370
Interfund Payable	-	-	-	-	-	-
Total Liabilities	<u>418,710</u>	<u>8,234</u>	<u>596</u>	<u>-</u>	<u>(2,975)</u>	<u>424,565</u>
Fund Balance						
Non-spendable	-	-	-	-	-	-
Restricted	223,983	-	-	-	-	223,983
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	1,692,015	18,397	(255,918)	(16,924)	72,446	1,510,016
Total Fund Balance	<u>1,915,998</u>	<u>18,397</u>	<u>(255,918)</u>	<u>(16,924)</u>	<u>72,446</u>	<u>1,733,999</u>
Total Liabilities and Fund Balance	<u>\$ 2,334,708</u>	<u>\$ 26,631</u>	<u>\$ (255,322)</u>	<u>\$ (16,924)</u>	<u>\$ 69,471</u>	<u>\$ 2,158,564</u>

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, 2014

Exhibit F-2

	Non-major Governmental Funds					Combined Total
	Major General Fund	Road and Bridge Fund	Vizcaino Park Fund	Redford School / Community Fund	Archives Fund	
Revenues						
Property Taxes	\$ 2,212,122	\$ -	\$ -	\$ -	\$ -	\$ 2,212,122
Charges for Services	740,608	463,952	35,043	-	-	1,249,164
Program Income from Grants	219,939	-	-	-	9,560	219,939
Property Tax Collection Contracts	81,181	-	-	-	-	81,181
Licenses and Permits	20,148	-	-	-	-	20,148
Unrestricted Investment Earnings	24	-	-	-	-	24
Miscellaneous	212,755	-	3,592	-	-	216,348
Total Revenues	3,486,777	463,952	38,636	-	9,560	3,998,925
Expenditures						
County Judge	134,092	-	-	-	-	134,092
County and District Clerk	204,592	-	-	-	-	204,592
County VA Officer	12,394	-	-	-	-	12,394
Justice of the Peace	197,829	-	-	-	-	197,829
County Attorney	113,879	-	-	-	-	113,879
District Court	53,284	-	-	-	-	53,284
District Attorney	30,900	-	-	-	-	30,900
County Treasurer	110,768	-	-	-	-	110,768
Office of Management & Budget	164,337	-	-	-	-	164,337
County Tax Office	234,801	-	-	-	-	234,801
County Auditor	38,889	-	-	-	-	38,889
County Courthouse	56,966	-	-	-	-	56,966
County Annex	71,279	-	-	-	-	71,279
County Sheriff	656,412	-	-	-	-	656,412
County Constables	24,976	-	-	-	-	24,976
County Agent	30,013	-	-	-	-	30,013
Emergency Management	64,618	-	-	-	-	64,618
Department of Public Safety	3,305	-	-	-	-	3,305
Non-Departmental	970,211	525,395	133,991	12,223	-	1,641,820
Total Expenditures	3,173,545	525,395	133,991	12,223	-	3,845,153
Excess (Deficiency) of Revenues Over (Under) Expenditures	313,232	(61,442)	(95,355)	(12,223)	9,560	153,772
Other Financing Sources (Uses)						
Transfers	4,894	-	-	-	-	4,894
Sale of Capital Assets	-	-	-	-	-	-
Total Other Financing Sources (Uses)						
Net Change in Fund Balances	318,126	(61,442)	(95,355)	(12,223)	9,560	158,666
Fund Balance - Beginning of the Year	1,353,846	79,837	(160,560)	(4,702)	62,886	1,331,307
Prior Period Adjustment	244,026	2	(2)	1	-	244,027
Fund Balance - End of the Year	\$ 1,915,998	\$ 18,397	\$ (255,918)	\$ (16,924)	\$ 72,446	\$ 1,733,999

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

Presidio County
Balance Sheet – Special Revenue Funds
September 30, 2014

	Seizure Fund	Technology Fund	Records Management Fund	Court Records Management Fund	Courthouse Security Fund	Abandoned Vehicle Fund
Assets						
Cash and Cash Equivalents	\$ 21,770	\$ 2,200	\$ 16,721	\$ 4,145	\$ 126,045	\$ 8,408
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-
Interfund Receivable	-	5,472	-	-	-	-
Total Assets	\$ 21,770	\$ 7,672	\$ 16,721	\$ 4,145	\$ 126,045	\$ 8,408
Liabilities						
Accounts Payable	\$ (335)	\$ 670	\$ (264)	\$ -	\$ -	\$ 455
Deferred Revenues	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-
Total Liabilities	(335)	670	(264)	-	-	455
Fund Balance						
Non-spendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	22,106	7,002	16,985	4,145	126,045	7,953
Total Fund Balance	22,106	7,002	16,985	4,145	126,045	7,953
Total Liabilities and Fund Balance	\$ 21,771	\$ 7,672	\$ 16,721	\$ 4,145	\$ 126,045	\$ 8,408

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

**Presidio County
Balance Sheet – Special Revenue Funds
September 30, 2014**

	Law Library Fund	LEOSE Fund	Airport Fund	Operation Linebacker Fund	Hot Check Fund	Total
Assets						
Cash and Cash Equivalents	\$ 2,894	\$ 7,472	\$ (34,115)	\$ (37,738)	\$ 3,824	\$ 121,625
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-
Interfund Receivable	-	-	9,000	-	-	14,472
Total Assets	\$ 2,894	\$ 7,472	\$ (25,115)	\$ (37,738)	\$ 3,824	\$ 136,097
Liabilities						
Accounts Payable	\$ -	\$ -	\$ 50,440	\$ -	\$ 43	\$ 51,009
Deferred Revenues	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-
Total Liabilities	-	-	50,440	-	43	51,009
Fund Balance						
Non-spendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	2,894	7,472	(75,555)	(37,738)	3,781	85,089
Total Fund Balance	2,894	7,472	(75,555)	(37,738)	3,781	85,089
Total Liabilities and Fund Balance	\$ 2,894	\$ 7,472	\$ (25,115)	\$ (37,738)	\$ 3,824	\$ 136,098

