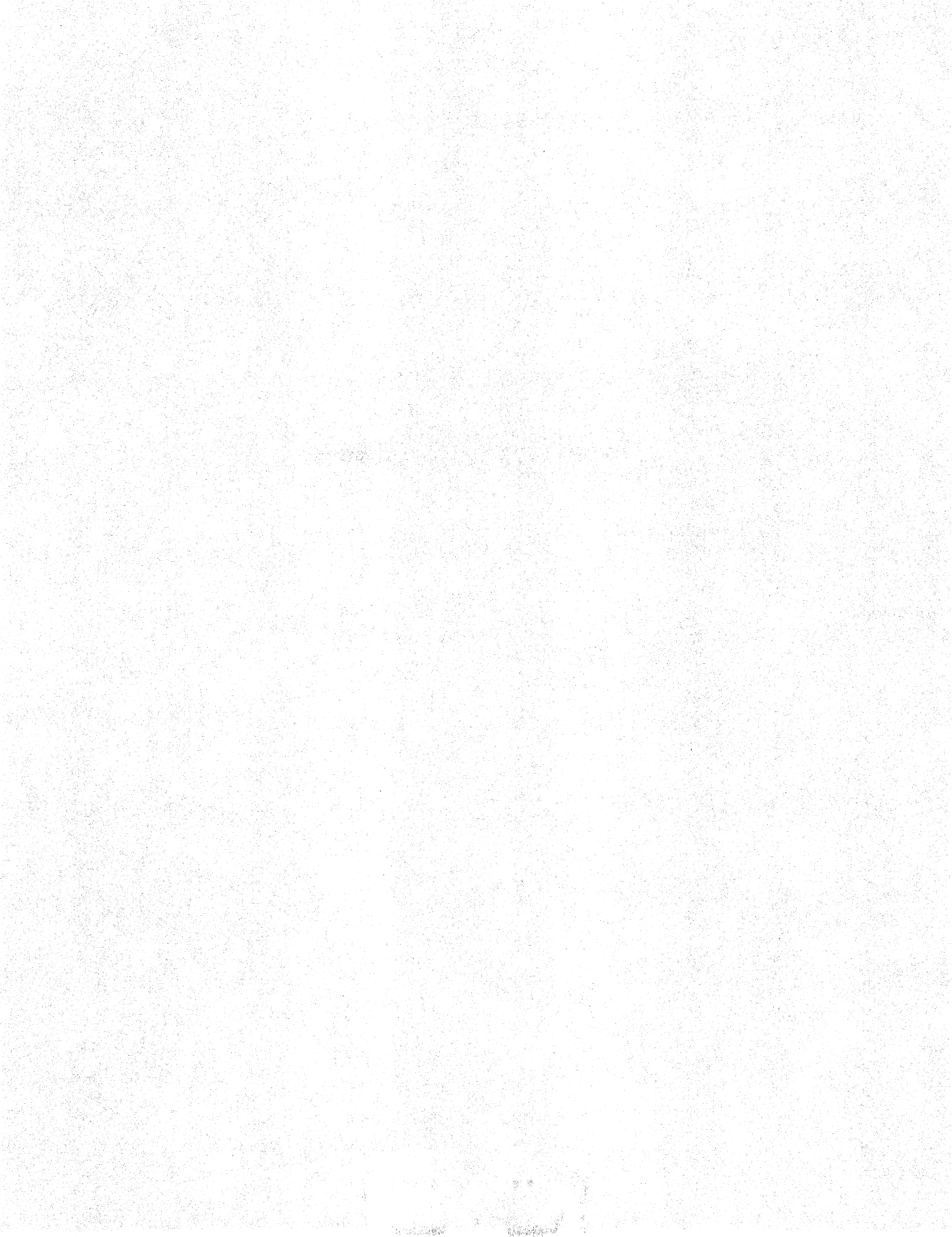


Presidio County, Texas
Annual Financial Report
For the Year Ended September 30, 2016



PRESIDIO COUNTY
Financial Statements with Supplementary Information
Table of Contents
September 30, 2016

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	Management Discussion and Analysis	3
	Basic Financial Statements	
A-1	Statement of Net Position	7
B-1	Statement of Activities	8
	Governmental Fund Financial Statements	
C-1	Balance Sheet	9
C-2	Reconciliation for C-1	10
C-3	Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds	11
C-4	Reconciliation for C-3	12
C-5	Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual - General Fund	13
	Proprietary Fund Financial Statements	
D-1	Statement of Net Position - Proprietary Funds	14
D-2	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	15
D-3	Statement of Cash Flows - Proprietary Funds	16
	Fiduciary Fund Financial Statements	
E-1	Statement of Fiduciary Net Position	17
	Notes to the Basic Financial Statements	18
	Other Information Required by the United States Governmental Accountability Office	
	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	46
	Individual Grants	48
	Schedule of Changes in Net Pension Liability and Related Ratios	52

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Presidio, Texas as of and for the year ended September 30, 2016, 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Presidio, Texas, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 6 and 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Presidio, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Painter and Associates, P.C.

Savannah, Texas
September 15, 2017

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 Report, we, the managers of Presidio County, discuss and analyze the County's financial performance for the fiscal year ended September 30, 2016. Please read it in conjunction with, the independent auditors' report on page 1 and 2, 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 \$600,318. The result was that net position of our governmental activities increased by \$578,207, and the business-like activities decreased by \$13,686.

During the year, the County had expenditures that were \$278,207 less than the \$5,372,350 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 \$286,314 less than the \$1,716,202 that was generated by charges for services and miscellaneous income in the Enterprise Fund.

The Governmental Funds ended the year with a fund balance of \$2,748,707 compared to a fund balance of \$2,174,463, as restated, at the end of the prior year. The Proprietary Fund ended the year with net position of \$4,942,782 compared to a fund balance of \$4,956,468 after transfers, as restated, at the end of the prior year.

The General Fund budget for the County revealed \$14,793 more revenues were received during the year than were budgeted while \$164,460 less expenses were incurred than were budgeted for in the year. The net effect of the budget variance was \$179,253, a positive budget variance.

USING THIS ANNUAL REPORT

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

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

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

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

TABLE I - SUMMARY OF NET POSITION

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Assets						
Cash & Cash Equivalents	\$ 1,583,717	\$ 1,704,229	\$ 1,983,989	\$ 934,887	\$ 3,567,707	\$ 2,639,116
Receivables, net	1,274,026	1,323,676	157,764	249,617	1,431,790	1,573,293
Grants Receivable	150,606	516,276	-	-	150,606	516,276
Due From	1,049,379	914,053	932	682,308	1,050,311	1,596,361
Other Assets	39,818	-	1,924	1,924	41,742	1,924
Capital Assets, net	7,824,120	8,377,376	2,973,739	3,241,697	10,797,859	11,619,073
Deferred Outflows of Resources	693,127	627,447	-	-	693,127	627,447
Total	\$12,614,793	\$ 13,463,059	\$ 5,118,348	\$ 5,110,433	\$17,733,141	\$18,573,490
Liabilities						
Accounts Payable	\$ 408,360	\$ 851,262	\$ 24,333	\$ 10,532	\$ 432,693	\$ 861,794
Due to	811,570	1,448,773	91,923	92,723	903,493	1,541,496
Debt Service - Current	252,000	236,000	-	-	252,000	236,000
Debt Service - Long Term	483,000	979,000	-	-	483,000	979,000
Compensated Absences	109,428	104,705	59,310	50,710	168,738	155,415
Deferred Inflows of Resources	128,910	-	-	-	128,910	-
Total	2,193,267	3,619,740	175,566	153,965	2,368,834	3,773,705
Net Position						
Invested in Capital Assets						
Net of Related Debt	7,089,120	7,162,376	2,973,739	3,241,697	10,062,859	10,404,073
Restricted	272,846	241,281	80,000	-	352,846	241,281
Unrestricted	3,059,560	2,439,661	1,889,043	1,714,770	4,948,603	4,154,431
Total	10,421,526	9,843,319	4,942,782	4,956,468	15,364,308	14,799,785
Total Liabilities and Net Position	\$12,614,793	\$ 13,463,059	\$ 5,118,349	\$ 5,110,433	\$17,733,141	\$18,573,490

