

PRESIDIO COUNTY, TEXAS
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

PRESIDIO COUNTY, TEXAS

SEPTEMBER 30, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Presidio County, Texas (County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note I to the financial statements, in 2022, Presidio County, Texas adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, pension and other postemployment benefits information on pages 5 through 12 and 67 through 78 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Presidio County, Texas' basic financial statements. The accompanying 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, December 8, 2023 on our consideration of Presidio County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Presidio County, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Presidio County, Texas' internal control over financial reporting and compliance.

Gilson Ruddock Patterson LLC

El Paso, Texas
December 8, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Presidio County, Texas
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, Texas discuss and analyze the County's financial performance for the fiscal year ended September 30, 2022. Please read it in conjunction with, the independent auditors' report on page 2 and 94, and the County's Basic Financial Statements which begin on page 13.

FINANCIAL HIGHLIGHTS

As a result of this year's operations, the County's total net position increased by \$43,045. Net position of our governmental activities increased by \$866,105 and the business-like activities decreased by \$823,060.

During the year, the County's governmental activities had expenses that were \$866,105 less than the \$6,943,441 generated by the ad valorem taxes, licenses and permits, charges for services, grants, miscellaneous income, and transfers in the governmental activities. The County saw increased spending in all functions except for Interest on Debt, with the largest increase being for Capital Outlay. The increase in Capital Outlay was primarily due to the new Operation Lone Star grant. The County's business type activities had expenses that were \$823,060 more than the \$550,239 that was generated by charges for services and transfers in the proprietary fund. Revenues and expenses were less than the prior year due to the closing of the jail for prison riots. No inmates were housed in the Jail from mid-August 2021 through March 2022.

The governmental funds ended the year with a fund balance of \$5,624,404 compared to a fund balance of \$5,003,077 at the end of the prior year. The proprietary fund ended the year with net position of \$1,988,757 compared to a net position of \$2,811,817 at the end of the prior year.

The general fund revenue for the County exceeded the budgeted revenue amount by \$174,724 while \$405,254 less expenses were incurred than were budgeted for in the year. The variances in revenues and expenses were due to charges for services and staffing/vacancy positions. In addition, other financing sources were \$271,532 more than what was budgeted due to a transfer in from the debt service fund.. The net effect of the budget was positive budget variance of \$808,510.

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 basic 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 can be found in Exhibits A-1 Statement of Net Position and B-1 Statement of Activities, respectively. 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, deferred outflows, liabilities, deferred inflows, and net position 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, deferred outflows, liabilities, and deferred inflows provides 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, one 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 the 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 the accrual basis of 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

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 Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current Assets	\$ 8,747,172	\$ 7,381,993	\$ (196,109)	\$ 428,410	\$ 8,551,063	\$ 7,810,403
Noncurrent Assets	400,883	-	-	-	400,883	-
Capital Assets, net	10,078,456	9,848,507	2,282,960	2,576,569	12,361,416	12,425,076
Net Pension Asset	1,509,354	61,688	-	-	1,509,354	61,688
Total Assets	20,735,865	17,292,188	2,086,851	3,004,979	22,822,716	20,297,167
Total Deferred						
Outflows of Resources	462,163	609,405	-	-	462,163	609,405
Liabilities						
Current Liabilities	2,134,775	1,372,562	54,555	56,741	2,189,330	1,429,303
Debt Service –						
Current	165,833	153,838	-	105,199	165,833	259,037
Debt Service –						
Noncurrent	507,889	635,887	-	-	507,889	635,887
Comp. Absences –						
Noncurrent	117,166	104,559	43,539	31,222	160,705	135,781
Net OPEB Liability	4,797,168	4,348,097			4,797,168	4,348,097
Total Liabilities	7,722,831	6,614,943	98,094	193,162	7,820,925	6,808,105
Total Deferred Inflows						
of Resources	1,927,027	605,035	-	-	1,927,027	605,035
Net Position						
Net Invested in Capital						
Assets	9,704,734	9,358,782	2,282,960	2,471,370	11,987,694	11,830,152
Restricted	2,509,318	1,313,480	-	-	2,509,318	1,313,480
Unrestricted	(665,882)	9,803	(294,203)	340,447	(960,085)	350,250
Total Net Position	\$ 11,548,170	\$ 10,682,065	\$ 1,988,757	\$ 2,811,817	\$ 13,536,927	\$ 13,493,882

TABLE II – SUMMARY OF CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Property Taxes	\$ 3,522,366	\$ 3,420,832	\$ -	\$ -	\$ 3,522,366	\$ 3,420,832
Charges for Services	2,065,451	1,895,658	544,399	912,061	2,609,850	2,807,719
Operating & Capital Grants	1,216,832	279,372	-	-	1,216,832	279,372
Other	132,952	257,484	-	-	132,952	257,484
Total Revenues	6,937,601	5,853,346	544,399	912,061	7,482,000	6,765,407
Expenses						
General Government	2,254,533	2,189,829	-	-	2,254,533	2,189,829
Judicial	588,784	660,057	-	-	588,784	660,057
Public Safety	1,197,485	1,203,773	-	-	1,197,485	1,203,773
Public Works	1,711,314	1,499,241	-	-	1,711,314	1,499,241
Culture and Recreation	311,283	293,127	-	-	311,283	293,127
Interest on Debt	13,937	17,870	-	-	13,937	17,870
Jail	-	-	1,361,619	1,398,452	1,361,619	1,398,452
Total Expenses	6,077,336	5,863,897	1,361,619	1,398,452	7,438,955	7,262,349
Excess (Deficiency) of Revenues over Expenditures	860,265	(10,551)	(817,220)	(486,391)	43,045	(446,942)
Other Financing Sources (Uses)						
Transfers	5,840	3,855	(5,840)	(3,855)	-	-
Loss on Disposal of Capital Assets	-	(2,675)	-	-	-	(2,675)
Change in Net Position	866,105	(9,371)	(823,060)	(490,246)	43,045	(499,617)
Net Position – Beginning of Year	10,682,065	10,516,108	2,811,817	3,412,763	13,493,882	13,928,871
Prior Period Adjustment	-	175,328	-	(110,700)	-	64,628
Net Position – End of Year	\$ 11,548,170	\$ 10,682,065	\$ 1,988,757	\$ 2,811,817	\$ 13,536,927	\$ 13,493,882

Property tax revenues increased slightly for the general fund due to an increase in rate and property tax values. Charges for services in the County jail fund decreased as it was closed from mid August 2021 through March 2022 due to prison riots. Grant revenue in total increased mostly due to the new Operation Lone Star grant. The majority of the Operation Lone Star grant funds were used for capital outlay in 2022. The Coronavirus SLFRF fund still had \$1.2M available to spend in fiscal year 2023. The airport fund recognized over \$400k in receivables and deferred inflows due to the implementation of GASB Statement No. 87, *Leases*. The debt service fund no longer has any bonded debt so excess funds of \$265,692 were transferred to the general fund.

For 2022, hourly employees received raises of \$0.45/hr. Salaried, elected or appointed positions were given raises in the amount of \$936.

BUDGET

Over the course of the year, the Commissioners Court revised the County's budget several times, as needed. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved after the beginning of the year and reflect the actual beginning balances versus the amounts estimated in September 2021 or receipt of unanticipated revenues. The second category involves amendments moving funds from accounts that did not need all the resources originally appropriated to them to programs with resource needs. There were no significant amendments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2022, the County had \$12.6 million net, invested in land, buildings, improvements, infrastructure, right-to-use lease assets, machinery and equipment, and construction in progress

TABLE III – CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 530,919	\$ 530,919	\$ 933	\$ 933	\$ 531,852	\$ 531,852
Buildings, Improvements and Infrastructure	16,688,883	16,688,883	6,924,274	6,924,274	23,613,157	23,613,157
Machinery and Equipment	7,515,833	6,782,952	420,164	413,993	7,935,997	7,196,945
Right-to-Use Lease Assets	67,706	-	-	-	67,706	-
Construction in Progress	299,998	32,464	-	-	299,998	32,464
Accumulated Depreciation & Amortization	(15,024,883)	(14,186,711)	(5,062,411)	(4,762,631)	(20,087,294)	(18,949,342)
Total Net Capital Assets	\$ 10,078,456	\$ 9,848,507	\$ 2,282,960	\$ 2,576,569	\$ 12,361,416	\$ 12,425,076

In fiscal year 2022, capital assets additions were over \$1 million. The majority of the capital asset additions were for machinery and equipment. Total depreciation and amortization for 2022 amounted to \$838,172 for government activities and \$299,780 for business-type activities.

Debt Administration

Long-term liabilities include limited tax notes of \$253,000, a Texas Water Development Board forgivable loan of \$300,000, right-to-use lease arrangements of \$37,834 and loans from direct borrowings of \$82,888. The enterprise fund debt balance for the jail renovations was fully paid off as of September 30, 2022.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective, and controlled use of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the Commissioner's Court sets the direction of the County, allocates its resources, and establishes its priorities.

The fiscal year 2023 budget was adopted on August 15, 2022 with total general fund expenditures of \$4,891,511 a 15.64% increase from the fiscal year 2022 budgeted expenditures. The County's ad valorem tax rate is \$0.493833 for fiscal year 2023, which is effectively a 7.46% decrease over the prior year.

In September 2023, the County Commissioners posted notice that they are considering the passage of one or more orders authorizing the issuance of one or more series of certificates of obligation in an amount not to exceed \$1,380,000 for the purpose of financing water and wastewater improvements and resolving other matters relating thereto.

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, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

EXHIBIT A-1 (Cont'd)

Data Control Codes	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
1010 Cash and Cash Equivalents	\$ 6,331,367	\$ 500,000	\$ 6,831,367
1050 Taxes Receivable, Net	1,038,515	-	1,038,515
1150 Accounts Receivable Net	2,313	600	2,913
1260 Due from Other Governments	421,572	162,878	584,450
1300 Due from Other Funds	859,587	(859,587)	-
1410 Inventories	57,991	-	57,991
1430 Prepaid Items	18,468	-	18,468
1450 Lease Receivable - Current	17,359	-	17,359
Capital Assets:			
1710 Land	530,919	933	531,852
1720 Infrastructure, Net	5,210,237	-	5,210,237
1730 Buildings & Improvements, Net	2,769,814	2,091,321	4,861,135
1750 Furniture and Equipment, Net	1,226,446	190,706	1,417,152
1760 Right-to-Use Lease Assets, Net	41,042	-	41,042
1780 Construction in Progress	299,998	-	299,998
1790 Lease Receivable - Noncurrent	400,883	-	400,883
1800 Net Pension Asset	1,509,354	-	1,509,354
1000 Total Assets	<u>20,735,865</u>	<u>2,086,851</u>	<u>22,822,716</u>
DEFERRED OUTFLOWS OF RESOURCES			
1997 Deferred Outflow Related to Pension Plan	346,566	-	346,566
1998 Deferred Outflow Related to OPEB	115,597	-	115,597
1500 Total Deferred Outflows of Resources	<u>462,163</u>	<u>-</u>	<u>462,163</u>

PRESIDIO COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

EXHIBIT A-1

Data Control Codes	Primary Government			
	Governmental Activities	Business - Type Activities	Total	
LIABILITIES				
2010	Accounts Payable	573,646	28,980	602,626
2020	Wages and Salaries Payable	54,114	11,062	65,176
2030	Compensated Absences Payable	39,055	14,513	53,568
2070	Intergovernmental Payable	77,339	-	77,339
2090	Due to Others	28,585	-	28,585
2140	Accrued Interest Payable	3,274	-	3,274
2230	Unearned Revenues	1,358,762	-	1,358,762
2250	Tax Notes Payable - Current	60,000	-	60,000
2260	Loans From Direct Borrowing - Current	82,888	-	82,888
2270	Leases Payable - Current	22,945	-	22,945
	Noncurrent Liabilities:			
2501	Tax Notes Payable	193,000	-	193,000
2520	Loans Payable	300,000	-	300,000
2540	Leases Payable	14,889	-	14,889
2550	Compensated Absences	117,166	43,539	160,705
2590	Total OPEB Liability	4,797,168	-	4,797,168
2000	Total Liabilities	<u>7,722,831</u>	<u>98,094</u>	<u>7,820,925</u>
DEFERRED INFLOWS OF RESOURCES				
2602	Deferred Inflow Related to Pension Plan	1,369,375	-	1,369,375
2603	Deferred Inflow Related to Leases	410,206	-	410,206
2604	Deferred Inflow Related to OPEB	147,446	-	147,446
2500	Total Deferred Inflows of Resources	<u>1,927,027</u>	<u>-</u>	<u>1,927,027</u>
NET POSITION				
3200	Net Investment in Capital Assets	9,704,734	2,282,960	11,987,694
	Restricted for:			
3860	Restricted for Debt Service	1,949	-	1,949
3880	Restricted for Pension	1,509,354	-	1,509,354
3890	Restricted for Other Purposes	998,015	-	998,015
3900	Unrestricted	(665,882)	(294,203)	(960,085)
3000	Total Net Position	<u>\$ 11,548,170</u>	<u>\$ 1,988,757</u>	<u>\$ 13,536,927</u>