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

**Presidio County
Balance Sheet – Special Revenue Funds
September 30, 2014**

	Presidio Clinic Development Fund	Stray Fund	Solid Waste Grant	Homeland Security Grant	TDRA 729-135 OSSF 2010 Grant	Cibola Levee / Drain Grant	Ruidosa Church Restoration Grant
Assets							
Cash and Cash Equivalents	\$ (52,521)	\$ 1,513	\$ (43,839)	\$ (10,101)	\$ (2,203)	\$ 151,805	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-	-
Interfund Receivable	-	-	-	7,861	-	-	-
Total Assets	\$ (52,521)	\$ 1,513	\$ (43,839)	\$ (2,240)	\$ (2,203)	\$ 151,805	\$ -
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ 42,573	\$ -	\$ 877	\$ -
Deferred Revenues	-	-	-	-	-	-	-
Interfund Payable	-	-	-	71,013	-	-	-
Total Liabilities	-	-	-	113,586	-	877	-
Fund Balance							
Non-spendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(52,521)	1,513	(43,839)	(115,826)	(2,203)	150,929	-
Total Fund Balance	(52,521)	1,513	(43,839)	(115,826)	(2,203)	150,929	-
Total Liabilities and Fund Balance	\$ (52,521)	\$ 1,513	\$ (43,839)	\$ (2,240)	\$ (2,203)	\$ 151,805	\$ -

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

Presidio County
Balance Sheet – Special Revenue Funds
September 30, 2014

	BCAP Grant	Redford Irrigation Grant	Pueblo Nuevo Grant	Operation Stonegarden Grant	Stonegarden 2011	Presidential Permit Grant	Total
Assets							
Cash and Cash Equivalents	\$ 13,338	\$ 39,727	\$ 2,818	\$ (356,492)	\$ (24)	\$ (9,344)	\$ (265,323)
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Grants Receivable	-	-	-	343,875	-	-	343,875
Interfund Receivable	-	-	-	97,736	-	20	105,617
Total Assets	\$ 13,338	\$ 39,727	\$ 2,818	\$ 85,119	\$ (24)	\$ (9,324)	\$ 184,169
Liabilities							
Accounts Payable	\$ 5,256	\$ 22	\$ 30	\$ 66,463	\$ -	\$ 50	\$ 115,271
Deferred Revenues	-	-	-	-	-	-	-
Interfund Payable	-	-	5,000	31,662	-	-	107,875
Total Liabilities	5,256	22	5,030	98,125	-	50	222,946
Fund Balance							
Non-spendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	8,082	39,705	(2,213)	(13,006)	(24)	(9,374)	(38,778)
Total Fund Balance	8,082	39,705	(2,213)	(13,006)	(24)	(9,374)	(38,778)
Total Liabilities and Fund Balance	\$ 13,338	\$ 39,727	\$ 2,818	\$ 85,119	\$ (24)	\$ (9,324)	\$ 184,169

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

Presidio County
Combining Balance Sheet - Special Revenue Funds
September 30, 2014

Exhibit F-3-3

	Totals Exhibit F-3-1	Totals Exhibit F-3-2	Total
Assets			
Cash and Cash Equivalents	\$ 121,625	\$ (265,323)	\$ (143,698)
Receivables (net of allowance for uncollectibles)	-	-	-
Grants Receivable	-	343,875	343,875
Interfund Receivable	14,472	105,617	120,089
Total Assets	\$ 136,097	\$ 184,169	\$ 320,266
Liabilities			
Accounts Payable	\$ 51,009	\$ 115,271	\$ 166,280
Deferred Revenues	-	-	-
Interfund Payable	-	107,675	107,675
Total Liabilities	51,009	222,946	273,955
Fund Balance			
Non-spendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	85,089	(38,778)	46,311
Total Fund Balance	85,089	(38,778)	46,311
Total Liabilities and Fund Balance	\$ 136,098	\$ 184,169	\$ 320,266

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, 2014

	Seizure Fund	Technology Fund	Records Management Fund	Court Records Management Fund	Courthouse Security Fund	Abandoned Vehicle Fund
Revenues						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	430	5,662	4,476	1,044	145	5,450
Program Income from Grants	-	-	-	-	-	-
Property Tax Collection Contracts	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Unrestricted Investment Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	430	5,662	4,476	1,044	145	5,450
Expenditures						
Non-Departmental	98	1,700	-	-	-	6,478
Total Expenditures	98	1,700	-	-	-	6,478
Excess (Deficiency) of Revenues Over (Under) Expenditures	332	3,962	4,476	1,044	145	(1,028)
Other Financing Sources (Uses)						
Transfers	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Net Change in Fund Balances	332	3,962	4,476	1,044	145	(1,028)
Fund Balance - Beginning of the Year	21,773	3,040	12,509	3,101	125,900	8,981
Prior Period Adjustment	-	-	-	-	-	-
Fund Balance - End of the Year	\$ 22,106	\$ 7,002	\$ 16,985	\$ 4,145	\$ 126,045	\$ 7,953