TABLE II - SUMMARY OF CHANGES IN NET POSITION

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Revenues						
Property Taxes	\$ 3,123,524	\$ 2,961,942	\$ -	\$ -	\$ 3,123,524	\$ 2,961,942
Charges for Services	1,716,703	1,548,648	1,716,402	1,882,665	3,433,105	3,431,313
Program Income from Grants	229,640	747,575	-	-	229,640	747,575
Property Tax Collections Contracts	110,679	97,678	-	-	110,679	97,678
Licenses and Permits	26,381	21,559	-	-	26,381	21,559
Unrestricted Investment Earnings	50,670	265	800	723	51,470	988
Miscellaneous	114,754	376,343	-	-	114,754	376,343
Total Revenues	5,372,350	5,754,010	1,717,202	1,883,388	7,089,551	7,637,398
Expenses						
County Judge	135,269	88,563	-	-	135,269	88,563
County Commissioners	110,226	102,342	-	-	110,226	102,342
County and District Clerk	228,198	204,984	-	-	228,198	204,984
County VA Officer	12,862	13,807	-	-	12,862	13,807
Justices of the Peace	157,475	187,548	-	-	157,475	187,548
County Attorney	117,603	113,182	-	-	117,603	113,182
District Court	44,570	51,453	-	-	44,570	51,453
District Attorney	27,150	41,200	-	-	27,150	41,200
County Treasurer	111,782	105,030	-	-	111,782	105,030
Office of Management & Budget	115,228	110,224	-	-	115,228	110,224
County Tax Office	237,577	234,161	-	-	237,577	234,161
County Auditor	116,669	4,910	-	-	116,669	4,910
County Courthouse	164,009	152,146	-	-	164,009	152,146
County Annex	71,774	56,276	-	-	71,774	56,276
County Sheriff	696,214	810,546	-	-	696,214	810,546
County Constables	25,524	26,376	-	-	25,524	26,376
County Agent	27,215	31,337	-	-	27,215	31,337
Emergency Management	38,500	57,429	-	-	38,500	57,429
Department of Public Safety	2,689	2,399	-	-	2,689	2,399
Non-Departmental	2,653,609	3,445,891	1,430,888	1,490,258	4,084,497	4,936,149
Total Expenses	5,094,143	5,839,804	1,430,888	1,490,258	6,525,031	7,330,062
Excess (Deficiency) of Revenues over Expenditures	278,207	(85,794)	286,314	393,130	564,520	307,336
Other Financing Sources (Uses)						
Transfers	300,000	(9,500)	(300,000)	9,500	-	-
Total Other Financing Sources (Uses)	300,000	(9,500)	(300,000)	9,500	-	-
Net Position - Beginning of Year	9,843,319	9,938,613	4,956,468	4,553,838	14,799,785	14,492,451
Net Position - End of Year	\$ 10,421,526	\$ 9,843,319	\$ 4,942,782	\$ 4,956,468	\$ 15,364,308	\$ 14,799,785

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 2015. 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, 2016, the County had over \$18 million invested in land, buildings, machinery and equipment, and office furniture and fixtures.

TABLE III - Capital Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land and Buildings	\$ 12,971,976	\$ 12,952,040	\$ 6,009,204	\$ 6,009,204	\$ 18,981,180	\$ 18,961,244
Machinery and Equipment	4,799,170	4,640,970	963,217	906,272	5,762,387	5,547,242
Accumulated Depreciation	(9,947,025)	(9,215,634)	(3,998,683)	(3,673,778)	(13,945,708)	(12,889,412)
Total Net Capital Assets	\$ 7,824,120	\$ 8,377,375	\$ 2,973,739	\$ 3,241,697	\$ 10,797,858	\$ 11,619,073

Debt

At the end of the year the County had \$735,000 of outstanding debt. The debt was from the County's sale of \$1,879,000 of general obligation refunding bonds. The bond was issued with a fixed interest rate of 2.300%.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Presidio County
Statement of Net Position
September 30, 2016

Exhibit A-1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and Cash Equivalents	\$ 1,318,424	\$ 1,983,989	\$ 3,302,413
Restricted Cash and Cash Equivalents	265,293	-	265,293
	<u>1,583,717</u>	<u>1,983,989</u>	<u>3,567,707</u>
Receivables, net	1,274,026	157,764	1,431,790
Grants Receivable	150,606	-	150,606
Due From	1,049,379	932	1,050,311
Other Assets	39,818	1,924	41,742
Capital Assets, net	7,824,120	2,973,739	10,797,859
Total Assets	<u>\$ 11,921,666</u>	<u>\$ 5,118,348</u>	<u>\$ 17,040,014</u>
Deferred Outflow of Resources			
Differences Between Actual and Expected Experience	456,438	-	456,438
Contributions Subsequent to Measurement Date	216,597	-	216,597
Net Pension Asset	20,092	-	20,092
Total Deferred Outflows of Resources	<u>\$ 693,127</u>	<u>\$ -</u>	<u>\$ 693,127</u>
Liabilities			
Accounts Payable and Accrued Expenses	\$ 408,360	\$ 24,333	\$ 432,693
Due to	811,570	91,923	903,493
Long-term Debt			
Due Within One Year	252,000	-	252,000
Due in More Than One Year	483,000	-	483,000
Compensated Absences	109,428	59,310	168,738
Total Liabilities	<u>\$ 2,064,357</u>	<u>\$ 175,566</u>	<u>\$ 2,239,924</u>
Deferred Inflows of Resources			
Deferred Revenues	\$ 128,910	\$ -	\$ 128,910
Total Deferred Inflows of Resources	<u>\$ 128,910</u>	<u>\$ -</u>	<u>\$ 128,910</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	\$ 7,089,120	\$ 2,973,739	\$ 10,062,859
Restricted	272,846	80,000	352,846
Unrestricted	3,059,560	1,889,043	4,948,603
Total Net Position	<u>\$ 10,421,526</u>	<u>\$ 4,942,782</u>	<u>\$ 15,364,308</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, 2016