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

PRESIDIO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Data Control Codes	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
100 General Government	\$ 2,254,533	\$ 267,592	\$ 38,382	\$ 10,515
120 Judicial	588,784	545,018	55,958	-
200 Public Safety	1,197,485	101,906	118,181	641,646
300 Public Works	1,711,314	1,091,415	154,683	197,467
500 Culture and Recreation	311,283	59,520	-	-
790 Interest on Debt	13,937	-	-	-
Total Governmental Activities	<u>6,077,336</u>	<u>2,065,451</u>	<u>367,204</u>	<u>849,628</u>
BUSINESS-TYPE ACTIVITIES:				
701 County Jail Fund	<u>1,361,619</u>	<u>544,399</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>1,361,619</u>	<u>544,399</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 7,438,955</u>	<u>\$ 2,609,850</u>	<u>\$ 367,204</u>	<u>\$ 849,628</u>
Data Control Codes	General Revenues:			
	Taxes:			
010	Property Taxes, Levied for General Purposes			
190	Penalty and Interest on Taxes			
600	Investment Earnings			
700	Miscellaneous Revenue			
	Transfers In (Out)			
	Total General Revenues and Transfers			
	Change in Net Position			
	Net Position - Beginning			
	Net Position - Ending			

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,938,044)	\$ -	\$ (1,938,044)
12,192	-	12,192
(335,752)	-	(335,752)
(267,749)	-	(267,749)
(251,763)	-	(251,763)
(13,937)	-	(13,937)
<u>(2,795,053)</u>	<u>-</u>	<u>(2,795,053)</u>
-	(817,220)	(817,220)
-	(817,220)	(817,220)
<u>(2,795,053)</u>	<u>(817,220)</u>	<u>(3,612,273)</u>
3,522,366	-	3,522,366
93,439	-	93,439
14,632	-	14,632
24,881	-	24,881
5,840	(5,840)	-
<u>3,661,158</u>	<u>(5,840)</u>	<u>3,655,318</u>
866,105	(823,060)	43,045
10,682,065	2,811,817	13,493,882
<u>\$ 11,548,170</u>	<u>\$ 1,988,757</u>	<u>\$ 13,536,927</u>

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

PRESIDIO COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

Data Control Codes	General Fund	Airport Fund	Coronavirus SLFRF Fund
ASSETS			
1010 Cash and Cash Equivalents	\$ 3,911,903	\$ 205,810	\$ 1,252,173
1050 Taxes Receivable	1,153,905	-	-
1051 Allowance for Uncollectible Taxes (credit)	(115,390)	-	-
1150 Accounts Receivable Net	656	-	-
1260 Due from Other Governments	1,168	-	-
1300 Due from Other Funds	1,293,098	18,535	-
1410 Inventories	-	57,991	-
1430 Prepaid Items	411	-	-
1450 Lease Receivable	-	418,242	-
1000 Total Assets	<u>\$ 6,245,751</u>	<u>\$ 700,578</u>	<u>\$ 1,252,173</u>
LIABILITIES			
2010 Accounts Payable	\$ 367,003	\$ 30,547	\$ -
2020 Wages and Salaries Payable	41,500	1,698	-
2070 Intergovernmental Payable	-	-	-
2080 Due to Other Funds	29,558	38,992	-
2090 Due to Others	28,490	-	-
2230 Unearned Revenues	28,000	-	1,252,173
2000 Total Liabilities	<u>494,551</u>	<u>71,237</u>	<u>1,252,173</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,020,646	-	-
2604 Deferred Inflow Related to Leases	-	410,206	-
2600 Total Deferred Inflows of Resources	<u>1,020,646</u>	<u>410,206</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	57,991	-
3430 Prepaid Items	-	-	-
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	-	-
3490 Other Restricted Fund Balance	17,250	161,144	-
3600 Unassigned Fund Balance	4,713,304	-	-
3000 Total Fund Balances	<u>4,730,554</u>	<u>219,135</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,245,751</u>	<u>\$ 700,578</u>	<u>\$ 1,252,173</u>

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

Operation Lone Star	Other Funds	Total Governmental Funds
\$ -	\$ 961,481	\$ 6,331,367
-	-	1,153,905
-	-	(115,390)
-	1,657	2,313
294,366	126,038	421,572
-	45,146	1,356,779
-	-	57,991
-	18,057	18,468
-	-	418,242
<u>\$ 294,366</u>	<u>\$ 1,152,379</u>	<u>\$ 9,645,247</u>
\$ 100,921	\$ 75,528	\$ 573,999
-	10,916	54,114
-	77,339	77,339
193,445	235,197	497,192
-	95	28,585
-	78,589	1,358,762
<u>294,366</u>	<u>477,664</u>	<u>2,589,991</u>
-	-	1,020,646
-	-	410,206
-	-	<u>1,430,852</u>
-	-	57,991
-	18,057	18,057
-	5,223	5,223
-	827,657	1,006,051
-	(176,222)	4,537,082
-	674,715	<u>5,624,404</u>
<u>\$ 294,366</u>	<u>\$ 1,152,379</u>	<u>\$ 9,645,247</u>

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PRESIDIO COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds	\$	5,624,404
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$24,102,924 and the accumulated depreciation was (\$14,186,711). 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 net position.		8,916,016
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 reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays and debt principal payments is to increase net position.		1,184,558
Included in the items related to assets is the recognition of the County's net pension asset required by GASB 68 in the amount of \$1,509,354, a deferred outflow of resources related to TCDRS of \$346,566 and deferred inflow of resources related to TCDRS of \$1,369,375. This amounted to an increase in net position in the amount of \$486,544.		486,544
Included in the items related to debt is the recognition of the County's total OPEB liability and other components as required by GASB 75. The net position related to OPEB includes a deferred resource outflow in the amount of \$115,597, a deferred inflow in the amount of \$147,446 and a total OPEB liability in the amount of \$4,797,168. The change in the various components related to the OPEB liability caused a decrease in net position of \$4,829,017.		(4,829,017)
The 2022 depreciation and amortization expense increases accumulated depreciation and amortization. The net effect of the current year's depreciation and amortization is to decrease net position.		(838,172)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		1,003,837
Net Position of Governmental Activities	\$	11,548,170

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

PRESIDIO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Data Control Codes	General Fund	Airport Fund	Coronavirus SLFRF Fund
REVENUES:			
Taxes:			
5110 Property Taxes	\$ 3,546,731	\$ -	\$ -
5190 Penalty and Interest on Taxes	93,439	-	-
5200 Licenses and Permits	50,932	-	-
5300 Intergovernmental Revenue and Grants	75,144	30,000	50,000
5400 Charges for Services	822,850	646,118	-
5410 Rent Revenue	-	43,003	-
5610 Investment Earnings	-	13,911	-
5700 Other Revenue	24,881	-	-
5020 Total Revenues	<u>4,613,977</u>	<u>733,032</u>	<u>50,000</u>
EXPENDITURES:			
Current:			
0100 General Government	2,038,597	-	-
0120 Judicial	536,484	-	-
0200 Public Safety	908,614	-	50,000
0300 Public Works	-	646,358	-
0500 Culture and Recreation	189,905	-	-
Debt Service:			
0710 Principal on Debt	50,606	59,911	-
0790 Interest on Debt	-	10,911	-
Capital Outlay:			
0800 Capital Outlay	65,389	788	-
6030 Total Expenditures	<u>3,789,595</u>	<u>717,968</u>	<u>50,000</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>824,382</u>	<u>15,064</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	271,532	-	-
8911 Transfers Out (Use)	<u>(52,140)</u>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>219,392</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	1,043,774	15,064	-
0100 Fund Balance - October 1 (Beginning)	<u>3,686,780</u>	<u>204,071</u>	<u>-</u>
3000 Fund Balance - September 30 (Ending)	<u>\$ 4,730,554</u>	<u>\$ 219,135</u>	<u>\$ -</u>

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

Operation Lone Star	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,546,731
-	-	93,439
-	-	50,932
644,730	416,957	1,216,831
-	502,545	1,971,513
-	-	43,003
-	724	14,635
-	-	24,881
644,730	920,226	6,961,965
-	54,741	2,093,338
-	34,338	570,822
3,084	110,915	1,072,613
-	604,819	1,251,177
-	-	189,905
-	43,320	153,837
-	3,757	14,668
641,646	292,295	1,000,118
644,730	1,144,185	6,346,478
-	(223,959)	615,487
-	52,140	323,672
-	(265,692)	(317,832)
-	(213,552)	5,840
-	(437,511)	621,327
-	1,112,226	5,003,077
\$ -	\$ 674,715	\$ 5,624,404

PRESIDIO COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	621,327
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 reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2022 capital outlays and debt principal payments is to increase the change in net position.		1,184,558
GASB 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of 12/31/2021 caused the change in the ending net position to increase in the amount of \$176,920. Contributions made before the measurement date, but during FY 2022 were also de-expended and recorded as an addition in the net pension asset for the County. This also caused an increase in the change in net position in the amount of \$46,523. The County recorded its pension expense during the measurement period as part of the net pension asset. The amount expensed for FY 2022 were \$159,319. The impact of all these is to increase the change in net position by \$382,761.		382,761
GASB 75 required that certain plan expenditures be de-expended and recorded as a deferred outflow of resources. Benefit payments made during the measurement date and during the fiscal year were also expended and recorded as a reduction in the total OPEB liability. This caused a decrease in the net position totaling \$77,775. Finally, the County's OPEB expense for the plan had to be recorded. This expense increased the change in net position by \$520,970. The net result is a decrease in the change in net position in the amount of \$443,195.		(443,195)
Depreciation and amortization 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 and amortization is to decrease the change in net position.		(838,172)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year 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 these reclassifications and recognitions is to decrease the change in net position.		(41,174)
Change in Net Position of Governmental Activities	\$	866,105

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

PROPRIETARY FUND FINANCIAL STATEMENTS

PRESIDIO COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business Type Activities
	County Jail Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 500,000
Accounts Receivable, Net	600
Due from Other Governments	162,878
Total Current Assets	<u>663,478</u>
Noncurrent Assets:	
Capital Assets:	
Land	933
Buildings & Improvements, Net	2,091,321
Furniture and Equipment, Net	190,706
Total Noncurrent Assets	<u>2,282,960</u>
Total Assets	<u>2,946,438</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	28,980
Wages and Salaries Payable	11,062
Compensated Absences Payable	14,513
Due to Other Funds	859,587
Total Current Liabilities	<u>914,142</u>
Noncurrent Liabilities:	
Compensated Absences - Noncurrent	43,539
Total Noncurrent Liabilities	<u>43,539</u>
Total Liabilities	<u>957,681</u>
NET POSITION	
Net Investment in Capital Assets	2,282,960
Unrestricted	(294,203)
Total Net Position	<u>\$ 1,988,757</u>

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

PRESIDIO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT D-2

	Business-Type Activities
	County Jail Fund
OPERATING REVENUES:	
Charges for Services	\$ 544,399
Total Operating Revenues	544,399
OPERATING EXPENSES:	
Personnel Services - Salaries and Wages	514,809
Personnel Services - Employee Benefits	171,444
Purchased Professional & Technical Services	107,803
Other Operating Costs	230,091
Supplies	36,010
Depreciation	299,780
Total Operating Expenses	1,359,937
Operating Income (Loss)	(815,538)
NONOPERATING REVENUES (EXPENSES):	
Interest Expense - Non-Operating	(1,682)
Total NonOperating Revenue (Expenses)	(1,682)
Income (Loss) Before Transfers	(817,220)
Transfers Out (Use)	(5,840)
Change in Net Position	(823,060)
Total Net Position - October 1 (Beginning)	2,811,817
Total Net Position - September 30 (Ending)	\$ 1,988,757

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

PRESIDIO COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities
	County Jail Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 422,341
Cash Payments to Employees for Services	(123,608)
Cash Payments for Suppliers	(23,682)
Cash Payments for Other Operating Expenses	(41,420)
Net Cash Provided by Operating Activities	<u>233,631</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer Out	(5,840)
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	(6,171)
<u>Cash Flows from Investing Activities:</u>	
Principal Payments on Debt	(105,199)
Interest Payments on Debt	(3,411)
Net Cash Provided by (Used for) Investing	<u>(108,610)</u>
Net Increase in Cash and Cash Equivalents	113,010
Cash and Cash Equivalents at the Beginning of the Year	<u>386,990</u>
Cash and Cash Equivalents at the End of the Year	<u><u>\$ 500,000</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:</u>	
Operating Income (Loss)	\$ (815,538)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:	
Depreciation	299,780
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Receivables	(122,058)
Increase (Decrease) in Accounts Payable	12,260
Increase (Decrease) in Wages and Salaries Payable	(16,823)
Increase (Decrease) in Comp. Absences Payable	16,423
Increase (Decrease) in Due to Other Funds	859,587
Net Cash Provided by Operating Activities	<u><u>\$ 233,631</u></u>

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

FIDUCIARY FUND FINANCIAL STATEMENT

PRESIDIO COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

	Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 833,762
Accounts Receivable, Net	253
Total Assets	<u>834,015</u>
LIABILITIES	
Due to Others	33,167
Total Liabilities	<u>33,167</u>
NET POSITION	
Restricted for Individuals and Other Governments	800,848
Total Net Position	<u><u>\$ 800,848</u></u>

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

PRESIDIO COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Custodial Funds
<hr/>	
ADDITIONS:	
Collections for Taxing Entities	\$ 9,925,153
Collections for State	660,055
Attorney Fees / Misc Collections	149,923
Escrow Deposits	106,839
Fees/Fines	8,895
Bonds	114,542
Total Additions	<u>10,965,407</u>
DEDUCTIONS:	
Inmate Purchases	39,327
Bond Refunds	2,000
Distributions to Taxing Entities	9,925,153
Escrow Distributions	100,378
Distributions to State	671,752
Other Distributions	142,976
Total Deductions	<u>10,881,586</u>
Net Change in Fiduciary Net Position	83,821
Total Net Position - October 1 (Beginning)	<u>717,027</u>
Total Net Position - September 30 (Ending)	<u><u>\$ 800,848</u></u>

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

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 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 provides the following services: judicial, public safety (sheriff, constable, emergency management, DPS, dispatch, and corona virus relief), public works (airport and road and bridge), culture and recreation, and the general administrative services.