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, 2014

	Law Library Fund	LEOSE Fund	Airport Fund	Operation Linebacker Fund	Hot Check Fund	Total
Revenues						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	70	-	639,092	-	611	656,980
Program Income from Grants	-	-	-	-	-	-
Property Tax Collection Contracts	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Unrestricted Investment Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	70	-	639,092	-	611	656,980
Expenditures						
Non-Departmental	-	-	674,025	-	1,080	683,381
Total Expenditures	-	-	674,025	-	1,080	683,381
Excess (Deficiency) of Revenues Over (Under) Expenditures	70	-	(34,933)	-	(469)	(26,401)
Other Financing Sources (Uses)						
Transfers	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Net Change in Fund Balances	70	-	(34,933)	-	(469)	(26,401)
Fund Balance - Beginning of the Year	2,824	7,472	(40,622)	(37,738)	4,250	111,490
Prior Period Adjustment	-	-	-	-	-	-
Fund Balance - End of the Year	\$ 2,894	\$ 7,472	\$ (75,555)	\$ (37,738)	\$ 3,781	\$ 85,089

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, 2014

	Presidio Clinic Development Fund	Stray Fund	Solid Waste Grant	Homeland Security Grant	TDRA 729-135 OSSF 2010 Grant	Cibola Levee / Drain Grant	Ruidosa Church Restoration Grant
Revenues							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	1,328	-	-	-	-	-
Program Income from Grants	-	-	-	113,432	900	-	-
Property Tax Collection Contracts	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-
Unrestricted Investment Earnings	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>1,328</u>	<u>-</u>	<u>113,432</u>	<u>900</u>	<u>-</u>	<u>-</u>
Expenditures							
Non-Departmental	-	708	-	219,100	800	-	8,147
Total Expenditures	<u>-</u>	<u>708</u>	<u>-</u>	<u>219,100</u>	<u>800</u>	<u>-</u>	<u>8,147</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	620	-	(105,668)	100	-	(8,147)
Other Financing Sources (Uses)							
Transfers	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-
Net Change in Fund Balances	<u>-</u>	<u>620</u>	<u>-</u>	<u>(105,668)</u>	<u>100</u>	<u>-</u>	<u>(8,147)</u>
Fund Balance - Beginning of the Year	(52,521)	893	(43,839)	(14,596)	(2,303)	163,558	8,147
Prior Period Adjustment	-	-	-	4,438	-	(12,629)	-
Fund Balance - End of the Year	<u>\$ (52,521)</u>	<u>\$ 1,513</u>	<u>\$ (43,839)</u>	<u>\$ (115,826)</u>	<u>\$ (2,203)</u>	<u>\$ 150,929</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, 2014

	BCAP Grant	Redford Irrigation Grant	Pueblo Nuevo Grant	Operation Stonegarden Grant	Stonegarden 2011	Presidential Permit Grant	Total
Revenues							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-
Program Income from Grants	14,408	-	-	67,462	-	-	1,328
Property Tax Collection Contracts	-	-	-	-	-	674,210	870,412
Licenses and Permits	-	-	-	-	-	-	-
Unrestricted Investment Earnings	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	14,408	-	-	67,462	-	674,210	871,740
Expenditures							
Non-Departmental	6,596	10,220	354	125,523	-	683,584	1,055,032
Total Expenditures	6,596	10,220	354	125,523	-	683,584	1,055,032
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,812	(10,220)	(354)	(58,062)	-	(9,374)	(183,292)
Other Financing Sources (Uses)							
Transfers	-	-	-	(59,885)	-	-	(59,885)
Sale of Capital Assets	-	-	-	-	-	-	-
Net Change in Fund Balances	7,812	(10,220)	(354)	(117,947)	-	(9,374)	(243,177)
Fund Balance - Beginning of the Year	270	49,924	(1,859)	80,482	(24)	-	188,132
Prior Period Adjustment	-	-	-	24,459	-	-	15,267
Fund Balance - End of the Year	\$ 8,082	\$ 39,705	\$ (2,213)	\$ (13,006)	\$ (24)	\$ (9,374)	\$ (38,776)

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

Presidio County
Combining Statement of Revenues, Expenditures and Changes in
Net Position - Special Revenue Funds
For the Year Ended September 30, 2014

	Totals Exhibit F-4-1	Totals Exhibit F-4-2	Total
Revenues			
Property Taxes	\$ -	\$ -	\$ -
Charges for Services	656,980	1,328	658,308
Program Income from Grants	-	870,412	870,412
Property Tax Collection Contracts	-	-	-
Licenses and Permits	-	-	-
Unrestricted Investment Earnings	-	-	-
Miscellaneous	-	-	-
Total Revenues	656,980	871,740	1,528,720
Expenditures			
Non-Departmental	683,381	1,055,032	1,738,413
Total Expenditures	683,381	1,055,032	1,738,413
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,401)	(183,292)	(209,693)
Other Financing Sources (Uses)			
Transfers	-	(59,885)	(59,885)
Sale of Capital Assets	-	-	-
Total Other Financing Sources (Uses)	-	(59,885)	(59,885)
Net Change in Fund Balances	(26,401)	(243,177)	(269,579)
Fund Balance - Beginning of the Year	111,490	188,132	299,623
Prior Period Adjustment	-	16,267	16,267
Fund - End of the Year	\$ 85,089	\$ (38,778)	\$ 46,311

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 of Presidio County, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Presidio County's basic financial statements and have issued our report thereon dated July 14, 2015.

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
July 14, 2015

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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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.

Basis for Qualified Opinion on Operation Stonegarden and U.S. 67 Presidential Permit Grants

As described in the accompanying Schedule of Findings and Questioned Costs, Presidio County, Texas did not comply with requirements regarding CFDA 97.067 Operation Stonegarden grant as described in finding numbers 8-2014, 9-2014, 10-2014, and 2-2013 for eligibility and reporting. Compliance with such requirements is necessary, in our opinion, for the County of Presidio, Texas to comply with the requirements applicable to the program.

As described in the accompanying Schedule of Findings and Questioned Costs, Presidio County, Texas did not comply with requirements regarding CFDA 20.205 U.S. 67 Presidential Permit as described in finding numbers 9-2014, 10-2014 and 2-2013 for eligibility and reporting. Compliance with such requirements is necessary, in our opinion, for the County of Presidio, Texas to comply with the requirements applicable to the program.