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	\$ 135,269	\$ 54,631	\$ 25,200	\$ (55,438)	\$ -	\$ (55,438)
County Commissioners	110,226	-	-	(110,226)	-	(110,226)
County and District Clerk	228,198	33,085	-	(195,113)	-	(195,113)
County VA Officer	12,862	-	-	(12,862)	-	(12,862)
Justice of the Peace	157,475	148,251	-	(9,224)	-	(9,224)
County Attorney	117,603	325	23,333	(93,945)	-	(93,945)
District Court	44,570	228,924	10,068	194,422	-	194,422
District Attorney	27,150	-	-	(27,150)	-	(27,150)
County Treasurer	111,782	-	-	(111,782)	-	(111,782)
Office of Management & Budget	115,228	-	-	(115,228)	-	(115,228)
County Tax Office	237,577	-	-	(237,577)	-	(237,577)
County Auditor	116,669	-	-	(116,669)	-	(116,669)
County Courthouse	164,009	-	-	(164,009)	-	(164,009)
County Annex	71,774	-	-	(71,774)	-	(71,774)
County Sheriff	696,214	145,330	-	(550,884)	-	(550,884)
County Constables	25,524	-	-	(25,524)	-	(25,524)
County Agent	27,215	-	-	(27,215)	-	(27,215)
Emergency Management	38,500	27,614	-	(10,886)	-	(10,886)
Department of Public Safety	2,689	-	-	(2,689)	-	(2,689)
Non-Departmental	2,653,609	1,078,543	171,038	(1,404,027)	-	(1,404,027)
	<u>5,094,143</u>	<u>1,716,703</u>	<u>229,640</u>	<u>(3,147,801)</u>	<u>-</u>	<u>(3,147,801)</u>
Business-Type Activities:						
Corrections & Rehabilitation	1,430,888	1,716,402	-	-	285,514	285,514
	<u>1,430,888</u>	<u>1,716,402</u>	<u>-</u>	<u>-</u>	<u>285,514</u>	<u>285,514</u>
Total Expenses	<u>\$ 6,525,031</u>	<u>\$ 3,433,105</u>	<u>\$ 229,640</u>	<u>(3,147,801)</u>	<u>285,514</u>	<u>(2,862,287)</u>
General Revenues						
Property Taxes				3,123,524	-	3,123,524
Property Tax Collection Contracts				110,679	-	110,679
Licenses and Permits				26,381	-	26,381
Unrestricted Investment Earnings				50,670	800	51,470
Miscellaneous				114,754	-	114,754
Transfers				300,000	(300,000)	-
Total General Revenues and Transfers				<u>3,726,007</u>	<u>(299,200)</u>	<u>3,426,807</u>
Change in Net Position				578,207	(13,686)	564,520
Net Position - Beginning of the Year, restated				9,843,319	4,956,468	14,799,787
Net Position - End of the Year				<u>\$ 10,421,526</u>	<u>\$ 4,942,782</u>	<u>\$ 15,364,308</u>

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

Presidio County
Balance Sheet - Governmental Funds
September 30, 2016

Exhibit C-1

	Major		Non-Major Funds			Total Governmental Funds
	General Fund	Special Revenue	Capital Projects	Debt Service	Other Funds	
Assets						
Cash and Cash Equivalents	\$ 832,727	\$ 390,909	\$ -	\$ -	\$ 94,788	\$ 1,318,424
Restricted Cash and Cash Equivalents	-	-	-	265,293	-	265,293
Receivables, net	1,274,026	-	-	-	-	1,274,026
Grant Receivable	-	150,606	-	-	-	150,606
Other Assets	39,818	-	-	-	-	39,818
Interfund Receivable	597,196	443,280	-	7,553	1,350	1,049,379
Total Assets	\$ 2,743,767	\$ 984,795	\$ -	\$ 272,846	\$ 96,138	\$ 4,097,546
Liabilities and Fund Balance						
Liabilities						
Accounts Payable	\$ 377,951	\$ 141,639	\$ -	\$ -	\$ 17,680	\$ 537,270
Interfund Payable	161,927	649,643	-	-	-	811,570
Total Liabilities	539,877	791,282	-	-	17,680	1,348,839
Fund Balance						
Non-spendable	-	-	-	-	-	-
Restricted	-	-	-	272,846	-	272,846
Committed	-	-	-	-	-	-
Assigned	-	193,513	-	-	78,458	271,971
Unassigned	2,203,890	-	-	-	-	2,203,890
Total Fund Balance	2,203,890	193,513	-	272,846	78,458	2,748,707
Total Liabilities and Fund Balance	\$ 2,743,767	\$ 984,795	\$ -	\$ 272,846	\$ 96,138	\$ 4,097,546

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

Presidio County

Exhibit C-2

**Reconciliation of Governmental Fund Balance Sheet to the
Statement of Net Position
September 30, 2016**

Total Fund Balance - Governmental Funds	\$ 2,748,707
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 \$ 18,961,244 and the accumulated depreciation was \$12,889,412. 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	7,390,531
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 2016 capital outlays and debt principal payments is to increase (decrease) net position.	862,024
The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(579,736)
Net Position of Governmental Activities	<u>\$ 10,421,526</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, 2016

Exhibit C-3

	<u>Major</u>	<u>Non-Major Funds</u>			<u>Total</u>	
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Debt</u>		<u>Other</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Funds</u>	<u>Governmental</u>
						<u>Funds</u>
Revenues						
Property Taxes	\$ 2,881,391	\$ -	\$ -	\$ 242,133	\$ -	\$ 3,123,524
Charges for Services	674,838	550,996	-	-	490,869	1,716,703
Program Income from Grants	58,601	171,038	-	-	-	229,640
Property Tax Collection Contracts	110,679	-	-	-	-	110,679
Licenses and Permits	26,381	-	-	-	-	26,381
Unrestricted Investment Earnings	7	-	-	50,663	-	50,670
Miscellaneous	114,754	-	-	-	-	114,754
Total Revenues	3,866,650	722,034	-	292,796	490,869	5,372,350
Expenditures						
County Judge	135,269.01	-	-	-	-	135,269
County Commissioners	110,225.77	-	-	-	-	110,226
County and District Clerk	228,198.26	-	-	-	-	228,198
County VA Officer	12,861.52	-	-	-	-	12,862
Justice of the Peace	157,475	-	-	-	-	157,475
County Attorney	117,603	-	-	-	-	117,603
District Court	44,570.39	-	-	-	-	44,570
District Attorney	27,150	-	-	-	-	27,150
County Treasurer	111,781.79	-	-	-	-	111,782
Office of Management & Budget	115,227.89	-	-	-	-	115,228
County Tax Office	237,577.38	-	-	-	-	237,577
County Auditor	116,669	-	-	-	-	116,669
County Courthouse	164,009	-	-	-	-	164,009
County Annex	71,774.35	-	-	-	-	71,774
County Sheriff	696,213.95	-	-	-	-	696,214
County Constables	25,524.38	-	-	-	-	25,524
County Agent	27,215	-	-	-	-	27,215
Emergency Management	32,323.68	-	-	-	-	32,324
Department of Public Safety	2,689.45	-	-	-	-	2,689
Non-Departmental	947,417	850,558	-	261,231	604,541	2,663,748
Total Expenditures	3,381,776	850,558	-	261,231	604,541	5,098,106
Excess (Deficiency) of Revenues Over Expenditures	484,875	(128,524)	-	31,565	(113,673)	274,243
Other Financing Sources (Uses)						
Transfers	191,925	108,075	-	-	-	300,000
Sale of Capital Assets	-	-	-	-	-	-
Total Other Financing Sources (Uses)	191,925	108,075	-	-	-	300,000
Net Change in Fund Balances	676,800	(20,449)	-	31,565	(113,673)	574,243
Fund Balances - Beginning of Year	1,527,090	213,963	-	241,281	192,130	2,174,463
Fund Balances - End	\$ 2,203,890	\$ 193,513	\$ -	\$ 272,846	\$ 78,458	\$ 2,748,707

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

Presidio County

Exhibit C-4

Reconciliation of Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ 574,243
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 2016 capital outlays and debt principal payments is to increase (decrease) net assets.	(278,325)
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.	(579,736)
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.	862,024
Change in Net Position of Governmental Activities	<u>\$ 578,207</u>