The County is located in the Trans-Pecos region of west Texas; it is approximately 3,856 square miles in size with a population around 7,800 people. It is the fourth-largest county in Texas by area. Marfa, Texas, is the county seat.

This summary of significant accounting policies of Presidio County, Texas is presented to assist in understanding the County's financial statements. The financial statements and notes are representations of the County's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America as applicable to governments and have been consistently applied in the preparation of the financial statements.

Reporting Entity

Because the Commissioners' Court is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the County is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB").

The decisions to include or exclude a potential component unit in the reporting entity were made by applying standards contained in GAAP. The most primary standard for including or excluding a potential component unit is whether it is financially dependent on the reporting entity. The fiscal dependency criterion also requires that a financial benefit or burden relationship be present in order for a potential component unit to be included in the financial reporting entity. Other manifestations of the ability to exercise oversight responsibility include, but certainly are not limited to, the selection of the governing authority, the designation of management, the ability to materially influence operations and accountability for fiscal matters. The second standard used to evaluate potential component units is the scope of public services. Application of this standard entails considering whether the activity benefits the County, or whether the activity is conducted within the geographic boundaries of the County and is generally available to its citizens. The third standard involved in evaluating whether potential component units are included or excluded from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities.

The above standards were applied to the Presidio County Underground Water Conservation District, and the County determined that it is a component unit of the County.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Presidio County Underground Water Conservation District-Blended Component Unit

The Presidio County Underground Water Conservation District was created and confirmed by the citizens of Presidio County through an election on August 31, 1999. The creation of underground water conservation districts was authorized by the Texas State Legislature and falls under chapter 36 of the Texas Water Code. Presidio County Commissioner's Court appoints members to the Board of Directors and the District is financially dependent upon Presidio County. Consequently, the District is considered a blended component unit and its activities at and for the year ended September 30, 2022 have been presented in the fund financial statements as a special revenue fund. Separate and complete financial statements are not prepared.

Related Organizations

Related organizations provide services within the County that are administered by separate boards or commissions, but the County is not financially accountable, and such organizations are therefore not component units of the County, even though Commissioners Court may appoint a voting majority of an organization's board. Consequently, financial information for the following entities are not included within the scope of these financial statements.

Presidio County Appraisal District - Separate Entity

Appraisal districts were created by the Texas Legislature and operate to provide accurate property values for all taxing entities in the respective counties. Representation on the Presidio Appraisal District is provided to each taxing entity in proportion to their share of total levy. The County has two representatives on the Appraisal District's board of seven voting members. Each taxing authority has the responsibility to fund the Appraisal District and has input as to the budget amounts. The County has no authority in selecting the management of the Appraisal District. By legislative act, the Appraisal District is to be independent and separate from the participating entities and therefore, its financial statements are not included with Presidio County's statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and the County's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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: net investment in capital assets; restricted net position; and unrestricted net position.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For pensions and OPEB, these outflows result from pension and OPEB plan contributions made after the measurement date of the net pension asset and OPEB liability and the net difference between projected and actual earnings on pension and OPEB plan investments; results of changes in actuarial assumptions; and differences between expected and actual economic experiences. The deferred outflows of resources related to pensions and OPEB resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset and a reduction of the OPEB liability in the next fiscal year. The other pension and OPEB related deferred outflows will be amortized over a systematic and rational method over a closed period.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For pensions and OPEB, these inflows result from pension plan and OPEB changes in actuarial assumptions and net differences between projected and actual earnings, and differences between expected and actual economic experiences. These inflows will be amortized over a systematic and rational method over a closed period. For leases with the County as lessor, the deferred inflow of resources occurs at the time the value of the leases receivable is measured plus any payment received at or before the commencement of the lease term that relates to future periods. This deferred inflow will be amortized in a systematic and rational manner over the term of the lease.

The fiduciary net position of the Texas County and District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to or reductions from TCERS' fiduciary net position. The Plan's fiduciary net position has been determined on the same basis as that used by the Plan. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The statement of activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs through program revenues. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the County. A function is an assembly of similar activities and may include portions of a fund or more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services which includes fees, fines, and forfeitures, and other charges to users of the County's services; (2) operating grants and contributions include amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds and proprietary funds.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to or due from on the government-wide Statement of Net Position.

The fund financial statements report on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds as major and reports their financial condition and results of operations in a separate column.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

The governmental fund financial statements are reported using the current financial resources measurements focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues, except for property taxes, to be available if they are collected within one year of the fiscal year end. Property tax revenue is considered available if it will be collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recognized when due. Expenditures related to compensated absences, and claims and judgments, are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, special assessments, sales taxes, rent, and interests (including from leases) associated with the current fiscal period are all considered to be susceptible to accruals and so have been recognized as revenues of the current fiscal period. Expenditures-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Unavailable revenue from property taxes arises only under the modified accrual basis of accounting. The governmental funds report this unavailable revenue as a deferred inflow of resources and recognize revenue in the period that the amounts become available. The governmental funds also report a deferred inflow of resources from leases, which is recognized as revenue over the term of the lease.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

The proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the fund Statement of Net Position. Net position is segregated into net investment in capital assets, restricted, and unrestricted.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems.

Depreciation and amortization expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include activities that have the characteristics of an exchange transaction, such as a) sales and services and b) contracts and grants. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as a) investment income and b) miscellaneous.

Operating expenses include activities that have the characteristics of an exchange transaction, such as a) employee salaries, benefits, and related expenses; b) utilities, supplies, and other services; c) professional fees; d) repairs and maintenance; and e) depreciation expenses related to County's capital assets and long-term debt. Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on capital asset related debt that are defined as nonoperating expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The net position of the County is reported in three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Restricted net assets results from constraints placed on the use of net position when externally imposed by creditors, grantors, laws and regulations of other governments and/or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The County is required to present certain governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

1. The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The Airport Fund is a special revenue fund that accounts for the operations of both the Marfa municipal airport and the Presidio municipal airport. The main source of revenue is "charges for services" which include aviation fuel sales and hanger rentals. The airport fund is also the recipient of grants for the improvement of the airports which are included in "intergovernmental revenue and grants."
3. The Coronavirus State and Local Fiscal Recovery Fund (SLFRF) is a special revenue fund that accounts for funds that are a part of the American Rescue Plan to support state, local, and Tribal governments in their response to and recovery from the COVID-19 public health emergency.
4. The Operation Lone Star Fund is a special revenue fund that accounts for the Operation Lone Star grant from the State of Texas to enhance interagency border security operations.

The County reports the following major enterprise fund:

County Jail - The County Jail is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the stated intent of the governing body is that the costs (expenses, including depreciation) of providing jail services to other governmental entities on a continuing basis be financed or recovered primarily through user charges.

Additionally, the County reports the following fund types:

Governmental Funds:

1. Special Revenue Funds - The County accounts for the proceeds of specific revenue sources that are legally restricted expenditures for specified purposes other than debt service or capital projects in a special revenue fund. Most federal and state financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. Debt Service Fund - The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects Fund- The proceeds from long-term debt financing will be used to construct, renovate, and acquire buildings in the County and pay any associated costs. The County has one capital project fund related to airport improvements financed by Texas Department of Transportation.
4. The Presidio County Underground Water Conservation District is a blended component unit and presented as a special revenue fund.

Fiduciary Funds:

Fiduciary funds accounts for assets held in either a trustee capacity or in a custodial capacity for individuals, private organizations, other governmental units, and/or other funds meeting the criteria established in GASB Statement No. 84, Fiduciary Activities. Fiduciary funds are reported in one of four categories.

1. Private Purpose Trust Fund - This fund is used to report all fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and are held in a trust. The County has no Private Purpose Trust Fund.
2. Pension (and Other Employee Benefit) Trust Funds - These funds are used to report fiduciary activities for pensions plans and OPEB plans that are administered through trusts and other employee benefit plans for which resources are held in a trust. The County has no Pension Trust Funds.
3. Investment Trust Fund - This fund is used to report fiduciary activities from the external position of investments pools and individual investment accounts that are held in a trust. The County has no investment trust funds.
4. Custodial Funds - These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. The County's custodial funds are the Tax Assessor-Collector Fund, the County Clerk Fund, the District Clerk Fund, and the Inmate Trust Funds.

Assets, Deferred Resources, Liabilities and Net Position or Fund Balance

Deposits and Investments: The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Restricted cash represents certain unexpended long-term debt funding restricted for specific capital projects and special revenue projects. Both unrestricted and restricted cash are included in the Statement of Cash Flows, if applicable. For purposes of the statement of cash flows for proprietary funds, the County considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County is required by Governmental Code Chapter 2256, **Public Funds Investment Act** (PFIA), to adopt, implement, and publicize an investment policy. That policy must address safety of principal and liquidity, portfolio diversification, allowable investments, acceptable risk levels, expected rates of return, maximum allowable stated maturity of portfolio investments, maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, investment staff quality and capabilities, and bid solicitation preferences for Certificate 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 has not yet adopted an investment policy since it does not currently have any investments and as such, is not subject to this law.

Although a formal policy has not been adopted, the County follows these policies and contractual provisions governing deposits for the County:

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the County's will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. Since the County complies with this law, it has minimal custodial credit risk for deposits.

Interest Rate Risk - Deposits

The County is not exposed to interest rate risk.

Credit Risk - Deposits

The County is not exposed to credit risk.

Concentration of Credit Risk - Deposits

The County is not exposed to concentration of credit risk.

Foreign Currency Risk - Deposits

The risk that changes in exchange rates will adversely affect deposits. The County does not have any deposits in foreign currency and as such, is not exposed to foreign currency risk.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Receivables and Payables: Interfund activity is reported as 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 revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Receivables: All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts, the aging of the accounts receivable, historical experience, and other currently available evidence. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied net of estimated refunds and uncollectible amounts.

Leases Receivable: The County's receivable from leases as lessor are measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreements, the County may receive variable lease payments that are dependent on changes in the consumer price index. The variable payments are recorded as an inflow of resources in the period the payment is received.

Property Taxes: 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 located in the County. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which impose. On January 31 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the County's fiscal year.

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 2022 was \$0.55300 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.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Inventories and Prepaid Items: The County reports fuel at the airports at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories of the governmental funds are recorded as expenditures when purchased and then adjusted for the remaining inventory at year end. Prepaid items represent the match portion that was required at the beginning of a grant and will be expensed when the grantor uses the funds.

Capital Assets : Capital assets, which include land, buildings and improvements, and furniture and equipment, and right-to-use lease assets are reported in the government-wide financial statements and the enterprise fund. Capital assets are defined by the County as assets with an estimated useful life in excess of one year and \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the receipt. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The right-to-use lease asset capitalization level is determined by management. The term of the lease must be the non-cancelable period during which the County has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB Statement No. 87, *Leases*. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made. Note with existing contracts that were evaluated as leases for this year of implementation, the recording of the lease asset and liability would not be reported in governmental fund statements but would be reported in the government wide statements.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. When a lease contains a purchase option the County chooses to exercise, the lease asset is amortized over the useful life of the underlying asset. The amortization expense is combined with depreciation expense for financial reporting purposes.

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

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports and depreciates new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), etc. The County elected to implement the infrastructure provisions on a prospective basis 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.

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 government-wide statements and the proprietary funds statements. As of September 30, 2022, total accrued vacation and compensated absences was \$214,273. Sick leave benefits accrue based on years of service and are not required to be paid upon an employee's termination.

Long-term Obligations: In the government-wide financial statements, long-term debt, right-to-use lease liabilities, and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. When applicable, premiums and discounts are presented as a component of liabilities while deferred losses on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB Statement No. 87, *Leases*, and must meet the capitalization level. The right-to-use lease liability is reported in the government wide statements and in proprietary fund statements, if any. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, and new right-to-use lease arrangements, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. For leases, the initial measure of a new right-to-use lease arrangement is reported in governmental fund types as an other source during the current period. Monthly payments are reported as principal and interest payments during the reporting period in the fund level statements.

Deferred inflow of resources: In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The government has one item, which arise only under a modified accrual basis of accounting, that qualifies for reporting in this category which is unavailable revenue related to property taxes. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County has recorded \$1,020,646 of unavailable revenue related to property taxes.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position is classified and displayed in three components:

- a. Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, leasing, or improvement of those assets or related debt will be included in this component of net position.
- b. Restricted for debt service: This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuance which have constraints placed on them by the bond covenant(s) for the purpose of future debt service.
- c. Restricted for other purposes: This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets with constraints placed on the use either by (1) external groups such as grantors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- d. Restricted for Pension: This component of net position consists of the TCDRS net pension asset.
- e. Unrestricted net position: This component of net position is the net amount of assets, liabilities, deferred outflows of resources, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the County considers restricted resources to have been spent first.