Qualified Opinion on Operation Stonegarden and U.S. 67 Presidential Permit Grants

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Presidio County, Texas complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on Operation Stonegarden and U.S. 67 Presidential Permit for the year ended September 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Presidio County, Texas complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2-2009. Our opinion on each major federal program is not modified with respect to this matter.

Presidio County, Texas' response to the noncompliance findings identified in our audit is described in the accompany Schedule of Findings and Questioned Costs. Presidio County, Texas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 8-2014, 9-2014, 10-2014 and 2-2013 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2-2009 to be significant deficiencies.

Presidio County, Texas' response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Presidio County, Texas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
July 14, 2015

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

Community Development Block Grant
Federal Financial Assistance
Federal Grantor: U.S. Department of Housing & Urban Development
Pass-through Grantor: Texas Department of Rural Affairs
Contract Number: R729500 & R729500B

Cibolo Creek Flood & Drainage Improvements

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 325,401	\$ 10,050	\$ -	\$ 10,050
Local Revenues	17,615	76,160	-	76,160
Total Revenues	<u>343,016</u>	<u>86,210</u>	<u>-</u>	<u>86,210</u>
Expenditures				
Administration	6,474	69,330	-	69,330
Flood & Drainage Facilities	270,016	-	-	-
Engineering	48,000	20,650	-	20,650
Activity Delivery	18,526	8,094	-	8,094
Total Expenditures	<u>343,016</u>	<u>98,074</u>	<u>-</u>	<u>98,074</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ (11,864)</u>	<u>\$ -</u>	<u>\$ (11,864)</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

Community Development Block Grant
Federal Financial Assistance
Federal Grantor: U.S. Department of Housing & Urban Development
Pass-through Grantor: Texas Department of Rural Affairs
Contract Number: 711389

Redford Irrigation

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 291,368	\$ 192,135	\$ -	\$ 192,135
Local Revenues			-	-
Total Revenues	<u>291,368</u>	<u>192,135</u>	<u>-</u>	<u>192,135</u>
Expenditures				
Administration	291,368	263,178	10,220	273,398
Total Expenditures	<u>291,368</u>	<u>263,178</u>	<u>10,220</u>	<u>273,398</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ (71,043)</u>	<u>\$ (10,220)</u>	<u>\$ (81,263)</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

Operation Stonegarden

Federal Financial Assistance

Federal Grantor: U.S. Department of Homeland Security

Pass-through Grantor: Texas Division of Emergency Management

Contract Number: EMW-2011-SS-00019

2011 OPSG

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 399,437	\$ 265,120	\$ 42,084	\$ 307,205
Local Revenues				-
Total Revenues	<u>399,437</u>	<u>265,120</u>	<u>42,084</u>	<u>307,205</u>
Expenditures				
Administration	399,437	265,120	42,084	307,205
Total Expenditures	<u>399,437</u>	<u>265,120</u>	<u>42,084</u>	<u>307,205</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Presidio County
Individual Grants
For the Year Ended September 30, 2014

State Homeland Security Program
 Federal Financial Assistance
 Federal Grantor: U.S. Department of Homeland Security
 Pass-through Grantor: Rio Grande Council of Governments
 Contract Number: EMW-2011-SS-00019

2011 SHSP

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 45,579	\$ -	\$ 19,856	\$ 19,856
Local Revenues				-
Total Revenues	<u>45,579</u>	<u>-</u>	<u>19,856</u>	<u>19,856</u>
Expenditures				
Administration	45,579	-	19,856	19,856
Total Expenditures	<u>45,579</u>	<u>-</u>	<u>19,856</u>	<u>19,856</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

State Homeland Security Program Law Enforcement Terrorist Prevention Activities
 Federal Financial Assistance
 Federal Grantor: U.S. Department of Homeland Security
 Pass-through Grantor: Texas Division of Emergency Management
 Contract Number: EMW-2011-SS-00019

2011 SHSP LETPA

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 30,523	\$ -	\$ 30,523	\$ 30,523
Local Revenues				-
Total Revenues	<u>30,523</u>	<u>-</u>	<u>30,523</u>	<u>30,523</u>
Expenditures				
Administration	30,523	-	30,523	30,523
Total Expenditures	<u>30,523</u>	<u>-</u>	<u>30,523</u>	<u>30,523</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

Operation Stonegarden
 Federal Financial Assistance
 Federal Grantor: U.S. Department of Homeland Security
 Pass-through Grantor: Texas Division of Emergency Management
 Contract Number: EMW-2012-SS-00018-S01

2012 OPSG

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 264,436	\$ 51,797	\$ 212,639	\$ 264,436
Local Revenues	-	-	-	-
Total Revenues	<u>264,436</u>	<u>51,797</u>	<u>212,639</u>	<u>264,436</u>
Expenditures				
Administration	264,436	51,797	212,639	264,436
Total Expenditures	<u>264,436</u>	<u>51,797</u>	<u>212,639</u>	<u>264,436</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

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-2012-SS-00018-S01

2012 SHSP

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 119,000	\$ -	\$ 116,569	\$ 116,569
Local Revenues	-	-	-	-
Total Revenues	<u>119,000</u>	<u>-</u>	<u>116,569</u>	<u>116,569</u>
Expenditures				
Administration	119,000	-	116,569	116,569
Total Expenditures	<u>119,000</u>	<u>-</u>	<u>116,569</u>	<u>116,569</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

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

2013 OPSG

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

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

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>
Revenues				
Grant	\$ 60,000	\$ -	\$ -	\$ -
Local Revenues	-	-	-	-
Total Revenues	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Administration	60,000	-	-	-
Total Expenditures	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