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

Presidio County
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>2016 Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		<u>Final Budget Positive (Negative)</u>
Revenues				
Property Taxes	\$ 2,749,785	\$ 2,749,785	\$ 2,881,391	\$ 131,606
Charges for Services	611,432	611,432	674,838	63,406
Program Income from Grants	63,633	63,633	58,601	(5,032)
Property Tax Collection Contracts	91,708	91,708	110,679	18,971
Licenses and Permits	20,000	20,000	26,381	6,381
Unrestricted Investment Earnings	-	-	7	7
Miscellaneous	315,300	315,300	114,754	(200,546)
Total Revenues	3,851,858	3,851,858	3,866,650	14,793
Expenditures				
County Judge	129,197	135,297	135,269	28
County Commissioners	115,831	112,831	110,226	2,605
County and District Clerk	225,443	226,943	228,198	(1,255)
County VA Officer	13,116	13,116	12,862	255
Justices of the Peace	176,025	176,025	157,475	18,550
County Attorney	118,746	118,746	117,603	1,143
District Court	73,664	73,664	44,570	29,094
District Attorney	36,200	36,200	27,150	9,050
County Treasurer	111,592	112,792	111,782	1,011
Office of Management & Budget	107,346	115,046	115,228	(182)
County Tax Office	258,688	251,188	237,577	13,610
County Auditor	150,440	151,640	116,669	34,971
County Courthouse	179,363	190,843	164,009	26,835
County Annex	71,016	74,016	71,774	2,242
County Sheriff	736,193	736,193	696,214	39,979
County Constables	28,980	28,980	25,524	3,455
County Agent	31,170	31,170	27,215	3,956
Emergency Management	37,224	34,124	32,324	1,800
Department of Public Safety	3,750	3,750	2,689	1,061
Non-Departmental	932,769	923,669	947,417	(23,748)
Total Expenditures	3,536,754	3,546,234	3,381,776	164,460
Excess (Deficiency) of Revenues Over Expenditures	315,104	305,624	484,875	179,253
Other Financing Sources (Uses)				
Transfers	-	-	191,925	-
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	191,925	-
Net Change in Fund Balances			676,800	
Fund Balances - Beginning of Year			1,527,090	
Fund Balances - End			<u>\$ 2,203,890</u>	

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

Presidio County
Statement of Net Position - Enterprise Fund
September 30, 2016

Exhibit D-1

	<u>Enterprise Fund</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 1,983,989
Receivables, net	157,764
Amounts Due from Other Funds	932
Other Assets	1,924
Total Current Assets	<u>2,144,610</u>
Noncurrent Assets	
Capital Assets, net	2,973,739
Total Noncurrent Assets	<u>2,973,739</u>
Total Assets	<u><u>\$ 5,118,348</u></u>
Liabilities and Net Position	
Current Liabilities	
Accounts Payable	\$ 24,333
Due to Other Funds	91,923
Total Current Liabilities	<u>116,256</u>
Noncurrent Liabilities	
Debt Service-Noncurrent	-
Compensated Absences	59,310
Total Noncurrent Liabilities	<u>59,310</u>
Total Liabilities	<u>175,566</u>
Net Position	
Invested in Capital Assets	2,973,739
Restricted	80,000
Unrestricted	1,889,043
Total Net Position	<u>4,942,782</u>
Total Liabilities and Net Position	<u><u>\$ 5,118,348</u></u>

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

Presidio County
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Fund
For the Year Ended September 30, 2016

Exhibit D-2

	Enterprise Fund
Operating Revenues	
Charges for Services	\$ 1,716,402
Total Operating Revenues	1,716,402
Operating Expenses	
Compensation for Services	761,507
Charges for Services	325,378
Supplies	29,818
Depreciation	305,584
Total Operating Expenses	1,422,288
Operating Income (Loss)	294,114
Nonoperating Revenues (Expenses)	
Investment Income (Loss)	800
Miscellaneous	(8,600)
Net Nonoperating Revenues (Expenses)	(7,800)
Income (Loss) Before Capital Contributions and Transfers	286,314
Capital Contributions and Transfers	
Capital Contributions	-
Transfers	(300,000)
Net Capital Contributions and Transfers	(300,000)
Change in Net Position	(13,686)
Total Net Position - Beginning of the Year, Restated	4,956,468
Total Net Position - End of the Year	\$ 4,942,782

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

Presidio County
Statement of Cash Flows - Enterprise Fund
For the Year Ended September 30, 2016

Exhibit D-3

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities	
Cash Received from Other Governments	\$ 2,521,951
Payments to Suppliers	(355,196)
Payments to Employees	(761,507)
Net Cash Provided (Used) by Operating Activities	<u>1,405,247</u>
Cash Flows from Financing Activities	
Acquisition and Construction of Capital Assets	(56,945)
Net Transfers	(300,000)
Net Cash Provided (Used) by Financing Activities	<u>(356,945)</u>
Cash Flows from Investing Activities	
Interest Received	800
Net Cash Provided (Used) by Investing Activities	<u>800</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,049,102
Cash and Cash Equivalents at the Beginning of the Year	934,887
Cash and Cash Equivalents at the End of the Year	<u><u>\$ 1,983,989</u></u>
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 294,114
Adjustments for Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	305,584
(Increase) Decrease in Accounts Receivable and Other Assets	791,748
Increase (Decrease) in Accounts Payable and Other Liabilities	13,801
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,405,247</u></u>

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

Presidio County
Statement of Fiduciary Net Position
September 30, 2016

Exhibit E-1

	<u>County Clerk Agency Funds</u>	<u>District Clerk Agency Funds</u>	<u>Inmate Trust Funds</u>	<u>Total Funds</u>
Assets				
Cash and Cash Equivalents	\$ 3,932,477	\$ 35,501	\$ 116,573	\$ 4,084,551
Accounts Receivable	-	-	1,034	1,034
Total Assets	<u>\$ 3,932,477</u>	<u>\$ 35,501</u>	<u>\$ 117,607</u>	<u>\$ 4,085,585</u>
Liabilities				
Amounts Due to Others	\$ 3,932,477	\$ 35,501	\$ 117,607	4,085,585
Total Liabilities	<u>3,932,477</u>	<u>35,501</u>	<u>117,607</u>	<u>4,085,585</u>
Net Position				
Unrestricted	-	-	-	-
Total Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 3,932,477</u>	<u>\$ 35,501</u>	<u>\$ 117,607</u>	<u>\$ 4,085,585</u>

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

PRESIDIO COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

The financial statements include:

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

Reporting Entity

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

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

Basic Financial Statements – Government-Wide Statements

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

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

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

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

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

Basic Financial Statements – Fund Financial Statements

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

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

The following fund types are used by the County:

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

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

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

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

Basis of Accounting

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

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

Financial Statement Amounts:

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

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

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

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

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

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

- Compensated Absences – The County accrues accumulated unpaid vacation leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The timing of the payments of accrued vacation unused at year end is determinable and therefore is recorded for governmental and proprietary funds statements. As of September 30, 2016, total accrued vacation, compensated absences and corresponding payroll taxes was \$168,738. Sick leave benefits accrue based on years of service and are not required to be paid upon an employee's termination.
- Interfund Activity – Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.
- Accounting Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- Fund Balance Classification Policies and Procedures – The County has adopted the fund balance classifications prescribed by *GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances are classified as non-spendable, restricted, committed, assigned and unassigned based on the circumstances that apply.

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

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

- Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by court resolution/formal action of the commissioners' court which is the government's highest level of decision-making authority.
- Assigned fund balances include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the commissioners' court action or (b) by a county judge who is the official delegated by the commissioners' court with the authority to assign amounts to be used for specific purposes.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Fund Balance Policies and Procedures

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

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

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

2. PROPERTY TAX

The County's annual ad valorem property tax is required to be levied by October 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 2016 was \$.67804 per \$100 valuation.