Fund Balance Classification Policies and Procedures: If applicable, the County reports the following fund balance categories to make the nature and extent of the constraints placed on government's fund balances more transparent. The following classifications 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity. At September 30, 2022, the County had \$57,991 in nonspendable fund balance related to inventories and \$18,057 in nonspendable fund balance related to prepaid matching funds required by a grantor.
- 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 imposed by law through constitutional provisions or enabling legislation.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation.

The following amounts are classified as restricted as of September 30, 2022:

Retirement of Debt	\$ 5,223
Various programs/grants	<u>1,006,051</u>
Total	<u><u>\$ 1,011,274</u></u>

- 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. The County's highest level of decision-making authority is Commissioner's Court. These amounts can only be re-allocated by the same formal action that was taken to originally commit those amounts.
- 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.
- Minimum Fund Balance Policies - The County does not have a minimum fund balance policy.
- 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.

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.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting: The County is required by the Texas Constitution to adopt an annual balanced budget. The County officially adopts the annual budget ordinance and all project ordinances and has the authority to amend such ordinances. All budgets are prepared on the modified accrual basis of accounting as required by Texas Law.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant estimates presented in the County's financial statements are the allowances for uncollectible receivables and the remaining useful lives on capital assets.

New Accounting Pronouncements: The County implemented GASB Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The standard introduces new terminology for lease arrangements, calling them a right-to-use lease and is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. See Note 6 and 7 for information regarding the County's right-to-use lease assets and related liabilities. See Note 15 for the impact on the fund categories and fund balance/net position related to the adoption of this statement.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits - As of September 30, 2022, the carrying amount of the County's deposits was \$7,665,128 (including cash and the custodial funds) and the balances per bank totaled \$7,864,469 with differences being attributed to items in transit. Of the bank balances at year end, \$382,281 of the County's deposits were insured by the Federal Deposit Insurance Corporation. The bank has also pledged securities with market values of \$7,366,571 at September 30, 2022 which left \$115,617 as unsecured deposits. See Finding 2022-03 in the Schedule of Findings and Responses.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 3 - RECEIVABLES

Receivables consist of the following at September 30, 2022:

Governmental	General Fund	Airport Fund	Coronavirus State and Local Fiscal Recovery Fund	Operation Lone Star	NonMajor Governmental Funds	Total Governmental Funds
Property taxes	\$ 1,153,905	\$ -	\$ -	\$ -	\$ -	\$ 1,153,905
Less: allowance	(115,390)	-	-	-	-	(115,390)
Total net property tax receivable	1,038,515	-	-	-	-	1,038,515
Due from other governments	1,168	-	-	294,366	126,038	421,572
Accounts receivable, net	656	-	-	-	1,657	2,313
Total net receivables	\$ 1,040,339	\$ -	\$ -	\$ 294,366	\$ 127,695	\$ 1,462,400

Business - Type Activities (County Jail)	Gross	Allowance for Uncollectible Accounts	Net
Due to other governments	\$ 162,878	\$ -	\$ 162,878
Others	600	-	600
Total net receivables	\$ 163,478	\$ -	\$ 163,478

NOTE 4 - LEASE RECEIVABLE -COUNTY AS LESSOR

The County airport (Special Revenue fund) leases hangars and land at the airports. At the beginning of the fiscal year, the Airport Fund as lessor had several previously existing ground lease agreements for County owned land and hangers which totaled \$189,240.

The lease terms remaining at October 1, 2021 vary from 11 to 34 years and annual payments varied from \$63 to \$12,000. In accordance with the agreements, the yearly payments for one of the leases is subject to a periodic fixed increase of 10% of the base rent every five years, while the remained of the leases are increased based on the consumer price index. The increases related to the consumer price index are considered variable payments. The leases receivable are measured at the present value of the future minimum rent payments expected to be received during the lease term using the rate of 3.25%. During fiscal year 2022, the County recognized \$24,837 in lease revenue and \$13,911 in interest revenue related to leases. At September 30, 2022, the County reports a total receivable of \$418,243 with a current portion of \$17,359 and a noncurrent portion of \$400,883 and a related deferred inflow of resources of \$410,206, which will be recognized as revenue over the least terms.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

Interfund balance are the result of normal operations and are cleared out periodically. Management intends to pay out these balances within one year. Interfund balance at September 30, 2022 consisted of the following:

	Due from Other Funds	Due to Other Funds
General Fund:		
Airport	\$ 38,992	\$ -
Operation Lone Star	193,445	-
Jail	859,587	-
Special Revenue	201,074	29,558
Total General Fund	<u>1,293,098</u>	<u>29,558</u>
Airport:		
Special Revenue	18,535	-
General Fund	-	38,992
Total Airport	<u>18,535</u>	<u>38,992</u>
Operation Lone Star:		
General Fund	-	193,445
Total Operation Lone Star	<u>-</u>	<u>193,445</u>
Other Funds:		
Airport	-	18,535
Special Revenue	-	15,588
General Fund	45,146	201,074
Total Other Funds	<u>45,146</u>	<u>235,197</u>
Jail:		
General Fund	-	859,587
Total	<u>\$ 1,356,779</u>	<u>\$ 1,356,779</u>

Interfund transfers generally fall within two categories: (1) transfers to cover debt service payments to comply with debt covenants, and (2) transfers to charge other funds fees or a permanent reallocation of resources. During the year ended September 30, 2022, the enterprise fund (Jail Fund) transferred \$ 5,840 to the general fund for payment on the telephone system used by the enterprise fund. The debt service fund transferred excess amounts to the general fund in the amount of \$265,692. The general fund transferred \$52,140 to the component unit for their annual allotment.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital asset for the governmental activities for the year ended September 30, 2022 follows:

	Beginning Balance (Restated)	Additions	Deletions and Reclassifications	Ending Balance
Governmental				
Capital assets, not depreciated:				
Land	\$ 530,919	\$ -	\$ -	\$ 530,919
Construction in Progress	32,464	267,534	-	299,998
Capital assets, depreciated:				
Buildings and Improvements	6,911,749	-	-	6,911,749
Infrastructure	9,777,134	-	-	9,777,134
Machinery and Equipment	6,782,952	732,584	297	7,515,833
Totals at Historical Cost	24,035,218	1,000,118	297	25,035,633
Right-to-Use Lease Assets:				
Equipment	67,706	-	-	67,706
Less Accumulated Depreciation for Capital Assets:				
Buildings and Improvements	(3,979,303)	(48,876)	-	(4,028,179)
Infrastructure	(4,571,793)	(162,632)	-	(4,734,425)
Machinery and Equipment	(5,635,615)	(600,000)	-	(6,235,615)
Total for Capital Assets	(14,186,711)	(811,508)	-	(14,998,219)
Less Accumulated Amortization for: Right-to-Use Lease Assets:				
Equipment	-	(26,664)	-	(26,664)
Governmental Capital Assets, Net	\$ 9,916,213	\$ 161,946	\$ 297	\$ 10,078,456

Depreciation and amortization expense was charged to the functions of the governmental activities of the primary government as follows:

Governmental Activities:	
General Government	\$ 151,447
Judicial	9,561
Public Safety	108,729
Public Works	449,750
Culture and Recreation	118,685
Total depreciation expense-governmental activities	<u>\$ 838,172</u>

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets for the business-type activity for the year ended September 30, 2022 follows:

	Beginning Balance	Additions	Deletions and Reclassifications	Ending Balance
Business -type activity				
Capital assets, not depreciated:				
Land	\$ 933	\$ -	\$ -	\$ 933
Capital assets, depreciated:				
Buildings and Improvements	6,924,274	-	-	6,924,274
Machinery and Equipment	413,993	6,171	-	420,164
Totals at Historical Cost	<u>7,339,200</u>	<u>6,171</u>	<u>-</u>	<u>7,345,371</u>
Less Accumulated Depreciation for Capital Assets:				
Buildings and Improvements	(4,574,265)	(258,688)		(4,832,953)
Machinery and Equipment	(188,366)	(41,092)	-	(229,458)
Total Accumulated Depreciation	<u>(4,762,631)</u>	<u>(299,780)</u>	<u>-</u>	<u>(5,062,411)</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,576,569</u>	<u>\$ (293,609)</u>	<u>\$ -</u>	<u>\$ 2,282,960</u>

Depreciation expense for the 2022 fiscal year of the business-type activities was \$299,780.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2022:

	Funded by:	Beginning Balance (Restated)	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:						
<u>Loans, Tax Notes, and Leases:</u>						
Loans from direct borrowing	Road & Bridge/ General Fund	\$ 179,725	\$ -	\$ (96,837)	\$ 82,888	\$ 82,888
TWDB Forgivable Loan - LF1000950	-	300,000	-	-	300,000	-
Right-to-Use Lease Arrangements	General Fund	67,706	-	(29,872)	37,834	22,945
Limited Tax Notes , Series 2018 (Private Placement)	Airport Fund	310,000	-	(57,000)	253,000	60,000
Total Loans, Tax Notes, and Leases		857,431	-	(183,709)	673,722	165,833
<u>Other Liabilities</u>						
Compensated absences	General Fund	139,412	87,781	(70,972)	156,221	39,055
Total Other Liabilities		139,412	87,781	(70,972)	156,221	39,055
<i>Total Governmental Activities</i>		<u>\$ 996,843</u>	<u>\$ 87,781</u>	<u>\$ (254,681)</u>	<u>\$ 829,943</u>	<u>\$ 204,888</u>

Loans from Direct Borrowing

In August 2018, the County entered into a long term financial agreement with Big Bend Telephone Company for \$267,587. The agreement was to finance a telephone system. The first payment was made in August 2018 and final payment is due in June 2023.

In December 2019, the County entered into a long term financial agreement with John Deere for \$112,500 to finance the purchase of a John Deere Motor Grader. The first payment was made in December 2019 and final payment is due December 2022.

In January 2020, the County entered into a long term financial agreement with GM Financial for \$68,214 to finance the purchase of two GMC Sierra Crew Cab Pickups. The first payment was made in January 2020 and final payment is due January 2023.

During the year ended September 30, 2022, the financing agreement for the voting machines was paid in full.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 7 - LONG-TERM DEBT (Continued)

TWDB Forgivable Loan LF1000950

In April 2019, the County and Texas Water Development Board (TWDB) executed a loan forgiveness agreement in the amount of \$300,000, funded by the Drinking Water State Revolving Fund to finance water system improvements for the Candelaria Water Supply Corporation - Arsenic Removal Project. Loan proceeds are maintained in escrow as required by the loan forgiveness agreement. The loan is considered forgiven as the TWDB releases the money. No amounts were released and forgiven during the year ended September 30, 2022.

Limited Tax Notes, Series 2018

In December 2018, the County authorized tax notes in the amount of \$418,000 to pay for improvements to the county-owned airport and pay the costs of issuing the notes. The interest rate is 3.85% and matures December 1, 2025.

The principal and interest maturities of long-term debt for Governmental Activities as of September 30, 2022 are as follows:

Governmental Activities: Fiscal Year Ending September 30,	Limited Tax Note Principal (Private Placement)	Limited Tax Note Interest (Private Placement)	Loans from Direct Borrowing - Principal	Loans from Direct Borrowing - Interest	Total Requirements
2023	\$ 60,000	\$ 8,586	\$ 82,888	\$ 1,918	\$ 153,392
2024	62,000	6,237	-	-	68,237
2025	64,000	3,812	-	-	67,812
2026	67,000	1,290	-	-	68,290
Total Governmental Activities	\$ 253,000	\$ 19,925	\$ 82,888	\$ 1,918	\$ 357,731

Right-to-Use Leases

In June of 2018, the County executed a lease for copiers throughout the County for a term of 5 years with a monthly payments of \$1,998. Management utilized a 3.25% interest rate to calculate the net present value. The right-to-use lease asset is being amortized over the remaining term of the lease using the straight-line method

In August of 2020, the County executed a lease for transmitters for the use of the Sheriff's Department for a term of 5 years with monthly payments of \$638. Management utilized a 3.25% interest rate to calculate the net present value of the lease. The right-to-use lease asset is being amortized over the remaining term of the lease using the straight-line method.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 7 - LONG-TERM DEBT (Continued)

Debt service requirements for Right-to-Use Leases are as follows

Year Ending September 30,	Principal	Interest	Total Requirements
2023	\$ 22,945	\$ 804	\$ 23,749
2024	7,280	376	7,656
2025	7,609	136	7,745
TOTAL	\$ 37,834	\$ 1,316	\$ 39,150

Changes in long-term debt relative to business type activity follows:

Enterprise Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Other Liabilities</u>					
Public Property Finance -					
Contract No. 8132	\$ 105,199	\$ -	\$ (105,199)	\$ -	\$ -
Compensated absences	41,629	33,634	(17,211)	58,052	14,513
Total Enterprise Activities	\$ 146,828	\$ 33,634	\$ (122,410)	\$ 58,052	\$ 14,513

Public Property Finance - Contract No. 8132 - On March 29, 2018, the County obtained a loan with Government Capital Corporation for renovations at the Jail in the amount of \$510,000 with an interest rate of 3.24%. The loan was paid off during the year ended September 30, 2022.