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>
Revenues				
Grant	\$ 1,754,000	\$ 550,336	\$ 674,210	\$ 1,224,546
Local Revenues	22,000			-
Total Revenues	<u>1,776,000</u>	<u>550,336</u>	<u>674,210</u>	<u>1,224,546</u>
Expenditures				
Administration	1,776,000	550,336	683,584	1,233,920
Total Expenditures	<u>1,776,000</u>	<u>550,336</u>	<u>683,584</u>	<u>1,233,920</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,374)</u>	<u>\$ (9,374)</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

Border Colonia Access Paving Grant
 State Financial Assistance
 State Grantor: Texas Department of Transportation
 Contract Number: 245BCF5006

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 5,143,524	\$ 122,157	\$ -	\$ 122,157
Local Revenues				-
Total Revenues	<u>5,143,524</u>	<u>122,157</u>	<u>-</u>	<u>122,157</u>
Expenditures				
Administration	5,143,524	119,741	8,147	127,888
Total Expenditures	<u>5,143,524</u>	<u>119,741</u>	<u>8,147</u>	<u>127,888</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ 2,416</u>	<u>\$ (8,147)</u>	<u>\$ (5,731)</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

Routine Airport Maintenance
State Financial Assistance
State Grantor: Texas Department of Transportation
Contract Number: M224PRSDO

Presidio Airport

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 25,000	\$ -	\$ 14,048	\$ 14,048
Local Revenues	25,000	-	14,048	14,048
Total Revenues	<u>50,000</u>	<u>-</u>	<u>28,096</u>	<u>28,096</u>
Expenditures				
Repairs and Maintenance	50,000	-	28,096	28,096
Total Expenditures	<u>50,000</u>	<u>-</u>	<u>28,096</u>	<u>28,096</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

Routine Airport Maintenance
State Financial Assistance
State Grantor: Texas Department of Transportation
Contract Number: M1424MARF

Marfa Airport

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 25,000	\$ -	\$ 5,883	\$ 5,883
Local Revenues	25,000	-	5,883	5,883
Total Revenues	<u>50,000</u>	<u>-</u>	<u>11,765</u>	<u>11,765</u>
Expenditures				
Administration	50,000	-	11,765	11,765
Total Expenditures	<u>50,000</u>	<u>-</u>	<u>11,765</u>	<u>11,765</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Presidio County
Individual Grants
For the Year Ended September 30, 2014**

**County Transportation Infrastructure Fund Grant
United States Department of Transportation
State Grantor: Texas Department of Transportation**

County Transportation Reinvestment Zone

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cummulative to Date</u>
Revenues				
Grant	\$ 118,566	\$ -	\$ -	\$ -
Local Revenues	13,174	-	-	-
Total Revenues	<u>131,740</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Administration	131,740	-	-	-
Total Expenditures	<u>131,740</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PRESIDIO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2014

GRANT TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	CURRENT PERIOD EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
PASSED THROUGH:				
Texas Department of Agriculture Community Development Block Grant	14.228	711389	291,368	79,003
Total U.S. Department of Housing and Urban Development				<u>79,003</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
PASSED THROUGH:				
Rio Grande Council of Governments State Homeland Security Program	97.067	EMW-2011-SS-00019	45,579	19,856
State Homeland Security Program	97.067	EMW-2012-SS-00018-S01	119,000	116,569
State Homeland Security Program	97.067	EMW-2013-SS-00045	60,000	-
Law Enforcement Terrorist Prevention Activities	97.067	EMW-2011-SS-00019	30,523	30,523
PASSED THROUGH:				
Texas Division of Emergency Management Operation Stonegarden	97.067	EMW-2011-SS-00019	399,437	42,084
Operation Stonegarden	97.067	EMW-2012-SS-00018-S01	264,436	212,639
Operation Stonegarden	97.067	EMW-2013-SS-00045	191,745	47,038
Total U.S. Department of Homeland Security				<u>468,709</u>
U.S. DEPARTMENT OF TRANSPORTATION				
PASSED THROUGH:				
Federal Highway Administration U.S. 67 Presidential Permit	20.205	0924-07-010	1,776,000	683,584
Total U.S. Department of Transportation				<u>683,584</u>
Total Federal Expenditures				<u>1,231,296</u>
STATE OF TEXAS GRANTS				
TXDOT - Border Colonia Access Paving Grant		245BCF5006	5,143,524	-
TXDOT - Routine Airport Maintenance - Presidio		M224PRSDO	25,000	14,048
TXDOT - Routine Airport Maintenance - Marfa		M1424MARF	25,000	5,883
TXDOT - County Transportation Infrastructure Fund Grant			131,740	-
Total State Expenditures				<u>19,931</u>
Total Federal and State Expenditures				<u>\$ 1,251,227</u>

**PRESIDIO COUNTY, TEXAS
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2014**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state 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, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Presidio, Texas, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Presidio, Texas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule 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 represent adjustments or credits made in the normal course of business to amount 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, Presidio County, Texas provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipient</u>
97.067	Operation Stonegarden	\$ 64,871

PRESIDIO COUNTY
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2014

Section I Summary of Auditor's Results

Financial Statements:

Type of audit report issued:	Adverse
Internal control over financial reporting:	
* Material weaknesses identified?	Yes
* Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards:

Internal control over major programs:	
* Material weaknesses identified?	Yes
* Significant deficiencies Identified?	Yes
Type of auditor's report issued on compliance for major programs	Qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

Identification of Major Programs:

CFDA Number	Name of Federal or State Program
97.067	Operation Stonegarden
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

1-2014 - Material Weakness

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

Schedule of Findings and Questioned Costs (continued)

Condition: The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows are not being carried on the County's financial statements for the Jail's Commissary fund. This fund has one bank account associated with it that is not being reported.