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

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

The County Tax Office collects County property taxes for the County and five other local governments. At the end of the year tax receivables represent delinquent and current year uncollected taxes. Major tax payments are received December through April, and are recognized as revenue in the year received. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received. Property taxes receivable consisted of the following at September 30, 2016:

Current taxes receivable	\$ 197,082
Delinquent taxes receivable	<u>1,098,829</u>
	<u>\$ 1,295,911</u>

3. CASH AND CASH EQUIVALENTS

Deposit Risk – As of September 30, 2016, the carrying amount of the County's deposits held in one depository bank was \$3,567,707 for the primary government and \$4,084,551 for trust and agency funds and the balances per bank totaled

\$7,652,258 with differences being attributed to items in transit. Of the bank balances at year end, \$250,000 of the County's deposits and all trust and agency fund deposits were insured by the Federal Deposit Insurance Corporation. The bank has also pledged bank-owned securities with market values of \$9,816,125 to secure deposits in excess of FDIC insurance. Deposits secured by securities pledge to the County but held by a third party agent of the bank, in the County's name are considered unsecured for financial reporting purposes.

- Pooled Cash – The County operates three pooled accounts, a primary checking account, a payroll checking account and an interest-bearing money market account, to accomplish cash transactions for a number of funds and sub-funds.
- Commissary Funds – The County operates one commissary cash account for the jail facility. The cash balance of \$13,148 at September 30, 2016 is the amount currently being recognized.
- Inmate Trust Funds - The County maintains four bank accounts in which they deposit inmate trust funds. The cash balance of \$116,573 at September 30, 2016 is the amount currently being recognized.
- Agency Trust Funds - The District Clerk maintains fifteen bank accounts as agency trust funds. The cash balances of \$3,967,978 at September 30, 2016 is the amount currently being recognized.

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

4. CAPITAL ASSETS

A summary of capital asset activities for the year ended September 30, 2016 follows:

	Balance at 9/30/2015	Additions	Deletions	Balance at 9/30/2016
Governmental				
Buildings	\$ 12,952,040	\$ 19,936	\$ -	\$ 12,971,976
Machinery and Equipment	4,640,970	158,200	-	4,799,170
Totals at Historical Cost	<u>17,593,010</u>	<u>178,136</u>	<u>-</u>	<u>17,771,145</u>
Less Accumulated Depreciation				
Accumulated Depreciation	(9,215,634)	(731,392)	-	(9,947,025)
Total Accumulated Depreciation	<u>(9,215,634)</u>	<u>(731,392)</u>	<u>-</u>	<u>(9,947,025)</u>
Governmental Capital Assets, Net	<u>8,377,376</u>	<u>(553,256)</u>	<u>-</u>	<u>7,824,120</u>
Business-type				
Buildings	\$ 6,009,204	\$ -	\$ -	\$ 6,009,204
Machinery and Equipment	906,272	56,945	-	963,217
Totals at Historical Cost	<u>6,915,476</u>	<u>56,945</u>	<u>-</u>	<u>6,972,421</u>
Less Accumulated Depreciation				
Accumulated Depreciation	(3,673,778)	(324,904)	-	(3,998,683)
Total Accumulated Depreciation	<u>(3,673,778)</u>	<u>(324,904)</u>	<u>-</u>	<u>(3,998,683)</u>
Business-type Activities Capital Assets, Net	<u>3,241,697</u>	<u>(267,959)</u>	<u>-</u>	<u>2,973,739</u>

Depreciation expense for the 2016 fiscal year was \$1,056,296.

5. LONG-TERM DEBT

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

	Balance at 9/30/15	Issued	Retired	Balance at 9/30/16
General Obligation Refunding Bonds Series 2012	<u>\$979,000</u>	<u>0</u>	<u>\$244,000</u>	<u>\$735,000</u>

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

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

Certificates of Obligation		
Ending Period	Principal	Interest
2017	\$ 252,000	\$ 14,007
2018	264,000	8,073
2019	<u>219,000</u>	<u>2,519</u>
	<u>\$735,000</u>	<u>\$ 24,599</u>

6. PENSION PLAN

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

The County's net pension liability / (asset) was measured as of December 31, 2015, and the total pension liability / (asset) used to calculate the net pension liability / (asset) was determined by an actuarial valuation as of that date.

All actuarial methods and assumptions were the same as those used in the December 31, 2015 funding valuation, except as noted below and throughout the rest of this note. Following are the key assumptions and methods used in the analysis of the total pension liability / (asset) in the December 31, 2015 actuarial valuation which was determined using the following assumptions:

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

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

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

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

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

- An annual rate of 9% for calculating the actuarial liability and normal cost contributions rate for the retirement plan
- An annual rate of 7% required under the TCDRS Act for :
 1. accumulating current service credit and multiple matching credit after the valuation date;
 2. accumulating prior service credit after the valuation date;

3. determining the amount of the monthly benefit at future dates of retirement of disability; and
4. calculating the actuarial accrued liability of the system-wide Current Service Annuity Reserve Fund.

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

Employer-specific Economic Assumptions

Growth in membership	0.0%
Payroll growth	3.5%

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

	<u>12/31/2014</u>	<u>12/31/2015</u>
Total Pension Liability	\$ 5,601,350	5,999,119
Fiduciary Net Position	6,056,363	6,019,211
Net Pension Liability / (Asset)	(455,013)	(20,092)
Fiduciary Net Position as a % of Total Pension Liability	108.12%	100.33%
Pensionable Covered Payroll	\$ 2,196,899	2,375,493
Net Pension Liability as of % of Covered Payroll	-20.71%	-0.85%

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

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

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability / (asset) as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

Long-term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on January 2015 information for a 7-10 year time horizon.

Asset Class	Target Allocation*	Geometric Real Rate of Return (expected minus Inflation)
US Equities	14.50%	5.45%
Private Equity	14.00%	8.45%
Global Equities	1.50%	5.75%
International Equities - Developed	10.00%	5.45%
International Equities - Emerging	8.00%	6.45%
Investment-Grade Bonds	3.00%	1.00%
High-Yield Bonds	3.00%	5.10%
Opportunistic Credit	2.00%	5.09%
Direct Lending	5.00%	6.40%
Distressed Debt	3.00%	8.10%
REIT Equities	3.00%	4.00%
Master Limited Partnerships (MLPs)	3.00%	6.80%
Private Real Estate Partnerships	5.00%	6.90%
Hedge Funds	25.00%	5.25%
	<u>100.00%</u>	

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

Discount Rate

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

Changes in the Net Pension Liability / (Asset)

	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2014	\$ 5,601,350	\$ 6,056,363	\$ (455,013)
Changes for this year:			
Service Cost	282,947		282,947
Interest on Total Pension Liability *	455,092		455,092
Effect of Plan Changes	(43,034)		(43,034)
Effect of Economic/Demographic Gains or Losses	(92,139)		(92,139)
Effect of Assumptions Changes or Inputs	70,124		70,124
Refund of Contributions	(39,962)	(39,962)	-
Benefit Payments	(235,260)	(235,260)	-
Administrative Expenses		(4,346)	4,346
Member Contributions		148,422	(148,422)
Net Investment Income		(70,560)	70,560
Employer Contributions		159,357	(159,357)
Other		5,196	(5,196)
	\$ 5,999,118	\$ 6,019,209	\$ (20,092)

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

** Relates to allocation of system-wide items

Sensitivity Analysis

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 6,801,515	5,999,119	5,336,808
Fiduciary Net Pension	6,019,211	6,019,211	6,019,211
Net Pension Liability / (Asset)	\$ 782,304	\$ (20,092)	\$ (682,403)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2016 the County recognized pension expense of \$153,297. At September 30, 2016 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 111,524	\$ -
Changes of Assumptions	-	52,593
Net Difference Between Projected and Actual Earnings	-	504,907
Contributions Made Subsequent to Measurement Date	n/a	216,597

\$445,975 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to measurement date will be recognized as a reduction to the net pension liability / (asset) for the year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	<u>Net Deferred Outflows (Inflows) of Resources</u>
2016	\$ 103,802
2017	103,802
2018	125,012
2019	113,359
2020	-
thereafter	-
	<u>\$ 445,975</u>

7. CONCENTRATIONS OF CREDIT RISK

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

8. CONTINGENCIES

Litigation

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

Federal Grants

The County participates in a number of federal and state assisted programs which are periodically audited by grantor agencies. Historically these audits have not resulted in identification of material disallowed costs.