NOTE 8 - PENSION PLAN

Plan Description

Presidio County provides a pension benefit for all of its full-time and part-time non-temporary employees (regardless of the number of hours they work in a year) through an agent multiple-employer defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Employees in a temporary position are not eligible for membership. TCDRS is an agency created by the State of Texas and administered in accordance with the TCDRS Act, Title 8, Subtitle F, Texas Government Code (the TCDRS Act). The Board of Trustees of the TCDRS is responsible for the administration of the statewide agent multiple-employer public retirement system consisting of 830 employers. TCDRS in the aggregate issues a comprehensive annual financial report on a calendar year basis. The report is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or online at: <https://www.tcdrs.org>.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 - PENSION PLAN (Continued)

Benefits Provided

TCDRS provides retirement, disability, and survivor benefits. The plan provisions and benefit terms are adopted by the governing body of Presidio County. They may be amended as of January 1 of each year, but must remain in conformity and within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Benefit amounts are determined by the sum of the employee's contribution to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that resulting benefits are expected to be adequately financed by the County's commitment to contribute. By law, the employee accounts earn 7% interest on beginning of year balances annually. At retirement, disability, or death, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.

The employees covered by the benefit terms at the December 31, 2020 valuation and measurement date were as follows:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	171
Active employees	<u>72</u>
Total covered employees	<u><u>282</u></u>

Members can retire at age sixty (60) and above with eight (8) or more years of service, with thirty (30) years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight (8) years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. At the time of retirement, members may elect to receive a partial lump sum payment of up to 100% of their personal deposits and interest and still receive monthly benefit payments. However, the monthly benefit payment will be lower than if the member had not opted for the lump-sum payment. The monthly benefit is calculated using the remaining personal deposits and interest, if any, and the employer matching dollars prior to electing to receive the partial lump-sum payment. There are no automatic post-employment benefit changes, including automatic COLAs. Each year, the County may elect an ad hoc COLA for its retirees.

Contributions

The contribution rate for employees is either 4%, 5%, 6%, or 7% of compensation, as adopted by the County's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Under the TCDRS Act, the employer is legally required to make 100% of the contribution specified in the funding policy on an annual basis. Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 - PENSION PLAN (Continued)

The contribution rate payable by the employee members was six percent (6%) for both calendar years 2021 and 2022, as adopted by the governing body of the County. The County contributed the actuarially determined rates of 6.79% and 8.82% for calendar years 2021 and 2022, respectively. The employee contribution rate and the employer contribution rate may be amended by the governing body of the employer within the options available under the TCDRS Act. The County's contributions to TCDRS for the year ended September 30, 2022 were \$223,442 and were equal to the required contributions.

Net Pension Liability/Asset

The County's Net Pension Asset (NPA) was measured as of December 31, 2021, and the Total Pension Liability used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years January 1, 2017 to December 31, 2020. They were adopted by the TCDRS Board of Trustees in December 2021. All economic assumptions were adopted by the TCDRS Board of Trustees in March 2021. These assumptions, except where required by GASB 68, are used to determine the total pension liability as of December 31, 2021. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice. The total pension liability in the December 31, 2021 actuarial valuation was determined using the actuarial assumptions for inflation of 2.5% and investment rate of return of 7.5%. 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 3.0% (made up of 2.5% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee. Other assumptions include employer specific economic assumptions related to growth in membership and payroll growth of 0% each. The payroll growth assumption is for the aggregate covered payroll of the employer. The source of the mortality assumptions is as follows:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 - PENSION PLAN (Continued)

Changes Since the Prior Actuarial Valuation:

The TCDRS Board adopted updated demographic assumptions first effective with this valuation to better reflect previously observed TCDRS member experience and expectations for the future. The assumption changes affected measurement of the total pension liability since the prior measurement period.

There were no changes to benefit terms that affected measurement of the total pension liability during the measurement period.

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 are based on January 2022 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumptions at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. The actuary relies on the expertise of Cliffwater in this assessment.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 - PENSION PLAN (Continued)

Asset Class	Benchmark	Target Allocation¹	Geometric Real Rate of Return²
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ³	4.00%	4.50%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁴	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁵	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

(1) Target asset allocation adopted at the March 2022 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 capital market assumptions.

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 - PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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 statute. Based on that assumption, the plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return and was applied to all periods of projected benefit payments to determine the total pension liability.

	Changes in Net Pension Liability / (Asset)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2020	\$ 9,252,811	\$ 9,314,499	\$ (61,688)
Changes for the year:			
Service cost	340,895	-	340,895
Interest on total pension liability ¹	715,662	-	715,662
Effect of plan changes ²	-	-	-
Effect of economic/demographic gains or losses	(90,688)	-	(90,688)
Effect of assumptions changes or inputs	(40,889)	-	(40,889)
Refund of contributions	(28,456)	(28,456)	-
Benefit payments	(332,360)	(332,360)	-
Administrative expenses	-	(6,128)	6,128
Member contributions	-	156,731	(156,731)
Net investment income	-	2,042,867	(2,042,867)
Employer contributions	-	177,367	(177,367)
Other ³	-	1,809	(1,809)
Balances as of December 31, 2021	\$ 9,816,975	\$ 11,326,329	\$ (1,509,354)

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

² No plan changes valued.

³ Relates to allocation of system-wide items.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 - PENSION PLAN (Continued)

Sensitivity Analysis

The following presents the net pension asset of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 11,113,806	\$ 9,816,975	\$ 8,735,500
Fiduciary net position	11,326,329	11,326,329	11,326,329
Net pension liability/(asset)	<u>\$ (212,523)</u>	<u>\$ (1,509,354)</u>	<u>\$ (2,590,829)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report as mentioned above in the Plan Description section.

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

For the year ended September 30, 2022, the County recognized pension expense in the amount of \$(159,319). At year-end, the County also reported the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 68,051
Changes of assumptions	169,646	20,444
Net difference between projected and actual earnings	-	1,280,880
Contributions made subsequent to the measurement date	176,920	-
Total	<u>\$ 346,566</u>	<u>\$ 1,369,375</u>

The \$176,920 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase in the net pension asset for the year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8 - PENSION PLAN (Continued)

<u>Year ending September 30,</u>	<u>Amount</u>
2023	\$ (197,781)
2024	(428,769)
2025	(305,956)
2026	(267,223)
2027	-
Thereafter	-
Total	<u><u>\$ (1,199,729)</u></u>

Payable to the Pension Plan

At September 30, 2022, the County reported a payable of zero for the outstanding amount of required contributions to the pension plan for the year ended September 30, 2022.

Changes in Net Pension Liability/Asset

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Net Pension (Liability)/Asset	\$ 61,688	\$ 1,604,178	\$ (156,512)	\$ 1,509,354

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description: The County sponsors and administers a single-employer defined benefit healthcare plan. Commissioners Court has the authority to establish and amend the requirements of the plan. No assets are accumulated in a trust for the sole purpose of paying benefits. Therefore, the plan is considered to be an unfunded plan that is not administered through a trust as defined by the GASB. Due to this treatment, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Benefits: If eligible, the County pays 100% of the monthly premium for elected medical and dental insurance coverage. All active employees who retire directly from the County and meet eligibility criteria may participate and the benefits continue for the life of the retiree. The County pays the full cost of these elected benefits and also continue for the life of the retiree. The following table shows the number of retirees and active employees covered as of September 30, 2022:

Inactive employees currently receiving benefits	8
Active employees	66

Eligibility: To be eligible under the Plan, the employee must be a county official or employee and meet the earlier of a) 20 years of service without regard to age, or b) the sum of age plus service equals 75. Anyone employed prior to December 31, 1990 will qualify for these benefits if they complete 12 years of service.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funding Policy: The County employs a pay-as-you-go financing method. Benefits are paid as they become due. The plan administered by the Texas Association of Counties that includes pharmacy benefits for its employees and retirees. There were no automatic COLAs or ad hoc COLAs for the plan year ended September 30, 2022. The County's contributions which represent benefit payments to the plan for the period ended September 30, 2022 were \$71,899 .

Total OPEB Liability: The County's total OPEB liability of \$4,797,168 was measured as of September 30, 2021. The actuarial valuation was performed as of September 30, 2021 and update procedures were used to roll forward the total OPEB liability to the measurement date of September 30, 2022.

Actuarial Methods and Assumptions: The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions and rolled forward to September 30, 2022. There was no assumption for future hires:

Actuarial Valuation Date	September 30, 2021, rolled forward to September 30, 2022
Actuarial Cost Method	Individual Entry Age Normal Cost Method-Level Percentage of Projected Salary
Discount Rate	2.26% (-0.24% real rate of return plus 2.50% inflation)
Healthcare Cost Trend	Level 4.50% for medical and 3.00% for dental
Mortality	RPH-2014 Total Table with Projection MP-2021
Turnover	Rates vary based on gender, age and select and ultimate at 15 years. Rates based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report.
Disability	None assumed
Salary Scale	3.50%

Discount Rate: The discount rate was selected by reviewing the recent published Bond Buyer GO-20 bond index.

Changes in the Total OPEB Liability

Total OPEB Liability beginning of measurement year, October 1, 2021	<u>\$ 4,348,097</u>
Changes for the year:	
Service Cost	414,156
Interest Cost	106,814
Changes of Benefit Terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Other Changes	-
Contributions-employer	-
Net investment income	-
Benefit payments	(71,899)
Administrative Expense	<u>-</u>
Net Changes	<u>449,071</u>
Total OPEB Liability end of measurement year - September 30, 2022	<u><u>\$ 4,797,168</u></u>

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity Analysis of the Total OPEB liability to Changes in the Discount Rate Assumption:

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.26%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.26%) or 1 percentage point higher (3.26%) than the current rate:

	1% Decrease 1.26%	Current Discount Rate 2.26%	1% Increase 3.26%
Total OPEB liability	\$ 5,756,635	\$ 4,797,168	\$ 4,046,552

Sensitivity Analysis of the Total OPEB liability to Changes in the Healthcare Cost Trend Rate Assumption:

The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower (3.50%) or one percent higher (5.50%):

	1% Decrease 3.50%	Current Healthcare Cost Trend Rate 4.50%	1% Increase 5.50%
Total OPEB liability	\$ 3,923,921	\$ 4,797,168	\$ 5,956,069

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the period ended September 30, 2022, the County recognized OPEB expense of \$515,094. At September 30, 2022, the County reported the following deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,597	\$ -
Changes of assumptions	-	147,446
Net difference between projected and actual earnings	-	-
Contributions made subsequent to the measurement date	-	-
Total	\$ 115,597	\$ 147,446

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The net amounts of the County’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2023	\$ (5,876)
2024	(5,876)
2025	(5,876)
2026	(5,876)
Thereafter	<u>(2,469)</u>
Total	<u>\$ (31,849)</u>

Changes in Total OPEB Liability:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Total OPEB Liability	<u>\$ 4,348,097</u>	<u>\$ 520,970</u>	<u>\$ 71,899</u>	<u>\$ 4,797,168</u>

NOTE 10 - DEFICIT FUND BALANCE

The Road and Bridge Fund, Law Library Fund, and the Technology 2 Fund had deficit fund balances of (\$169,707), (\$449), and (\$6,066), respectively, at year end. The general fund will cover these deficits if deemed necessary.

NOTE 11 - TAX ABATEMENTS

The County may enter into property tax abatement agreements with local businesses under the state Property Redevelopment and Tax Abatement Act, Texas Tax Code Chapter 312. Under the Act, the commissioners court of a county may designate an area of the county as a reinvestment zone if it finds that the designation would contribute to the economic development of the county. The commissioners court may execute a tax abatement agreement with the owner of taxable real property or tangible personal property located in the reinvestment zone to exempt from taxation all or a portion of the value of the real and/or personal property. The abatements may be granted to businesses for new capital investment (value of property subject to Presidio County Ad Valorem taxation). The new capital investment will be subject to no absolute minimum but there must be substantial capital investment made by any company in order to participate in the Economic Development Program. Consideration of proposal for incentives under this program shall be granted only for projects where no specific development-related action has taken place prior to such consideration. The intent of the program is to attract new investment and development to Presidio County.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 11 - TAX ABATEMENTS (Continued)

The County has one property tax abatement agreement as of September 30, 2022 under this program. No new tax abatement agreements were entered into during the year ended September 30, 2022. The following is a summary of the terms:

Name	Requirement	Abatement Period	Specific Taxes Being Abated	Tax Payments Received During the Year Ended Sept. 30, 2022	Taxable Value
Bryan Solar, LLC	Construct a 10 megawatt solar power production facility on the Real Property and within Presidio County Reinvestment Zone No. 1	10 years	80% of all County ad valorem taxes on all real and personal property located on the Real Property and within Presidio County Reinvestment Zone No. 1 in Tax Year 2014 through Tax Year 2023	\$9,248	Tax Year 2021: Assessed Value \$8,665,040 Gross Taxes \$46,242 Tax Abatement \$36,994 Net Assessed Taxes \$9,248

NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

In the normal course of providing services to the public the County from time to time is subjected to various 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. As of September 30, 2022, management is not aware of any such claim which would have a material adverse effect on the financial statements, and therefore no liability was accrued at September 30, 2022.

Grants

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charges to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required.

NOTE 13 - 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 through the Texas Association of Counties 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.

(Continued)

PRESIDIO COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 14 - 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, 2022.

NOTE 15 - RESTATEMENT

As part of the County's implementation of GASB No. 87, *Leases*, a restatement was necessary to establish the opening balances as of October 1, 2021 for the right-to-use lease asset and the lease liability in the amount of \$67,706. A restatement was also necessary to establish the opening balances as of October 1, 2021 for lease receivable and deferred inflow related to leases in the amount of \$189,240. This restatement had no impact on net position.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent to year end, the County Commissioners posted notice that they are considering the passage of one or more orders authorizing the issuance of one or more series of certificates of obligation in an amount not to exceed \$1,380,000.