Context: A review of all the bank accounts confirmed identified cash balances not being carried on the County's financial statements. Upon further inquiry it was determined the Jail's Commissary fund is maintained on a separate accounting system. The cash balance confirmed totaled \$9,593.

Cause: The internal control for financial reporting does not exist for the Jail's Commissary fund.

Effect: The County's financial statements would be misstated without the inclusion of these fund balances.

Recommendation: An internal control framework should be established for the Commissary fund that includes an inventory of items in the commissary at the end of each month, the recording and subsequent reporting of sales and purchases by the commissary, the reporting of sales tax to the State Comptroller and the reporting of fund balances to the County for inclusion in the financial statements.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the need for a structured internal control framework for the Commissary fund. An internal control framework will be established for the Commissary fund that includes an inventory of items in the commissary at the end of each month, the recording and subsequent reporting of sales and purchases by the commissary, the reporting of sales tax to the State Comptroller and the reporting of fund balances to the County for inclusion in the financial statements.

2-2014 - Material Weakness

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

Condition: The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position are not being carried on the County's financial statements for the Jail's Inmate Trust funds. This fund has four bank accounts associated with it that are not being reported.

Context: A review of all the bank accounts confirmed identified cash balances not being carried on the County's financial statements. Upon further inquiry it was determined the Jail's Inmate Trust funds are maintained on a separate accounting system. The cash balance confirmed totaled \$68,791.

Cause: The internal control for financial reporting does not exist for the Inmate Trust fund.

Effect: The County's financial statements would be misstated without the inclusion of these fund balances.

Schedule of Findings and Questioned Costs (continued)

Recommendation: An internal control framework should be established for the Inmate Trust fund that includes a reconciliation of account balances per inmate, the recording and subsequent reporting of sales and purchases by each inmate, and the reporting of fund balances to the County for inclusion in the financial statements.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the need for a structured internal control framework for the Inmate Trust fund. An internal control framework will be established for the Inmate Trust fund that includes a reconciliation of account balances per inmate, the recording and subsequent reporting of sales and purchases by each inmate, and the reporting of fund balances to the County for inclusion in the financial statements.

3-2014 - Material Weakness

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

Condition: The Governmental Funds Balance Sheet is not correctly stated as a result of nine depository accounts for which the County is a custodian of not being reported.

Context: A review of all the bank accounts confirmed identified cash balances not being carried on the County's financial statements. The cash balance confirmed totaled \$197,257.

Cause: Cash reconciliations are not being prepared which would agree cash balances to the general ledger.

Effect: The County's financial statements would be misstated without the inclusion of these nine depository accounts and the associated unassigned fund balances.

Recommendation: An internal control framework should be established for these nine cash balances that includes a reconciliation to the general ledger resulting in the reporting of unassigned fund balances to the County for inclusion in the financial statements.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the need for a structured internal control framework for reporting cash balances. An internal control framework will be established for these nine cash balances that includes a reconciliation to the general ledger resulting in the reporting of unassigned fund balances to the County for inclusion in the financial statements.

4-2014 - Material Weakness

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

Condition: The Governmental Funds Balance Sheet is not correctly stated as a result of seventeen depository accounts for which the County is a custodian of not being reported.

Schedule of Findings and Questioned Costs (continued)

Context: A review of all the bank accounts confirmed identified cash balances not being carried on the County's financial statements. The cash balance confirmed totaled \$223,983.

Cause: Cash reconciliations are not being prepared which would agree cash balances to the general ledger.

Effect: The County's financial statements would be misstated without the inclusion of these seventeen depository accounts and the restricted fund balances.

Recommendation: An internal control framework should be established for these seventeen cash balances that includes a reconciliation to the general ledger resulting in the reporting of restricted fund balances to the County for inclusion in the financial statements.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the need for a structured internal control framework for reporting cash balances. An internal control framework will be established for these seventeen cash balances that includes a reconciliation to the general ledger resulting in the reporting of restricted fund balances to the County for inclusion in the financial statements.

5-2014 - Material Weakness

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

Condition: Since the jail has reopened, the sales to inmates at the Commissary have been charging sales tax, but the amounts collected have never been remitted to the State Comptroller.

Context: A review of all the bank accounts confirmed identified cash balances not being carried on the County's financial statements. Upon further inquiry it was determined the Jail's Commissary fund is maintained on a separate accounting system. The amount of sales tax collected since the Jail's reopening totaled \$6,332.

Cause: A Texas sales tax permit has never been obtained.

Effect: A sales tax liability is not being reported on the County's financial statements and without continual reporting and remittance of sales tax amounts the County will incur fines and penalties from the State Comptroller's office.

Recommendation: Obtain a Texas sales tax permit and establish an internal control reporting framework to ensure amounts are reported and remitted to the State as required and to be incorporated with finding 1-2014.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the need for reporting and remitting sales tax collected at the Commissary. A Texas sales tax permit will be obtained and an internal control reporting framework will be established to ensure amounts are reported and remitted to the State as required.

6-2014 – Material Weakness

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

Condition: Invoices to the US Marshall Service for the housing of inmates is being recognized on a cash basis.

Context: In preparing a confirmation to be sent to the US Marshall's Service it was noted that revenues were being posted in the incorrect accounting period. An adjusting entry to retained earnings was proposed in the amount of \$255,060 for revenue recognized in the current period from the prior period. An accrual was proposed for an entry to accounts receivable and the corresponding revenue for the current fiscal year in the amount of \$844,415.

Cause: Invoices are not being recognized in the County's accounting software since the invoices for the US Marshall Service are created by the Jail administration and never entered into the receivable module to track the receivable and book the corresponding revenue in the correct period within the County's accounting software.

Effect: The County is reporting revenues out of period and is unaware of the receivable balance owed by the US Marshall Service to Jail.