9. RISK MANAGEMENT

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

10. RELATED PARTY TRANSACTIONS

From time to time the County may enter into transactions with related parties through the normal course of business. If a member of the Commissioner's Court has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred for the year ended September 30, 2016.

11. RESTATEMENTS

In order for net position and specific fund balances to roll forward year over year various restatements were made in the course of the fiscal year as a result of fiscal year 2015 ending fund balances not rolling forward to the fiscal year 2016 beginning fund balances.

12. SUBSEQUENT EVENTS

In preparing the financial statements the management of Presidio County, Texas has evaluated events and transactions for potential recognition or disclosure through September 15, 2017, 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, 2016

Exhibit F-1

	Major	Other Non-major Governmental Funds				Total Other Governmental Funds	Combined Total
	General Fund	Road and Bridge Fund	Vizcaino Park Fund	Redford School / Community Fund	Archives Fund		
Assets							
Cash and Cash Equivalents	\$ 832,727	\$ 1,805	\$ 1,527	\$ -	\$ 91,456	\$ 94,788	\$ 927,515
Restricted Cash and Cash Equivalen	-	-	-	-	-	-	-
	<u>832,727</u>	<u>1,805</u>	<u>1,527</u>	<u>-</u>	<u>91,456</u>	<u>94,788</u>	<u>927,515</u>
Receivables, net	1,274,026	-	-	-	-	-	1,274,026
Grants Receivable	-	-	-	-	-	-	-
Other Assets	39,818	-	-	-	-	-	39,818
Interfund Receivable	597,196	-	-	-	1,350	1,350	598,546
Total Assets	<u>\$ 2,743,767</u>	<u>\$ 1,805</u>	<u>\$ 1,527</u>	<u>\$ -</u>	<u>\$ 92,806</u>	<u>\$ 96,138</u>	<u>\$ 2,839,905</u>
Liabilities							
Accounts Payable	\$ 249,041	\$ 15,081	\$ 999	\$ 800	\$ 800	\$ 17,680	\$ 266,721
Deferred Revenues	128,910	-	-	-	-	-	128,910
Interfund Payable	161,927	-	-	-	-	-	161,927
Total Liabilities	<u>539,877</u>	<u>15,081</u>	<u>999</u>	<u>800</u>	<u>800</u>	<u>17,680</u>	<u>557,557</u>
Fund Balance							
Non-spendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	(13,276)	528	(800)	92,006	78,458	78,458
Unassigned	2,203,890	-	-	-	-	-	2,203,890
Total Fund Balance	<u>2,203,890</u>	<u>(13,276)</u>	<u>528</u>	<u>(800)</u>	<u>92,006</u>	<u>78,458</u>	<u>2,282,347</u>
Total Liabilities and Fund Balance	<u>\$ 2,743,767</u>	<u>\$ 1,805</u>	<u>\$ 1,527</u>	<u>\$ -</u>	<u>\$ 92,806</u>	<u>\$ 96,138</u>	<u>\$ 2,839,905</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, 2016

Exhibit F-2

	Major	Other Non-major Governmental Funds				Total Other Governmental Funds	Combined Total
	General Fund	Road and Bridge Fund	Vizcaino Park Fund	Redford School / Community Fund	Archives Fund		
Revenues							
Property Taxes	\$ 2,881,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,881,391
Charges for Services	674,838	386,683	93,095	-	-	490,869	1,165,706
Program Income from Grants	58,601	-	-	-	11,090	-	58,601
Property Tax Collection Contracts	110,679	-	-	-	-	-	110,679
Licenses and Permits	26,381	-	-	-	-	-	26,381
Unrestricted Investment Earnings	7	-	-	-	-	-	7
Miscellaneous	114,754	-	-	-	-	-	114,754
Total Revenues	3,866,650	386,683	93,095	-	11,090	490,869	4,357,519
Expenditures							
County Judge	135,269	-	-	-	-	-	135,269
County Commissioners	110,226	-	-	-	-	-	110,226
County and District Clerk	228,198	-	-	-	-	-	228,198
County VA Officer	12,862	-	-	-	-	-	12,862
Justice of the Peace	157,475	-	-	-	-	-	157,475
County Attorney	117,603	-	-	-	-	-	117,603
District Court	44,570	-	-	-	-	-	44,570
District Attorney	27,150	-	-	-	-	-	27,150
County Treasurer	111,782	-	-	-	-	-	111,782
Office of Management & Budget	115,228	-	-	-	-	-	115,228
County Tax Office	237,577	-	-	-	-	-	237,577
County Auditor	116,669	-	-	-	-	-	116,669
County Courthouse	164,009	-	-	-	-	-	164,009
County Annex	71,774	-	-	-	-	-	71,774
County Sheriff	696,214	-	-	-	-	-	696,214
County Constables	25,524	-	-	-	-	-	25,524
County Agent	27,215	-	-	-	-	-	27,215
Emergency Management	32,324	-	-	-	-	-	32,324
Department of Public Safety	2,689	-	-	-	-	-	2,689
Non-Departmental	947,417	425,902	161,696	16,944	-	604,541	1,551,959
Total Expenditures	3,381,776	425,902	161,696	16,944	-	604,541	3,986,317
Excess (Deficiency) of Revenues Over (Under) Expenditures	484,875	(39,218)	(68,601)	(16,944)	11,090	(113,673)	371,202
Other Financing Sources (Uses)							
Transfers	191,925	-	-	-	-	-	191,925
Sale of Capital Assets	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)							
Net Change in Fund Balances	676,800	(39,218)	(68,601)	(16,944)	11,090	(113,673)	563,127
Fund Balance - Beginning of the Year	1,527,090	25,942	69,128	16,144	80,916	192,130	1,719,220
Fund Balance - End of the Year	\$ 2,203,890	\$ (13,276)	\$ 528	\$ (800)	\$ 92,006	\$ 78,458	\$ 2,282,347

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

Presidio County
Balance Sheet – Special Revenue Funds
September 30, 2016

	Seizure Fund	Technology Fund	Records Management Fund	Court Records Management Fund	Courthouse Security Fund	Abandoned Vehicle Fund	Law Library Fund
Assets							
Cash and Cash Equivalents	\$ 42,069	\$ 8,054	\$ 30,645	\$ 5,182	\$ 68,248	\$ 21,761	\$ 6,184
Receivables, net	-	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-	-
Interfund Receivable	-	1,352	70	-	-	-	-
Total Assets	\$ 42,069	\$ 9,406	\$ 30,715	\$ 5,182	\$ 68,248	\$ 21,761	\$ 6,184
Liabilities							
Accounts Payable	\$ 300	\$ 845	\$ 925	\$ 30	\$ 907	\$ 770	\$ 105
Deferred Revenues	-	-	-	-	-	-	-
Interfund Payable	644	-	-	-	-	-	-
Total Liabilities	944	845	925	30	907	770	105
Fund Balance							
Non-spendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	41,125	8,561	29,790	5,152	67,340	20,990	6,079
Unassigned	-	-	-	-	-	-	-
Total Fund Balance	41,125	8,561	29,790	5,152	67,340	20,990	6,079
Total Liabilities and Fund Balance	\$ 42,069	\$ 9,406	\$ 30,715	\$ 5,182	\$ 68,248	\$ 21,761	\$ 6,184