NOTE 17 - NEW ACCOUNTING PRONOUNCEMENTS

The County has not completed the process of evaluating the impact on its financial position that will result from adopting the following Governmental Accounting Standards Board (GASB) Statements:

- GASB No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. GASB No. 91 requires issuers to disclose information about their conduit debt obligations.
- GASB No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*, effective for periods beginning after June 15, 2022. GASB No. 94 improves financial reporting by addressing issues related to public private and public-public partnerships arrangements (PPPs) as well as availability payment arrangements (APAs).
- GASB No. 96, *Subscription-Based Information Arrangements (SBITA)*, effective for fiscal years beginning after June 15, 2022. GASB No. 96 defines a subscription-based information technology arrangement, establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, and provides the capitalization criteria for outlays other than subscription payments.
- GASB No. 99, *Omnibus 2022*, effective for fiscal years beginning after June 15, 2022 and 2023, depending on the topic. GASB No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice uses and adding guidance on accounting and financial reporting for financial guarantees.

REQUIRED SUPPLEMENTARY INFORMATION

PRESIDIO COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
Taxes:					
5110	Property Taxes	\$ 3,421,771	\$ 3,421,771	\$ 3,546,731	\$ 124,960
5190	Penalty and Interest on Taxes	70,000	70,000	93,439	23,439
5200	Licenses and Permits	40,000	40,000	50,932	10,932
5300	Intergovernmental Revenue and Grants	68,866	68,866	75,144	6,278
5400	Charges for Services	782,616	782,616	822,850	40,234
5700	Other Revenue	56,000	56,000	24,881	(31,119)
5020	Total Revenues	4,439,253	4,439,253	4,613,977	174,724
EXPENDITURES:					
Current:					
0100	General Government	2,245,211	2,228,997	2,038,597	190,400
0120	Judicial	614,867	614,916	536,484	78,432
0200	Public Safety	968,782	986,211	908,614	77,597
0500	Culture and Recreation	224,498	212,781	189,905	22,876
Debt Service:					
0710	Principal on Debt	47,000	45,000	50,606	(5,606)
Capital Outlay:					
0800	Capital Outlay	53,190	106,944	65,389	41,555
6030	Total Expenditures	4,153,548	4,194,849	3,789,595	405,254
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	285,705	244,404	824,382	579,978
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	271,532	271,532
8911	Transfers Out (Use)	(52,140)	(52,140)	(52,140)	-
7080	Total Other Financing Sources (Uses)	(52,140)	(52,140)	219,392	271,532
1200	Net Change	233,565	192,264	1,043,774	851,510
0100	Fund Balance - October 1 (Beginning)	3,686,780	3,686,780	3,686,780	-
3000	Fund Balance - September 30 (Ending)	\$ 3,920,345	\$ 3,879,044	\$ 4,730,554	\$ 851,510

PRESIDIO COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - AIRPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Data Control Codes	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
5300 Intergovernmental Revenue and Grants	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
5400 Charges for Services	375,000	601,589	646,118	44,529
5410 Rent Revenue	36,000	36,000	43,003	7,003
5610 Investment Earnings	-	-	13,911	13,911
5020 Total Revenues	441,000	667,589	733,032	65,443
EXPENDITURES:				
0300 Public Works	403,798	628,889	646,358	(17,469)
Debt Service:				
0710 Principal on Debt	59,920	59,920	59,911	9
0790 Interest on Debt	12,000	12,000	10,911	1,089
Capital Outlay:				
0800 Capital Outlay	-	1,498	788	710
6030 Total Expenditures	475,718	702,307	717,968	(15,661)
1200 Change in Fund Balance	(34,718)	(34,718)	15,064	49,782
0100 Fund Balance - October 1 (Beginning)	204,071	204,071	204,071	-
3000 Fund Balance - September 30 (Ending)	\$ 169,353	\$ 169,353	\$ 219,135	\$ 49,782

PRESIDIO COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CORONAVIRUS SLFRF
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Data Control Codes	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
5300 Intergovernmental Revenue and Grants	\$ 1,302,173	\$ 1,302,173	\$ 50,000	\$ (1,252,173)
5020 Total Revenues	1,302,173	1,302,173	50,000	(1,252,173)
EXPENDITURES:				
0200 Public Safety	1,302,173	1,302,173	50,000	1,252,173
6030 Total Expenditures	1,302,173	1,302,173	50,000	1,252,173
1200 Change in Fund Balance	-	-	-	-
0100 Fund Balance - October 1 (Beginning)	-	-	-	-
3000 Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ -	\$ -

PRESIDIO COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - OPERATION LONE STAR
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Data Control Codes	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
5300 Intergovernmental Revenue and Grants	\$ -	\$ 822,721	\$ 644,730	\$ (177,991)
5020 Total Revenues	-	822,721	644,730	(177,991)
EXPENDITURES:				
0200 Public Safety	-	15,631	3,084	12,547
Capital Outlay:				
0800 Capital Outlay	-	807,090	641,646	165,444
6030 Total Expenditures	-	822,721	644,730	177,991
1200 Change in Fund Balance	-	-	-	-
0100 Fund Balance - October 1 (Beginning)	-	-	-	-
3000 Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ -	\$ -

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PRESIDIO COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED September 30, 2022

Budgeting and Budgetary Control

The County adopts an annual operating budget that includes a complete financial plan for the fiscal year. Commissioners Court must approve and adopt the budget in accordance with Section 111.003 of the Local Government Code through the passage of a court order.

A proposed budget is presented to the County's Commissioner's Court on or by September 30. Public hearings pertaining to the proposed budget are conducted by Commissioners Court. During these hearings, comments from the public are heard. Before determining the final budget, Commissioners Court, while establishing overall spending priorities for the County, may increase or decrease the amounts requested by the different departments and agencies. After approval of the budget, Commissioners Court may authorize transfers of appropriations within the various expenditure levels during the year. Such transfers, however, may not increase the overall budget total. The County budget may be increased during the course of the fiscal year for newly received bond proceeds, grants, state aid, intergovernmental contracts or unanticipated revenue received after adoption of the budget.

The County's administration performs budget reviews during the year in which budget requirements are re-evaluated and revisions are recommend to the Commissioners. The Commissioners must approve amendments to the budget and such amendments are made before the fact, are reflected in the official minutes of the Commissioners, and are not made after fiscal year end.

During the year ended September 30, 2022, budget amendments were necessary; however, none of these were significant. All amendments were approved by Commissioner's Court.

All budget appropriations lapse at fiscal year end. Encumbrances accounting is not utilized.

Budgetary Basis of Accounting

The County's budget is prepared on a modified accrual basis of accounting.

Expenditures in Excess of Appropriations

During the fiscal year ended September 30, 2022, the County did not have any significant expenditures in excess of appropriations for the general fund. Overall expenditures did not exceed appropriations. However, the general fund did exceed the budget for "principal on debt" related to payments for the installation and build-out of the telephone system. The airport fund exceeded the budget for "public works" but had an overall positive change in fund balance.

PRESIDIO COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Year Ended December 2021 (measurement year)	Year Ended December 2020 (measurement year)	Year Ended December 2019 (measurement year)	Year Ended December 2018 (measurement year)
Total Pension Liability				
Service Cost	\$ 340,895	\$ 329,333	\$ 352,673	\$ 329,929
Interest on total pension liability	715,662	676,637	647,678	598,693
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(40,889)	508,936	-	-
Effect of economic/demographic (gains) or losses	(90,688)	(68,123)	(227,636)	6,617
Benefit payments/refunds of contributions	(360,816)	(428,026)	(357,068)	(349,535)
Net change in total pension liability	564,164	1,018,757	415,647	585,704
Total pension liability, beginning	9,252,811	8,234,054	7,818,407	7,232,703
Total pension liability, ending (a)	<u>\$ 9,816,975</u>	<u>\$ 9,252,811</u>	<u>\$ 8,234,054</u>	<u>\$ 7,818,407</u>
Fiduciary Net Position				
Employer contributions	\$ 177,367	\$ 188,201	\$ 170,757	\$ 169,191
Member contributions	156,731	156,400	151,556	156,658
Investment income net of investment expenses	2,042,867	880,598	1,208,458	(140,521)
Benefit payments/refunds of contributions	(360,816)	(428,026)	(357,068)	(349,535)
Administrative expenses	(6,128)	(6,816)	(6,497)	(5,910)
Other	1,809	(1,622)	(2)	50
Net change in fiduciary net position	2,011,830	788,735	1,167,204	(170,067)
Fiduciary net position, beginning	9,314,499	8,525,764	7,358,560	7,528,627
Fiduciary net position, ending (b)	<u>11,326,329</u>	<u>9,314,499</u>	<u>8,525,764</u>	<u>7,358,560</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (1,509,354)</u>	<u>\$ (61,688)</u>	<u>\$ (291,710)</u>	<u>\$ 459,847</u>
Fiduciary net position as a % of total pension liability	115.37%	100.67%	103.54%	94.12%
Covered payroll	\$ 2,612,185	\$ 2,606,668	\$ 2,525,940	\$ 2,610,973
Net pension liability/(asset) as a % of covered payroll	-57.78%	-2.37%	-11.55%	17.61%

Note: In accordance with GASB 68, paragraph 138, this schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been effective.

PRESIDIO COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Year Ended December 2017 (measurement year)	Year Ended December 2016 (measurement year)	Year Ended December 2015 (measurement year)	Year Ended December 2014 (measurement year)
Total Pension Liability				
Service Cost	\$ 331,081	\$ 319,386	\$ 282,947	\$ 301,034
Interest on total pension liability	548,925	488,468	455,092	425,378
Effect of plan changes	-	-	(43,034)	-
Effect of assumption changes or inputs	56,270	-	70,124	-
Effect of economic/demographic (gains) or losses	(9,856)	28,396	(92,139)	(84,839)
Benefit payments/refunds of contributions	(273,652)	(255,434)	(275,222)	(282,912)
Net change in total pension liability	652,768	580,816	397,768	358,661
Total pension liability, beginning	6,579,935	5,999,119	5,601,351	5,242,690
Total pension liability, ending (a)	\$ 7,232,703	\$ 6,579,935	\$ 5,999,119	\$ 5,601,351
Fiduciary Net Position				
Employer contributions	\$ 160,315	\$ 150,462	\$ 159,357	\$ 147,730
Member contributions	158,466	152,239	148,422	131,814
Investment income net of investment expenses	954,396	445,828	(70,560)	378,461
Benefit payments/refunds of contributions	(273,652)	(255,434)	(275,222)	(282,912)
Administrative expenses	(5,007)	(4,841)	(4,346)	(4,520)
Other	558	26,086	5,196	12,447
Net change in fiduciary net position	995,076	514,340	(37,153)	383,020
Fiduciary net position, beginning	6,533,551	6,019,211	6,056,364	5,673,344
Fiduciary net position, ending (b)	7,528,627	6,533,551	6,019,211	6,056,364
Net pension liability / (asset), ending = (a) - (b)	\$ (295,924)	\$ 46,384	\$ (20,092)	\$ (455,013)
Fiduciary net position as a % of total pension liability	104.09%	99.30%	100.33%	108.12%
Covered payroll	\$ 2,641,096	\$ 2,537,308	\$ 2,375,493	\$ 2,196,899
Net pension liability/(asset) as a % of covered payroll	-11.20%	1.83%	-0.85%	-20.71%

PRESIDIO COUNTY, TEXAS

SCHEDULE OF COUNTY CONTRIBUTIONS

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	\$ 153,291	\$ 153,291	\$ -	\$ 2,539,523	6.0%
2018	164,696	164,696	-	2,586,511	6.4%
2019	170,703	170,703	-	2,565,092	6.7%
2020	184,404	184,404	-	2,601,734	7.1%
2021	182,248	182,248	-	2,638,981	6.9%
2022	223,442	223,442	-	2,691,875	8.3%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.4 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.

* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

PRESIDIO COUNTY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2021 funding valuation, except as noted below.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal (level percent of pay) ⁽¹⁾
Amortization Method Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org
Salary Increases	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost of Living Adjustments	Cost-of-Living Adjustments for Presidio County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org
Turnover	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org
Mortality	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org
Adjustment for Plans with the Partial-Lump Sum Payment Option (Liability and Normal Cost)	Same as funding valuation. For employers who have elected this option, 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

PRESIDIO COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS AND NOTES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Year Ended September 30, 2022 (Measurement Year)	Year Ended September 30, 2021 (Measurement Year)	Year Ended September 30, 2020 (Measurement Year)
Changes in the Total OPEB Liability	\$ 4,348,097	\$ 3,946,938	\$ 3,476,261
Total OPEB Liability - beginning of year			
Changes for the year			
Service Cost	414,156	401,935	401,935
Interest Cost on Total OPEB Liability	106,814	114,724	92,157
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	159,633	-
Changes in assumptions or other inputs	-	(203,234)	-
Benefit payments	(71,899)	(71,899)	(23,415)
Net changes	449,071	401,159	470,677
Total OPEB Liability - end of year	\$ 4,797,168	\$ 4,348,097	\$ 3,946,938
Total OPEB Liability as a Percentage of Covered Payroll	178.21%	194.37%	186.62%
Covered payroll	\$ 2,691,875	\$ 2,237,022	\$ 1,965,282

NOTES TO SCHEDULE

Changes in assumptions and other inputs reflect a change in the discount rate from 2.66% as of September 30, 2020 to 2.26% as of September 30, 2021. The mortality projection assumption was updated to the RPH-2014 Total Table with Projection MP-2021 scale from RPH-2014 Total Table with Projection MP-2019 scale.