Recommendation: An established month end close procedure would enable the County to accrue and be aware of this revenue stream.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the need to establish a routine month end close procedure. A month end close procedure will be established and documented to encompass all aspects of the County's operations to ensure the financial reporting is complete, accurate and consistent.

7-2014 – Significant Deficiency

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

Condition: One instance was noted of a purchase in excess of \$50,000 for a sole source item that was not approved for payment in Commissioners Court.

Context: In a review of material purchases it was noted a check in the amount of \$51,731 was not approved in Commissioner's Court. While this expenditure was from a sole source item and did not require a competitive bid it still was subject to the policy and procedures as established by the County in their purchasing policy manual.

Cause: An override of the established control by the County for purchases in excess of \$50,000 for a sole source item was made by not gaining approval for the purchase through Commissioner's Court.

Schedule of Findings and Questioned Costs (continued)

Effect: Unapproved expenditures that are material in nature can be made that could adversely affect the cash flow of the County.

Recommendation: An established set of spending limits per department head should be established that would require an individual to seek a higher level of approval before a purchase is made. Ideally, checks in excess of \$50,000 should be required to have the County Judge's signature as evidence they have been approved in Commissioner's Court.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the need to follow the guidelines established in the County's purchasing policy. An established set of spending limits per department head will be established that would require an individual to seek a higher level of approval before a purchase is made. Checks in excess of \$50,000 will be required to have the County Judge's signature as evidence they have been approved in Commissioner's Court.

1-2013 – Material Weakness

Criteria: An appropriately designed system of internal controls should have a routine period close procedure which would require the reconciliation of fund transfers

Condition: The Due To and Due From accounts do not balance at the end of the fiscal year.

Context: The audit plan and programs require the auditor to look at current assets and current liabilities to satisfy specific assertions such as an account balance being a right or an obligation of the County and that it is valued properly. **Repeat Finding.**

Cause: The County does not currently have a period end close procedure that would identify recurring issues and ensure the financial reporting framework is accurate.

Effect: Account balances for fund transfers are not reconciled and allows the individual fund balances to be misstated.

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: Management agrees with the need to establish a routine month end close procedure. A month end close procedure will be established and documented to encompass all aspects of the County's operations to ensure the financial reporting is complete, accurate and consistent.

2-2013 – Material Weakness

Criteria: Capital Assets should be reported on the Statement of Net Position for Governmental Activities and for Business-like Activities. Proprietary Funds report their

Schedule of Findings and Questioned Costs (continued)

account balances much like a business and all capital assets should be shown on the Statement of Net Position – Proprietary Funds.

Condition: Capital assets are not being maintained on the Statements of Net Position.

Context: The audit plan and programs require the auditor to look at the assets of the entity to satisfy specific assertions such as an account balance being a right of the County and that it is valued properly. **Repeat Finding.**

Cause: The Capital Assets of the County have not been maintained since 2007.

Effect: Without the inclusion of the Capital Assets on the Statements of Net Position the assets and the corresponding net position are understated.

Recommendation: A full inventory and appraisal should be performed for all of the capital assets of the County for inclusion on the Statements of Net Position.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the need to inventory and develop a historical cost for the assets currently owned by the County. The County has undergone an accounting of assets by a third party service provider, RCI, Inc., and has documented and appraised the assets currently held.

3-2013 – Material Weakness

Criteria: Each cash account for the County is a custodian of should have a reconciliation to the general ledger performed on it each month. Some accounts by their very nature of inactivity only receive a bank statement on a quarterly basis and should be reconciled accordingly.

Condition: Thirty one bank accounts do not have a reconciliation performed on them and if they do they are not reconciled to the general ledger.

Context: The audit plan and programs require the auditor to look at the assets of the entity to satisfy specific assertions such as an account balance being a right of the County and that it is valued properly. **Repeat Finding.**

Cause: The County does not currently have a period end close procedure that would identify recurring issues and ensure the financial reporting framework in accurate.

Effect: Without the inclusion of the cash balances on the Government-wide Statements and the fund financial statements, the assets and the corresponding net position / fund balances are understated.

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: Management agrees with the need to establish a routine month end close procedure. A month end close procedure will be established and documented to encompass all aspects of the County's operations to ensure the financial reporting is complete, accurate and consistent.

2-2009 – Significant Deficiency

Criteria: Grant reimbursement requests should be reconciled to the general ledger as there are instances where a portion of a reimbursement request is denied and the associated revenues and expenditures should be adjusted accordingly.

Condition: Grant reimbursement requests are not being reconciled which results in an overstatement of revenues and corresponding expenditures which a portion of the request has been denied.

Context: The audit plan and programs require the auditor to look at the revenues and expenditures of the entity to satisfy specific assertions such as revenues and expenses being in existence and that they are valued properly. **Repeat Finding.**

Cause: The County does not currently have a period end close procedure that would identify recurring issues and ensure the financial reporting framework is accurate.

Effect: Without reconciling grant reimbursement requests to the general ledger the account balances can be misstated which affects the financial statements and the Schedule of Expenditures of Federal Awards/

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: Management agrees with the need to establish a routine month end close procedure. A month end close procedure will be established and documented to encompass all aspects of the County's operations to ensure the financial reporting is complete, accurate and consistent.

Section III Federal and State Award Finding and Questioned Costs

8-2014 – Material Weakness

Program: Operation Stonegarden Grant; CFDA Number 97.067

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

Condition: An employee of the County is listed in the administrative chain of command for a federally funded grant and has awarded the opportunity for grant funds to a sub-recipient separate entity for which the individual is also in charge.

Questioned Costs: The sub-recipient separate entity received \$64,871 in federal funding.