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

**Presidio County
Balance Sheet – Special Revenue Funds
September 30, 2016**

LEOSE Fund	Airport Fund	Hot Check Fund	Estray Fund	Homeland Security Grant	TDRA 729-135 OSSF 2010 Grant	Ruidosa Church Restoration Grant	Total
\$ 3,539	\$ 91,377	\$ 2,408	\$ 1,863	\$ 182,323	\$ 1,273	\$ 4,147	\$ 469,072
-	-	-	-	-	-	-	-
-	16,030	-	-	76,264	-	-	93,716
\$ 3,539	\$ 107,408	\$ 2,408	\$ 1,863	\$ 258,587	\$ 1,273	\$ 4,147	\$ 562,788
\$ -	\$ 51,492	\$ -	\$ -	\$ 4,718	\$ 823	\$ -	\$ 60,915
-	-	-	-	-	-	-	-
-	91,623	-	-	253,869	-	-	346,136
-	143,115	-	-	258,587	823	-	407,051
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,539	(35,707)	2,408	1,863	-	450	4,147	155,738
-	-	-	-	-	-	-	-
3,539	(35,707)	2,408	1,863	-	450	4,147	155,738
\$ 3,539	\$ 107,408	\$ 2,408	\$ 1,863	\$ 258,587	\$ 1,273	\$ 4,147	\$ 562,788

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

Presidio County
Balance Sheet – Special Revenue Funds
September 30, 2016

	Vending Machine Fund	BCAP Grant	Pueblo Nuevo Grant	Operation Stonegarden 2008	Presidential Permit Grant	Operation Stonegarden 2011	Operation Stonegarden 2012
Assets							
Cash and Cash Equivalents	\$ 451	\$ 84,571	\$ 2,457	\$ (5,058)	\$ 83,296	\$ (33,120)	\$ (79,122)
Receivables, net	-	53,763	-	-	17,297	12,508	53,514
Grants Receivable	-	-	-	-	-	-	-
Interfund Receivable	-	48,464	330	5,058	11,227	33,120	99,167
Total Assets	\$ 451	\$ 186,798	\$ 2,787	\$ -	\$ 111,819	\$ 12,508	\$ 73,559
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,508	\$ 62,987
Deferred Revenues	-	-	-	-	-	-	-
Interfund Payable	-	113,902	2,787	-	111,819	-	10,572
Total Liabilities	-	113,902	2,787	-	111,819	12,508	73,559
Fund Balance							
Non-spendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	451	72,896	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balance	451	72,896	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 451	\$ 186,798	\$ 2,787	\$ -	\$ 111,819	\$ 12,508	\$ 73,559

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

**Presidio County
Balance Sheet – Special Revenue Funds
September 30, 2016**

Operation Stonegarden 2013	State Homeland Security Program 2011	State Homeland Security Program 2013	Law Enforcement Terrorist Prevention Activities 2011	CTIF Grant	RAMP Grant 2016	CDBG # 721549	Total
\$ (40,375)	\$ (32,490)	\$ 15,617	\$ (30,523)	\$ (40,484)	\$ (3,383)	\$ -	\$ (78,163)
-	-	-	-	-	-	13,525	150,606
48,685	32,490	40,500	30,523	-	-	-	-
\$ 8,311	\$ -	\$ 56,117	\$ -	\$ (40,484)	\$ (3,383)	\$ 13,525	\$ 422,007
\$ -	\$ -	\$ -	\$ -	\$ 1,521	\$ 3,709	\$ -	\$ 80,724
8,311	-	56,117	-	-	-	-	-
8,311	-	56,117	-	1,521	3,709	-	303,507
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(42,004)	(7,092)	13,525	37,776
-	-	-	-	(42,004)	(7,092)	13,525	37,776
\$ 8,311	\$ -	\$ 56,117	\$ -	\$ (40,484)	\$ (3,383)	\$ 13,525	\$ 422,007

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

Presidio County
Combining Balance Sheet - Special Revenue Funds
September 30, 2016

	Totals Exhibit F-3-1	Totals Exhibit F-3-2	Total
Assets			
Cash and Cash Equivalents	\$ 469,072	\$ (78,163)	\$ 390,909
Receivables, net	-	150,606	150,606
Grants Receivable	-	-	-
Interfund Receivable	93,716	349,564	443,280
Total Assets	\$ 562,788	\$ 422,007	\$ 984,795
Liabilities			
Accounts Payable	\$ 60,915	\$ 80,724	\$ 141,639
Deferred Revenues	-	-	-
Interfund Payable	346,136	303,507	649,643
Total Liabilities	407,051	384,231	791,282
Fund Balance			
Non-spendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	155,738	37,776	193,514
Unassigned	-	-	-
Total Fund Balance	155,738	37,776	193,513
Total Liabilities and Fund Balance	\$ 562,788	\$ 422,007	\$ 984,794

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

THIS PAGE LEFT BLANK INTENTIONALLY

Presidio County
Statement of Revenues, Expenditures and Changes in Fund Balance
– Special Revenue Funds
September 30, 2016

	Seizure Fund	Technology Fund	Records Management Fund	Court Records Management Fund	Courthouse Security Fund	Abandoned Vehicle Fund	Law Library Fund
Revenues							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	5,006	7,724	3,711	9,570	11,705	1,995
Program Income from Grants	-	-	-	-	-	-	-
Property Tax Collection Contracts	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-
Unrestricted Investment Earnings	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	-	5,006	7,724	3,711	9,570	11,705	1,995
Expenditures							
Non-Departmental	300	6,063	-	4,558	74,375	3,450	-
Total Expenditures	300	6,063	-	4,558	74,375	3,450	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300)	(1,057)	7,724	(847)	(64,805)	8,255	1,995
Other Financing Sources (Uses)							
Transfers	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-
Net Change in Fund Balances	(300)	(1,057)	7,724	(847)	(64,805)	8,255	1,995
Fund Balance - Beginning of the Year	35,823	9,618	22,066	6,000	132,145	18,337	4,084
Prior Period Adjustment	5,602	-	-	-	-	(5,602)	-
Fund Balance - End of the Year	\$ 41,125	\$ 8,561	\$ 29,790	\$ 5,152	\$ 67,340	\$ 20,990	\$ 6,079

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, 2016

LEOSE Fund	Airport Fund	Hot Check Fund	Estray Fund	Homeland Security Grant	TDRA 729-135 OSSF 2010 Grant	Ruidosa Church Restoration Grant	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,853	509,143	290	-	-	-	-	550,996
-	-	-	-	-	450	4,147	4,597
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,853</u>	<u>509,143</u>	<u>290</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>4,147</u>	<u>555,593</u>
5,461	627,099	331	-	-	-	-	721,637
<u>5,461</u>	<u>627,099</u>	<u>331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>721,637</u>
(3,608)	(117,957)	(41)	-	-	450	4,147	(166,044)
-	(108,075)	-	-	-	-	-	(108,075)
-	-	-	-	-	-	-	-
<u>(3,608)</u>	<u>(226,031)</u>	<u>(41)</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>4,147</u>	<u>(274,118)</u>
7,147	(25,825)	2,448	1,863	-	-	-	213,707
-	216,149	-	-	-	-	-	216,149
<u>\$ 3,539</u>	<u>\$ (35,707)</u>	<u>\$ 2,408</u>	<u>\$ 1,863</u>	<u>\$ -</u>	<u>\$ 450</u>	<u>\$ 4,147</u>	<u>\$ 155,738</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, 2016