GASB 75, paragraph 170 requires that the information on this schedule be presented for the Plan's measurement year (October 1 - September 30) which is the same as the County's fiscal year.

Pursuant to GASB 75, paragraph 171, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Pursuant to GASB 75, this schedule should show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

PRESIDIO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2022

Data Control Codes	120 Road & Bridge Fund	201 Jail Commissary Fund	229 Archives Fund	231 Seizures Fund
ASSETS				
1010 Cash and Cash Equivalents	\$ 28,210	\$ 149,566	\$ 25,117	\$ 55,821
1150 Accounts Receivable Net	-	-	-	-
1260 Due from Other Governments	-	-	-	-
1300 Due from Other Funds	32,823	-	-	-
1430 Prepaid Items	-	-	-	-
1000 Total Assets	<u>\$ 61,033</u>	<u>\$ 149,566</u>	<u>\$ 25,117</u>	<u>\$ 55,821</u>
LIABILITIES				
2010 Accounts Payable	\$ 51,306	\$ 143	\$ 800	\$ -
2020 Wages and Salaries Payable	7,219	-	-	-
2070 Intergovernmental Payable	-	-	-	-
2080 Due to Other Funds	172,215	-	-	-
2090 Due to Others	-	95	-	-
2230 Unearned Revenues	-	-	-	36,929
2000 Total Liabilities	<u>230,740</u>	<u>238</u>	<u>800</u>	<u>36,929</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430 Prepaid Items	-	-	-	-
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	-	-	-
3490 Other Restricted Fund Balance	-	149,328	24,317	18,892
3600 Unassigned Fund Balance	(169,707)	-	-	-
3000 Total Fund Balances	<u>(169,707)</u>	<u>149,328</u>	<u>24,317</u>	<u>18,892</u>
4000 Total Liabilities and Fund Balances	<u>\$ 61,033</u>	<u>\$ 149,566</u>	<u>\$ 25,117</u>	<u>\$ 55,821</u>

233 Technology Fund	235 Records Management Fund	236 Court Records Management Fund	237 Courthouse Security Fund	238 Abandoned Vehicle Fund	240 Law Library Fund	241 LEOSE Fund	260 Hot Check Fund
\$ 15,104	\$ 12,113	\$ 9,826	\$ 43,158	\$ 120,882	\$ -	\$ 5,393	\$ 2,903
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 15,104</u>	<u>\$ 12,113</u>	<u>\$ 9,826</u>	<u>\$ 43,158</u>	<u>\$ 120,882</u>	<u>\$ -</u>	<u>\$ 5,393</u>	<u>\$ 2,903</u>
\$ 892	\$ 925	\$ 30	\$ 872	\$ 8,042	\$ 106	\$ 375	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	343	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>892</u>	<u>925</u>	<u>30</u>	<u>872</u>	<u>8,042</u>	<u>449</u>	<u>375</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,212	11,188	9,796	42,286	112,840	-	5,018	2,903
-	-	-	-	-	(449)	-	-
<u>14,212</u>	<u>11,188</u>	<u>9,796</u>	<u>42,286</u>	<u>112,840</u>	<u>(449)</u>	<u>5,018</u>	<u>2,903</u>
<u>\$ 15,104</u>	<u>\$ 12,113</u>	<u>\$ 9,826</u>	<u>\$ 43,158</u>	<u>\$ 120,882</u>	<u>\$ -</u>	<u>\$ 5,393</u>	<u>\$ 2,903</u>

PRESIDIO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2022

Data Control Codes	262 Estray Fund	271 Pre-Trial Diversion Fund	272 Unclaimed Property Captial Cr	280 TWDB Grant Fund
ASSETS				
1010 Cash and Cash Equivalents	\$ 3,752	\$ 6,413	\$ 16,795	\$ -
1150 Accounts Receivable Net	-	-	-	-
1260 Due from Other Governments	-	-	-	-
1300 Due from Other Funds	-	-	-	438
1430 Prepaid Items	-	-	-	-
1000 Total Assets	<u>\$ 3,752</u>	<u>\$ 6,413</u>	<u>\$ 16,795</u>	<u>\$ 438</u>
LIABILITIES				
2010 Accounts Payable	\$ -	\$ 1,024	\$ -	\$ -
2020 Wages and Salaries Payable	-	530	-	-
2070 Intergovernmental Payable	-	-	-	438
2080 Due to Other Funds	-	-	-	-
2090 Due to Others	-	-	-	-
2230 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>1,554</u>	<u>-</u>	<u>438</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3130 Prepaid Items	-	-	-	-
Restricted Fund Balance:				
3280 Retirement of Long-Term Debt	-	-	-	-
3290 Other Restricted Fund Balance	3,752	4,859	16,795	-
3600 Unassigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>3,752</u>	<u>4,859</u>	<u>16,795</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 3,752</u>	<u>\$ 6,413</u>	<u>\$ 16,795</u>	<u>\$ 438</u>

287 Help America Vote Act Grant	291 Operation Stonegarden 2011 Fund	292 Operation Stonegarden 2012 & 2021	293 Technology 2 Fund	294 CTIF Grant Fund	295 TxDOT 1824 Marfa Fund	296 TWDB 62838 Fund	300 Presidio Co. Underground WCD
\$ 24,809	\$ -	\$ 9,225	\$ 30	\$ -	\$ -	\$ 300,000	\$ 127,141
-	-	555	-	-	-	-	1,102
-	36,601	52,959	-	15,588	20,890	-	-
-	-	-	-	-	-	-	11,885
-	-	-	-	-	-	-	-
<u>\$ 24,809</u>	<u>\$ 36,601</u>	<u>\$ 62,739</u>	<u>\$ 30</u>	<u>\$ 15,588</u>	<u>\$ 20,890</u>	<u>\$ 300,000</u>	<u>\$ 140,128</u>
\$ 10,207	\$ -	\$ -	\$ 105	\$ -	\$ 701	\$ -	\$ -
-	1,568	-	-	-	-	-	1,599
-	12,508	62,739	-	-	1,654	-	-
-	22,525	-	5,991	15,588	18,535	-	-
-	-	-	-	-	-	-	-
14,602	-	-	-	-	-	-	27,058
<u>24,809</u>	<u>36,601</u>	<u>62,739</u>	<u>6,096</u>	<u>15,588</u>	<u>20,890</u>	<u>-</u>	<u>28,657</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	300,000	111,471
-	-	-	(6,066)	-	-	-	-
-	-	-	(6,066)	-	-	300,000	111,471
<u>\$ 24,809</u>	<u>\$ 36,601</u>	<u>\$ 62,739</u>	<u>\$ 30</u>	<u>\$ 15,588</u>	<u>\$ 20,890</u>	<u>\$ 300,000</u>	<u>\$ 140,128</u>

PRESIDIO COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

Data Control Codes	Total Nonmajor Special Revenue Funds	570 Debt Service Fund	602 TxDOT Improvement 2024 Fund	Total Nonmajor Governmental Funds	
ASSETS					
1010	Cash and Cash Equivalents	\$ 956,258	\$ 5,223	\$ -	\$ 961,481
1150	Accounts Receivable Net	1,657	-	-	1,657
1260	Due from Other Governments	126,038	-	-	126,038
1300	Due from Other Funds	45,146	-	-	45,146
1430	Prepaid Items	-	-	18,057	18,057
1000	Total Assets	<u>\$ 1,129,099</u>	<u>\$ 5,223</u>	<u>\$ 18,057</u>	<u>\$ 1,152,379</u>
LIABILITIES					
2010	Accounts Payable	\$ 75,528	\$ -	\$ -	\$ 75,528
2020	Wages and Salaries Payable	10,916	-	-	10,916
2070	Intergovernmental Payable	77,339	-	-	77,339
2080	Due to Other Funds	235,197	-	-	235,197
2090	Due to Others	95	-	-	95
2230	Unearned Revenues	78,589	-	-	78,589
2000	Total Liabilities	<u>477,664</u>	<u>-</u>	<u>-</u>	<u>477,664</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3130	Prepaid Items	-	-	18,057	18,057
Restricted Fund Balance:					
3280	Retirement of Long-Term Debt	-	5,223	-	5,223
3290	Other Restricted Fund Balance	827,657	-	-	827,657
3600	Unassigned Fund Balance	(176,222)	-	-	(176,222)
3000	Total Fund Balances	<u>651,435</u>	<u>5,223</u>	<u>18,057</u>	<u>674,715</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,129,099</u>	<u>\$ 5,223</u>	<u>\$ 18,057</u>	<u>\$ 1,152,379</u>

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PRESIDIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Data Control Codes	120 Road & Bridge Fund	201 Jail Commissary Fund	229 Archives Fund	231 Seizures Fund
REVENUES:				
5300 Intergovernmental Revenue and Grants	\$ -	\$ -	\$ -	\$ 548
5400 Charges for Services	400,726	11,356	12,198	-
5610 Investment Earnings	-	-	-	-
5020 Total Revenues	<u>400,726</u>	<u>11,356</u>	<u>12,198</u>	<u>548</u>
EXPENDITURES:				
Current:				
0100 General Government	-	-	14,751	-
0120 Judicial	-	-	-	-
0200 Public Safety	-	3,151	-	548
0300 Public Works	459,237	-	-	-
Debt Service:				
0710 Principal on Debt	43,320	-	-	-
0790 Interest on Debt	3,757	-	-	-
Capital Outlay:				
0800 Capital Outlay	48,324	-	-	-
6030 Total Expenditures	<u>554,638</u>	<u>3,151</u>	<u>14,751</u>	<u>548</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(153,912)</u>	<u>8,205</u>	<u>(2,553)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	(153,912)	8,205	(2,553)	-
0100 Fund Balance - October 1 (Beginning)	<u>(15,795)</u>	<u>141,123</u>	<u>26,870</u>	<u>18,892</u>
3000 Fund Balance - September 30 (Ending)	<u>\$ (169,707)</u>	<u>\$ 149,328</u>	<u>\$ 24,317</u>	<u>\$ 18,892</u>

233 Technology Fund	235 Records Management Fund	236 Court Records Management Fund	237 Courthouse Security Fund	238 Abandoned Vehicle Fund	240 Law Library Fund	241 LEOSE Fund	260 Hot Check Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,814	11,523	987	4,512	44,180	1,100	2,179	-
-	-	-	-	-	-	-	-
<u>1,814</u>	<u>11,523</u>	<u>987</u>	<u>4,512</u>	<u>44,180</u>	<u>1,100</u>	<u>2,179</u>	<u>-</u>
3,254	16,840	-	-	-	-	-	-
-	-	-	-	-	3,391	-	-
-	-	-	-	41,023	-	2,083	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	11,431	-	-	-
<u>3,254</u>	<u>16,840</u>	<u>-</u>	<u>-</u>	<u>52,454</u>	<u>3,391</u>	<u>2,083</u>	<u>-</u>
<u>(1,440)</u>	<u>(5,317)</u>	<u>987</u>	<u>4,512</u>	<u>(8,274)</u>	<u>(2,291)</u>	<u>96</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(1,440)</u>	<u>(5,317)</u>	<u>987</u>	<u>4,512</u>	<u>(8,274)</u>	<u>(2,291)</u>	<u>96</u>	<u>-</u>
<u>15,652</u>	<u>16,505</u>	<u>8,809</u>	<u>37,774</u>	<u>121,114</u>	<u>1,842</u>	<u>4,922</u>	<u>2,903</u>
<u>\$ 14,212</u>	<u>\$ 11,188</u>	<u>\$ 9,796</u>	<u>\$ 42,286</u>	<u>\$ 112,840</u>	<u>\$ (449)</u>	<u>\$ 5,018</u>	<u>\$ 2,903</u>

PRESIDIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Data Control Codes	262 Estray Fund	271 Pre-Trial Diversion Fund	272 Unclaimed Property Captial Cr	280 TWDB Grant Fund
REVENUES:				
5300 Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 4,752	\$ 13,614
5400 Charges for Services	331	9,171	-	-
5610 Investment Earnings	-	-	-	-
5020 Total Revenues	<u>331</u>	<u>9,171</u>	<u>4,752</u>	<u>13,614</u>
EXPENDITURES:				
Current:				
0100 General Government	767	-	-	-
0120 Judicial	-	30,947	-	-
0200 Public Safety	-	-	-	13,614
0300 Public Works	-	-	-	-
Debt Service:				
0710 Principal on Debt	-	-	-	-
0790 Interest on Debt	-	-	-	-
Capital Outlay:				
0800 Capital Outlay	-	-	-	-
6030 Total Expenditures	<u>767</u>	<u>30,947</u>	<u>-</u>	<u>13,614</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(436)</u>	<u>(21,776)</u>	<u>4,752</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	(436)	(21,776)	4,752	-
0100 Fund Balance - October 1 (Beginning)	<u>4,188</u>	<u>26,635</u>	<u>12,043</u>	<u>-</u>
3000 Fund Balance - September 30 (Ending)	<u>\$ 3,752</u>	<u>\$ 4,859</u>	<u>\$ 16,795</u>	<u>\$ -</u>