Context: Material disbursements for the Operation Stonegarden grant were inspected of which one invoice totaled \$22,626. Once the conflict of interest was discovered all invoices to the sub-recipient separate entity were inspected for fraud and abuse.

Cause: The conflict of interest policy has not been updated by the County to include an annual review of key employees who should disclose conflicts of interest.

Schedule of Findings and Questioned Costs (continued)

Effect: Potential abuse of Federal funds can occur that could cause a potential liability for the County if untreated.

Recommendation: A conflict of interest policy and procedure should be established that requires key employees to report potential conflicts of interest on an annual recurring basis.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the need to update the current conflict of interest policy. A conflict of interest policy and procedure will be established that requires key employees to report potential conflicts of interest on an annual recurring basis.

9-2014 – Material Weakness

Program: Operation Stonegarden Grant; CFDA Number 97.067 and U.S. 67 Presidential Permit; CFDA Number 20.205.

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

Condition: Reimbursement requests are being submitted to the grantor that do not have the required supporting documentation and are past the prescribed time period as outlined in the grant. The noncompliance results in a material disallowed cost amount that the County will be held liable for should an appeal not be granted.

Questioned Costs: The sub-recipient separate entity received \$64,871 in federal funding in which the supporting documentation did not meet the requirements as outlined by the Operation Stonegarden grant. The compliance requirement of the U.S. 67 Presidential Permit requires Form FHWA-1589, Monthly Employment Report, to be submitted each month to submit this form to the State. No evidence of gathering this information was noted and not dollar value is assigned to this finding. The compliance requirement of the U.S. 67 Presidential Permit allows a 90 day window of opportunity to submit costs for reimbursements. \$12,970 was disallowed as a County employee submitted their time for reimbursement through the grant that was in excess of a year's time from the point the costs were incurred versus the date of the invoice.

Context: Material disbursements for the Operation Stonegarden grant were inspected of which one invoice totaled \$22,626. Once the conflict of interest was discovered all invoices to the sub-recipient separate entity were inspected for fraud and abuse. Grant compliance requirements were determined by reading the approved grant documentation for each grant selected as a major program. Further inquiry and inspection determined necessary supporting documentation and time requirements were not being met on the sample of the population that was audited.

Cause: The County has gone through multiple grant administrators and has shifted the burden of document review to many different positions within the County over the years.

Schedule of Findings and Questioned Costs (continued)

This lack of consistency has caused the supporting documentation review prior to submission to the grantor to be of a diminished quality.

Effect: A lack of supporting documentation could cause the County to not be reimbursed for expenditures it has incurred and budgeted for with the expectation of being reimbursed. This can also have a negative effect on the County's cash position if an audit from a granting agency is performed and a material amount of expenditures are disallowed.

Recommendation: A checklist that corresponds to each type of expenditure for each grant held by the County should be developed at the grants inception so that in the event of inconsistency in the County's personnel choice decision to administer the grant there is a control in place that provides consistency in the required supporting documentation before the amount is requested for reimbursement.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the need to have more consistency in the administration of the grants it receives. A checklist that corresponds to each type of expenditure for the corresponding grant held by the County will be developed at the grants inception.

10-2014 – Significant Deficiency

Program: Operation Stonegarden Grant; CFDA Number 97.067 and 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 lacks a definitive close process and schedule for which adherence to on a routine basis would enable the timely generation of financial data that could be audited and allow for overages in time so a submission of the single audit could 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.

Schedule of Findings and Questioned Costs (continued)

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: Management agrees with the need to establish a routine month end close procedure. A month end close procedure will be established and documented to encompass all aspects of the County's operations to ensure the financial reporting is complete, accurate and consistent.

2-2013 – Material Weakness

Program: Operation Stonegarden Grant; CFDA Number 97.067 and U.S. 67 Presidential Permit; CFDA Number 20.205.

Criteria: Capital Assets should be reported on the Statement of Net Position for Governmental Activities and for Business-like Activities. Proprietary Funds report their account balances much like a business and all capital assets should be shown on the Statement of Net Position – Proprietary Funds.

See the detail as it is outlined above. ***Repeat Finding***

2-2009 – Significant Deficiency

Program: Operation Stonegarden Grant; CFDA Number 97.067 and U.S. 67 Presidential Permit; CFDA Number 20.205.

Criteria: Grant reimbursement requests should be reconciled to the general ledger as there are instances where a portion of a reimbursement request is denied and the associated revenues and expenditures should be adjusted accordingly.

See the detail as it is outlined above. ***Repeat Finding***

PRESIDIO COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2014

1-2012 – Material Weakness – Inadequate Controls associated with the County’s Document Retention Plan

This prior audit finding appears to have been resolved

2-2012 – Material Weakness – Allowable costs and cost principles associated with payroll documentation and reconciliation to quarterly and annual Federal reporting

This prior audit finding appears to have been resolved

3-2012 – Material Weakness – Comingling of grant awards and expenditures were not segregated by grant year and/or grant type (Operation Stonegarden (CFDA 97.067), and State Homeland Security Program (CFDA 97.067 and 97.073), and State Homeland Security Program – Law Enforcement Terrorist Prevention Activities (CFDA 97.067 and 97.073))

This prior audit finding appears to have been resolved

4-2012 - Material Weakness – Month End Closing Procedures and Accounting for Fund Transfers (Repeat Finding)

Not resolved – Repeat finding 1-2013 on page 70

5-2012 - Material Weakness – Capital Asset Accounting and Control - All Funds (Repeat Finding)

Not resolved – Repeat finding 2-2013 on page 70 and 71

6-2012 - Material Weakness – Bank Reconciliation Procedures for all funds (Repeat Finding)

Not resolved – Repeat finding 3-2013 on page 71

2-2009 – Significant Deficiency/Material Weakness – 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)

Not resolved – Repeat finding 2-2009 reported additional programs affected on page 72.