	Vending Machine Fund	BCAP Grant	Pueblo Nuevo Grant	Operation Stonegarden 2008	Presidential Permit Grant	Operation Stonegarden 2011	Operation Stonegarden 2012
Revenues							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,431	-	-	-	-	-	-
Program Income from Grants	-	72,896	-	-	-	-	-
Property Tax Collection Contracts	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-
Unrestricted Investment Earnings	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	1,431	72,896	-	-	-	-	-
Expenditures							
Non-Departmental	1,236	-	-	-	-	-	-
Total Expenditures	1,236	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	195	72,896	-	-	-	-	-
Other Financing Sources (Uses)							
Transfers	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-
Net Change in Fund Balances	195	72,896	-	-	-	-	-
Fund Balance - Beginning of the Year	256	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-
Fund Balance - End of the Year	\$ 451	\$ 72,896	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2016

Operation Stonegarden 2013	State Homeland Security Program 2011	State Homeland Security Program 2013	Law Enforcement Terrorist Prevention Activities 2011	CTIF Grant	RAMP Grant 2016	CDBG # 7215409	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	1,431
-	-	-	-	-	78,589	13,525	165,010
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	78,589	13,525	166,441
-	-	-	-	42,004	85,681	-	128,921
-	-	-	-	42,004	85,681	-	128,921
-	-	-	-	(42,004)	(7,092)	13,525	37,520
-	-	-	-	-	-	-	-
-	-	-	-	(42,004)	(7,092)	13,525	37,520
-	-	-	-	-	-	-	256
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ (42,004)	\$ (7,092)	\$ 13,525	\$ 37,776

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, 2016

Exhibit F-4-3

	Totals Exhibit F-4-1	Totals Exhibit F-4-2	Total
Revenues			
Property Taxes	\$ -	\$ -	\$ -
Charges for Services	550,996	1,431	552,427
Program Income from Grants	4,597	165,010	169,607
Property Tax Collection Contracts	-	-	-
Licenses and Permits	-	-	-
Unrestricted Investment Earnings	-	-	-
Miscellaneous	-	-	-
Total Revenues	555,593	166,441	722,034
Expenditures			
Non-Departmental	721,637	128,921	850,558
Total Expenditures	721,637	128,921	850,558
Excess (Deficiency) of Revenues Over (Under) Expenditures	(166,044)	37,520	(128,524)
Other Financing Sources (Uses)			
Transfers	(108,075)	-	(108,075)
Sale of Capital Assets	-	-	-
Total Other Financing Sources (Uses)	(108,075)	-	(108,075)
Net Change in Fund Balances	(274,118)	37,520	(236,599)
Fund Balance - Beginning of the Year	213,707	256	213,962
Prior Period Adjustment	216,149	-	216,149
Fund - End of the Year	\$ 155,738	\$ 37,776	\$ 193,513

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

**OTHER INFORMATION REQUIRED BY THE U.S.
GOVERNMENTAL ACCOUNTABILITY OFFICE**

Painter and Associates, P.C.
Certified Public Accountants

836 King George Lane
Savannah, Texas 76227-7854

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and business-type activities, each major fund and the aggregate remaining fund information of Presidio County, Texas as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Presidio County's basic financial statements and have issued our report thereon dated September 15, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Painter and Associates, P.C.

Savannah, Texas
September 15, 2017

INDIVIDUAL GRANTS

Presidio County
Individual Grants
For the Year Ended September 30, 2016

County Transportation Infrastructure Fund
Federal Financial Assistance
Federal Grantor: U.S. Department of Transportation
Pass-through Grantor: Texas Department of Transportation
Contract Number: 01-189

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cumulative to Date</u>
Revenues				
Grant	\$ 118,566	\$ -	\$ -	\$ -
Local Revenues	-	-	-	-
Total Revenues	<u>118,566</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Administration	-	-	-	-
Labor	59,283	-	33,771	33,771
Supplies	59,283	-	8,233	8,233
Total Expenditures	<u>118,566</u>	<u>-</u>	<u>42,004</u>	<u>42,004</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,004)</u>	<u>\$ (42,004)</u>

Presidio County
Individual Grants
For the Year Ended September 30, 2016

Routine Airport Maintenance Program
Federal Financial Assistance
Federal Grantor: U.S. Department of Transportation
Pass-through Grantor: Texas Department of Transportation
Contract Number: 42M1624MARF

Marfa Airport

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cumulative to Date</u>
Revenues				
Grant	\$ 25,000	\$ -	\$ -	\$ -
Local Revenues	25,000	-	-	-
Total Revenues	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Administration	-	-	-	-
Maintenance	50,000	-	38,557	38,557
Total Expenditures	<u>50,000</u>	<u>-</u>	<u>38,557</u>	<u>38,557</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,557)</u>	<u>\$ (38,557)</u>

Presidio County
Individual Grants
For the Year Ended September 30, 2016

Routine Airport Maintenance Program
Federal Financial Assistance
Federal Grantor: U.S. Department of Transportation
Pass-through Grantor: Texas Department of Transportation
Contract Number: 42M1624PRSD

Presidio Airport

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cumulative to Date</u>
Revenues				
Grant	\$ 25,000	\$ -	\$ -	\$ -
Local Revenues	25,000	-	-	-
Total Revenues	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Administration	-	-	-	-
Maintenance	50,000	-	47,124	47,124
Total Expenditures	<u>50,000</u>	<u>-</u>	<u>47,124</u>	<u>47,124</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,124)</u>	<u>\$ (47,124)</u>

Presidio County
Individual Grants
For the Year Ended September 30, 2016

Texas Community Development Block Grant
Federal Financial Assistance
Federal Grantor: U.S. Department of Agriculture
Pass-through Grantor: Texas Department of Agriculture
Contract Number: 7215409

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cumulative to Date</u>
Revenues				
Grant	\$ 168,638	\$ -	\$ 13,525	\$ 13,525
Local Revenues	-	-	-	-
Total Revenues	<u>168,638</u>	<u>-</u>	<u>13,525</u>	<u>13,525</u>
Expenditures				
Administration	-	-	-	-
Engineering	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>\$ 168,638</u>	<u>\$ -</u>	<u>\$ 13,525</u>	<u>\$ 13,525</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	2015	2014
Total Pension Liability		
Service cost	\$ 282,947	\$ 301,034
Interest on Total Pension Liability	455,092	425,378
Effect of Plan Changes	(43,034)	-
Effect of Assumption Changes or Inputs	70,124	-
Effect of Economic/Demographic (gains) or losses	(92,139)	(84,839)
Benefit Payments/Refunds of Contributions	(275,222)	(282,912)
Net Change in Total Pension Liability	<u>397,767</u>	<u>358,661</u>
Total Pension Liability, Beginning	<u>5,601,350</u>	<u>5,242,690</u>
Total Pension Liability, Ending (a)	<u>\$ 5,999,117</u>	<u>\$ 5,601,351</u>
Fiduciary Net Position		
Employer Contributions	159,357	147,730
Member Contributions	148,422	131,814
Investment Income net of Investment Expenses	(70,560)	378,461
Benefit Payments/Refunds of Contributions	(275,222)	(282,912)
Administrative Expenses	(4,346)	(4,520)
Other	5,196	12,447
Net Change in Fiduciary Net Position	<u>(37,152)</u>	<u>383,020</u>
Fiduciary Net Position, Beginning	<u>6,056,363</u>	<u>5,673,344</u>
Fiduciary Net Position, Ending (b)	<u>\$ 6,019,211</u>	<u>\$ 6,056,364</u>
Net Pension Liability / (asset), ending = (a) - (b)	<u>\$ (20,092)</u>	<u>\$ (455,013)</u>
Fiduciary Net Position as a % of Total Pension Liability	100.33%	108.12%
Pensionable Covered Payroll	\$ 2,375,493	\$ 2,196,899
Net Pension Liability as a % of Covered Payroll	-0.85%	-20.71%

THIS PAGE LEFT BLANK INTENTIONALLY