287 Help America Vote Act Grant	291 Operation Stonegarden 2011 Fund	292 Operation Stonegarden 2012 & 2021	293 Technology 2 Fund	294 CTIF Grant Fund	295 TxDOT 1824 Marfa Fund	296 TWDB 62838 Fund	300 Presidio Co. Underground WCD
\$ 25,398	\$ 50,496	\$ -	\$ -	\$ 61,740	\$ 20,890	\$ -	\$ 42,052
-	-	-	900	-	-	-	1,568
-	-	-	-	-	-	-	-
<u>25,398</u>	<u>50,496</u>	<u>-</u>	<u>900</u>	<u>61,740</u>	<u>20,890</u>	<u>-</u>	<u>43,620</u>
14,883	-	-	4,246	-	-	-	-
-	-	-	-	-	-	-	-
-	50,496	-	-	-	-	-	-
-	-	-	-	61,740	20,890	-	62,952
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>10,515</u>	<u>-</u>	<u>-</u>	<u>2,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>25,398</u>	<u>50,496</u>	<u>-</u>	<u>6,863</u>	<u>61,740</u>	<u>20,890</u>	<u>-</u>	<u>62,952</u>
-	-	-	(5,963)	-	-	-	(19,332)
-	-	-	-	-	-	-	52,140
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	52,140
-	-	-	(5,963)	-	-	-	32,808
-	-	-	(103)	-	-	300,000	78,663
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,066)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 111,471</u>

PRESIDIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Data Control Codes	Total Nonmajor Special Revenue Funds	570 Debt Service Fund	602 TxDOT Improvement 2024 Fund	Total Nonmajor Governmental Funds
REVENUES:				
5300 Intergovernmental Revenue and Grants	\$ 219,490	\$ -	\$ 197,467	\$ 416,957
5400 Charges for Services	502,545	-	-	502,545
5610 Investment Earnings	-	724	-	724
5020 Total Revenues	<u>722,035</u>	<u>724</u>	<u>197,467</u>	<u>920,226</u>
EXPENDITURES:				
Current:				
0100 General Government	54,741	-	-	54,741
0120 Judicial	34,338	-	-	34,338
0200 Public Safety	110,915	-	-	110,915
0300 Public Works	604,819	-	-	604,819
Debt Service:				
0710 Principal on Debt	43,320	-	-	43,320
0790 Interest on Debt	3,757	-	-	3,757
Capital Outlay:				
0800 Capital Outlay	72,887	-	219,408	292,295
6030 Total Expenditures	<u>924,777</u>	<u>-</u>	<u>219,408</u>	<u>1,144,185</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(202,742)</u>	<u>724</u>	<u>(21,941)</u>	<u>(223,959)</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	52,140	-	-	52,140
8911 Transfers Out (Use)	-	(265,692)	-	(265,692)
7080 Total Other Financing Sources (Uses)	<u>52,140</u>	<u>(265,692)</u>	<u>-</u>	<u>(213,552)</u>
1200 Net Change in Fund Balance	(150,602)	(264,968)	(21,941)	(437,511)
0100 Fund Balance - October 1 (Beginning)	<u>802,037</u>	<u>270,191</u>	<u>39,998</u>	<u>1,112,226</u>
3000 Fund Balance - September 30 (Ending)	<u>\$ 651,435</u>	<u>\$ 5,223</u>	<u>\$ 18,057</u>	<u>\$ 674,715</u>

PRESIDIO COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	861 Inmate Trust Fund	865 County Clerk Fund	866 District Clerk Fund	867 Tax Assessor Collector Fund	Total Custodial Funds
ASSETS					
Cash and Cash Equivalents	\$ 15,058	\$ 392,513	\$ 336,813	\$ 89,378	\$ 833,762
Accounts Receivable, Net	253	-	-	-	253
Total Assets	<u>15,311</u>	<u>392,513</u>	<u>336,813</u>	<u>89,378</u>	<u>834,015</u>
LIABILITIES					
Due to Others	\$ -	\$ -	\$ -	\$ 33,167	\$ 33,167
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,167</u>	<u>33,167</u>
NET POSITION					
Restricted for Individuals and Other	<u>15,311</u>	<u>392,513</u>	<u>336,813</u>	<u>56,211</u>	<u>800,848</u>
Total Net Position	<u>\$ 15,311</u>	<u>\$ 392,513</u>	<u>\$ 336,813</u>	<u>\$ 56,211</u>	<u>800,848</u>

PRESIDIO COUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 CUSTODIAL FUNDS
 SEPTEMBER 30, 2022

	861 Inmate Trust Fund	865 County Clerk Fund	866 District Clerk Fund	867 Tax Assessor Collector Fund	Total Custodial Funds
ADDITIONS:					
Collections for Taxing Entities	\$ -	\$ -	\$ -	\$ 9,925,153	\$ 9,925,153
Collections for State	-	-	-	660,055	660,055
Attorney Fees / Misc Collections	-	-	-	149,923	149,923
Escrow Deposits	59,317	-	47,522	-	106,839
Fees/Fines	-	-	8,895	-	8,895
Bonds	-	114,542	-	-	114,542
Total Additions	<u>59,317</u>	<u>114,542</u>	<u>56,417</u>	<u>10,735,131</u>	<u>10,965,407</u>
DEDUCTIONS:					
Inmate Purchases	39,327	-	-	-	39,327
Bond Refunds	-	2,000	-	-	2,000
Distributions to Taxing Entities	-	-	-	9,925,153	9,925,153
Escrow Distributions	18,064	-	82,314	-	100,378
Distributions to State	-	3,288	8,409	660,055	671,752
Other Distributions	-	-	-	142,976	142,976
Total Deductions	<u>57,391</u>	<u>5,288</u>	<u>90,723</u>	<u>10,728,184</u>	<u>10,881,586</u>
Change in Net Position	1,926	109,254	(34,306)	6,947	83,821
Net October 1 (Beginning)	<u>13,385</u>	<u>283,259</u>	<u>371,119</u>	<u>49,264</u>	<u>717,027</u>
Net Position - September 30 (Ending)	<u>\$ 15,311</u>	<u>\$ 392,513</u>	<u>\$ 336,813</u>	<u>\$ 56,211</u>	<u>\$ 800,848</u>

COMPLIANCE SECTION

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 County Judge and
Members of the Commissioners' Court
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, 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, 2022, and the related notes to the financial statements, which collectively comprise Presidio County, Texas' basic financial statements and have issued our report thereon dated, December 8, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Presidio County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Presidio County, Texas' internal control.

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

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-001 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2022-002 and 2022-004 to be a significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Presidio County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-003.

Presidio County, Texas' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Presidio County, Texas' response to the findings identified in our audit and described in the accompanying corrective action plan. Presidio County, Texas' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Gilson Ruddock Patterson LLC

El Paso, Texas
December 8, 2023

PRESIDIO COUNTY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Were significant deficiencies in internal control disclosed? Yes, 2022-002 and 2022-004
- Were material weaknesses in internal control disclosed? Yes, 2022-001

Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards? Yes, 2022-003

PRESIDIO COUNTY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

FINANCIAL STATEMENT FINDINGS

2022-001 - Internal Control over Cash Receipts at Justice of the Peace Office - Inadequate Segregation of Duties (Material Weakness)

Criteria: The County is required to maintain internal controls over financial reporting to provide a high level of assurance that the financial records are recorded properly and that adequate documentation is maintained to support all transactions recorded. Controls should safeguard the assets of the County.

Condition Found: The same person is typically involved in collecting money and depositing money for the Justice of the Peace department.

Effect: The lack of segregated duties resulted in a weakness in internal controls. It increases the risk of misappropriation of assets and potential misreporting of financial statements amounts due to error or fraud.

Cause: The County has not adopted procedures in the Justice of the Peace department to properly segregate duties.

Recommendation: We recommend management adopt procedures to segregate duties.

View of responsible officials: See Corrective Action Plan.

2022-002 - Internal Control over Cash Receipts at Golf Course - Inadequate Controls (Significant Deficiency)

Criteria: The County is required to maintain internal controls over financial reporting to provide a high level of assurance that the financial records are recorded properly and that adequate documentation is maintained to support all transactions recorded. Controls should safeguard the assets of the County.

Condition Found: The golf course has implemented a receipt system for the payment of greens fees, cart rentals, etc. The amounts collected are recorded manually on a sheet of paper and then turned over to the Treasurer for deposit. However, internal controls are not in place to ensure all receipts are turned in to the Treasurer and properly collected, deposited, and recorded.

Effect: Inadequate controls over the golf course revenue increases the risk of misappropriation of assets and potential misreporting of financial statements amounts due to error or fraud.

Cause: The County has not adopted procedures for tracking the golf course cash receipts to ensure all amounts are properly reported, collected, deposited, and recorded.

Recommendation: We recommend management adopt procedures to safeguard the assets of the County and ensure all golf course fees are charged, collected, deposited, and recorded.

View of responsible officials: See Corrective Action Plan.

PRESIDIO COUNTY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

FINANCIAL STATEMENT FINDINGS

2022-003 - Collateralizing Public Funds Deposits (State Compliance)

Criteria: The Public Funds Collateral Act, Texas Government Code, Section 2257.022 requires that deposits of public funds be collateralized at an amount not less than the amount of the deposit that is uninsured.

Condition Found: A portion of the County’s deposits as noted below were neither insured or collateralized as of September 30, 2022:

Total Bank Balance	\$	7,864,469
Less FDIC		(382,281)
Less market value of pledged securities		<u>(7,366,571)</u>
Uninsured and under collateralized amount	\$	<u><u>115,617</u></u>

Effect: The County was exposed to a potential loss of public funds equal to the amount of the uninsured and under collateralized funds.

Cause: The County has not yet established procedures to monitor the pledged securities and as such, a request to increase the collateralization was not made to the bank.

Recommendation: The County should implement monitoring procedures to ensure all of its deposits are completely collateralized at all times.

View of responsible officials: See Corrective Action Plan.

PRESIDIO COUNTY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

FINANCIAL STATEMENT FINDINGS

2022-004 - Internal Control over Lease Receivables at Airport - Inadequate Controls (Significant Deficiency)

Criteria: The County is required to maintain internal controls over financial reporting to provide a high level of assurance that the financial records are recorded properly and adequate documentation is maintained to support all transactions recorded. Controls should safeguard the assets of the County.

Condition Found: The County leases hangars and land at both of the airports. There is not a person responsible for ensuring that all tenants are current with their lease payments, a current lease is on file for every tenant, and increases in annual rent are executed in accordance with the terms of the lease agreement. As such, the County may have outstanding amounts due to them, tenants without current leases, or unauthorized tenants at the airports.

Effect: Inadequate controls over the airport revenue increases the risk of misappropriation of assets and potential misreporting of financial statements amounts due to error or fraud.

Cause: The County has not delegated this responsibility to an individual and has not adopted procedures for tracking the leases and follow-up procedures on balances due to ensure all amounts are properly reported, collected, deposited, and recorded.

Recommendation: We recommend management adopt procedures to safeguard the assets of the County and ensure all lease fees are charged, collected, deposited, and recorded. The responsibility of the leases at the airport needs to be assigned to the appropriate personnel and appropriate documentation should be maintained to ensure all tenants pay in a timely manner. Copies of the all leases should be maintained in one location and also be available in PDF format for the treasurer department and county auditor department to access.

View of responsible officials: See Corrective Action Plan.

PRESIDIO COUNTY, TEXAS

SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

FINANCIAL STATEMENT FINDINGS

2021-001 - Internal Control over Cash Receipts at Justice of the Peace Office - Inadequate Segregation of Duties (Material Weakness)

Status: Unresolved and repeat finding. See current year finding 2022-001.

2021-002 - Internal Control over Cash Receipts at Treasurer's Office - Inadequate Segregation of Duties (Material Weakness)

Status: Additional controls were implemented during the year which removed the material weakness.

2021-003 - Internal Control over Cash Receipts at Golf Course - Inadequate Controls (Significant Deficiency)

Status: The County has implemented a receipt system for the golf course. However, additional controls still need to be implemented to ensure all receipts are accounted for. See current year finding 2022-002.

**CORRECTIVE ACTION PLAN
BY
PRESIDIO COUNTY, TEXAS**

**PRESIDIO
COUNTY
JUDGE
JOSE PORTILLO
JR.**



300 N. Highland Ave
P.O. Box 606
Marfa, TX 79843
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Corrective Action Plan

Finding 2022-001

Corrective Action Plan: The County will continue to implement processes that properly segregate the duties of money collection and deposits or provide for appropriate review/cross-checking.

Responsible Party: County Auditor, County Treasurer, Justice of the Peace Precinct #1 and #2

Estimated Date of Completion: March 2024

Finding 2022-002

Corrective Action Plan: The County will implement a process to track the receipts submitted by the golf course to ensure all receipts are turned in and accounted for. In addition, the reports submitted by the golf course will be reviewed and recalculated for accuracy.

Responsible Party: County Treasurer

Estimated Date of Completion: April 2024

Finding 2022-003

Corrective Action Plan: The County will contact its financial institution to discuss procedures for monitoring the pledged securities and implement in-house procedures as needed to ensure all of its deposits are completely collateralized at all times.

Responsible Party: County Treasurer and County Auditor

Estimated Date of Completion: January 2024

Finding 2022-004

Corrective Action Plan: The County will develop procedures to methodically review all leases, ensure leases are on file for all tenants, research payment history, and ensure all tenants are current with payments and that the payments are in accordance with the terms of the contract.

Responsible Party: Airport Director, Commissioner Precinct 4, County Treasurer, County Auditor

Estimated Date of Completion: April 2024