

*Financial Report of*  
**COUNTY OF CONCHO**

Paint Rock, Texas

Year Ended September 30, 2015

**FILED**

The 26 Day of April, 2016  
at 10:30 O'clock A. M.  
County Clerk, Concho Co. TX  
By \_\_\_\_\_

**Eckert & Company**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**A Limited Liability Partnership**

Michael E. Oliphant, CPA  
Calvin Featherston, CPA  
Wayne Barr, CPA  
Cathryn A. Pitcock, CPA

(325) 944-3571  
FAX: (325) 942-1093  
www.eckertcpa.com

Members of  
American Institute of CPAs  
Texas Society of CPAs

May 18, 2016

David Dillard, County Judge  
County of Concho  
P.O. Box 158  
Paint Rock, TX 76866-0158

A management letter for the year ended September 30, 2015, was not required.

*Eckert & Company, LLP*

aw

COUNTY OF CONCHO  
Annual Financial Report  
Year Ended September 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1-2
Management's Discussion and Analysis.....	3-7
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements	
Statement of Net Position - Modified Cash Basis .....	8
Statement of Activities - Modified Cash Basis.....	9
Fund Financial Statements	
Balance Sheet - Modified Cash Basis - Governmental Funds .....	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Modified Cash Basis.....	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds.....	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Modified Cash Basis .....	13
Statement of Fiduciary Net Position - Modified Cash Basis - Fiduciary Funds .....	14
Statement of Changes in Fiduciary Net Position - Modified Cash Basis - Fiduciary Funds.....	15
Notes to the Financial Statements .....	16-32
<u>Other Information</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - General Fund.....	33-34
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - Road and Bridge Fund .....	35
Schedule of Changes in Net Pension Liability and Related Ratios - Texas County & District Retirement System .....	36
Schedule of Employer Contributions - Texas County & District Retirement System .....	37
Notes to the Other Information for the TCDRS Retirement Plan .....	38
<u>Supplementary Information</u>	
Schedule of Certificates of Deposit .....	39
Taxing History .....	40
Schedule of Community Development Block Grant/State's Program .....	41
<b>COMPLIANCE AND INTERNAL CONTROLS SECTION</b>	
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 <i>Government Auditing Standards</i> .....	42-43
Schedule of Status of Prior Findings.....	44

## FINANCIAL SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA  
Calvin Featherston, CPA  
Wayne Barr, CPA  
Cathryn A. Pitcock, CPA

(325) 944-3571  
FAX: (325) 942-1093  
www.eckertcpa.com

Members of  
American Institute of CPAs  
Texas Society of CPAs

## INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge  
and Commissioners' Court  
County of Concho  
P.O. Box 158  
Paint Rock, TX 76866-0158

### **Report on the Financial Statements**

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Concho, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Section I., Note C.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Concho, Texas, as of September 30, 2015, and the respective changes in modified cash-basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Section I., Note C.

***Basis of Accounting***

We draw attention to Section I., Note C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

***Other Matters***

*Other Information*

The management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information for the TCDRS retirement plan on pages 3 through 7, 33 through 35, and 36 through 37, respectively, are presented to supplement the basic financial statements. We have applied certain limited procedures to this 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 the County of Concho's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2016, on our consideration of the County of Concho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Concho's internal control over financial reporting and compliance.

***Eckert & Company, LLP***

March 8, 2016

**DAVID DILLARD**  
**Concho County Judge**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the County of Concho's financial performance provides an overview of the County's financial activities for the year ended September 30, 2015, within the limitations of the County's modified cash basis of accounting. It should be read in conjunction with the County's basic financial statements and independent auditor's report.

**Financial Highlights - Modified Cash Basis of Accounting**

The County's assets exceeded its liabilities at the end of the current year by \$1,701,433 (net position). Of this amount, \$886,516 (unrestricted) may be used to meet the County's ongoing obligations.

The County's total net position increased by \$394,229 or 30% as a result of current year operations. The County's statement of activities shows total revenues of \$3,841,329 and total expenses of \$3,447,100.

The total fund balance of the General Fund is \$517,540 which is an increase of \$89,426 or 21% compared to the prior year.

**Overview of the Financial Statements**

The County's financial statements are presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and liabilities resulting from the use of the modified cash basis of accounting, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the current year while keeping in mind the limitations of the modified cash basis of accounting.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Overview of the Financial Statements - Continued

The governmental activities of the County include public transportation through roads and bridges, justice system, public safety, and public health and welfare, as well as general administrative and support services.

The County has no component units.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet - modified cash basis and the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, the Road and Bridge Fund, the Debt Service Fund, and the Road Bond Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The County adopts a budget for its General Fund and Special Revenue Funds.

**Fiduciary Funds** - Fiduciary funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Government-Wide Financial Analysis

**Net Position** - A summary of the County's net position is presented below:

#### NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	September 30,	
	2015	2014
Current and Other Assets	\$ 1,781,756	\$ 1,111,599
Capital Assets	568,010	598,605
Total Assets	\$ 2,349,766	\$ 1,710,204
Long-Term Liabilities Outstanding	\$ 625,000	\$ 400,000
Other Liabilities	23,333	3,000
Total Liabilities	\$ 648,333	\$ 403,000
Net Position		
Net Investment in Capital Assets	\$ 568,010	\$ 598,605
Restricted	246,907	23,568
Unrestricted	886,516	685,031
Total Net Position	\$ 1,701,433	\$ 1,307,204

A large portion of the County's net position resulting from modified cash basis transactions (\$568,010) reflects the County's investment in capital assets. These assets are not available for future spending. An additional portion of the County's net position (\$246,907) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$886,516) may be used to meet the County's ongoing obligations.

**MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis - Continued**

**Governmental Activities** - Governmental activities increased the County’s net position resulting from modified cash basis transactions by \$394,229 and \$169,308 for the fiscal years ended September 30, 2015 and 2014, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION - MODIFIED CASH BASIS

	<u>Governmental Activities</u>	
	<u>Year Ended September 30,</u>	
	<u>2015</u>	<u>2014</u>
Revenues		
Program Revenues		
Charges for Services	\$ 883,732	\$ 847,680
Operating Grants and Contributions	505,312	210,264
General Revenues		
Maintenance and Operations Taxes	2,178,026	2,001,657
Debt Service Taxes	112,905	113,750
Sales Taxes	83,037	80,259
Investment Earnings	3,985	2,962
Other Revenues	<u>74,332</u>	<u>61,076</u>
Total Revenues	<u>\$ 3,841,329</u>	<u>\$ 3,317,648</u>
Expenses		
General Government	\$ 1,198,411	\$ 1,161,389
Roads and Bridges	699,959	616,111
Justice System	460,944	441,683
Public Safety	811,742	783,069
Public Health and Welfare	253,251	131,213
Debt Service	<u>22,793</u>	<u>14,875</u>
Total Expenses	<u>\$ 3,447,100</u>	<u>\$ 3,148,340</u>
Change in Net Position	\$ 394,229	\$ 169,308
Net Position - Beginning	1,307,204	1,142,401
Prior Period Adjustment	<u>0</u>	<u>(4,505)</u>
Net Position - Ending	<u><u>\$ 1,701,433</u></u>	<u><u>\$ 1,307,204</u></u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. The unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the current year within the limitations of the County's modified cash basis of accounting.

The County's governmental funds reported combined ending fund balances on the modified cash basis of accounting of \$1,758,423, an increase of \$649,824 or 59% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$517,540. All of this balance is unassigned.

Special Revenue Funds \$993,976. The entire balance is committed for use in each of the Special Revenue Funds.

Road Bond Fund \$244,832. This balance is restricted for road improvements.

Debt Service Fund \$2,075. This balance is restricted for debt service.

### General Fund Budget

The original budget and the final amended budget for the General Fund was \$2,607,489. None of the variances between the original budget and the final amended budget were significant.

The County has adopted a budget for the General Fund in the amount of \$2,682,348 for the fiscal year 2016, which is an increase of \$74,859 from the fiscal year 2015.

### Capital Assets and Debt - Modified Cash Basis

**Capital Assets** - Financial statement footnote III., D. discloses the County's capital asset activity for the year ended September 30, 2015.

**Long-Term Debt** - Financial statement footnote III., G. discloses the County's debt activity for the year ended September 30, 2015.

### Requests for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: David Dillard, County Judge, County of Concho, P.O. Box 158, Paint Rock, TX 76866-0158.

Basic Financial Statements

COUNTY OF CONCHO  
Statement of Net Position - Modified Cash Basis  
September 30, 2015

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Temporary Investments	\$ 1,619,511
Due from Fiduciary Funds	88,862
Due from Other Governments	73,383
Capital Assets (Net of Accumulated Depreciation):	
Land	8,508
Buildings and Improvements	246,308
Machinery and Equipment	<u>313,194</u>
Total Assets	<u>\$ 2,349,766</u>
<u>LIABILITIES</u>	
Unearned Revenue	\$ 23,333
Long-Term Liabilities:	
Due Within One Year	105,000
Due in More than One Year	<u>520,000</u>
Total Liabilities	<u>\$ 648,333</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 568,010
Restricted for:	
Road Improvements	244,832
Debt Service	2,075
Unrestricted	<u>886,516</u>
Total Net Position	<u><u>\$ 1,701,433</u></u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
Statement of Activities - Modified Cash Basis  
Year Ended September 30, 2015

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General Government	\$ 1,198,411	\$ 169,793	\$ 12,589	\$ (1,016,029)
Roads and Bridges	699,959	233,118	233,686	(233,155)
Justice System	460,944	364,523	31,575	(64,846)
Public Safety	811,742	108,689	11,812	(691,241)
Public Health and Welfare	253,251	7,609	215,650	(29,992)
Debt Service Interest	12,000	0	0	(12,000)
Debt Service Fees	10,793	0	0	(10,793)
	<u>10,793</u>	<u>0</u>	<u>0</u>	<u>(10,793)</u>
Total Governmental Activities	<u>\$ 3,447,100</u>	<u>\$ 883,732</u>	<u>\$ 505,312</u>	<u>\$ (2,058,056)</u>
General Revenues:				
Maintenance and Operations Taxes				\$ 2,178,026
Debt Service Taxes				112,905
Sales Tax				83,037
Investment Earnings				3,985
Miscellaneous				74,332
				<u>74,332</u>
Total General Revenues				<u>\$ 2,452,285</u>
Change in Net Position				\$ 394,229
Net Position - Beginning				<u>1,307,204</u>
Net Position - Ending				<u>\$ 1,701,433</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
Balance Sheet - Modified Cash Basis  
Governmental Funds  
September 30, 2015

	General	Road and Bridge	Debt Service	Road Bond	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Temporary Investments	\$ 458,666	\$ 742,892	\$ 10,668	\$ 244,832	\$ 162,453	\$ 1,619,511
Due from Other Funds	90,736	13,608	0	0	1,640	105,984
Due from Other Governments	0	73,383	0	0	0	73,383
Total Assets	<u>\$ 549,402</u>	<u>\$ 829,883</u>	<u>\$ 10,668</u>	<u>\$ 244,832</u>	<u>\$ 164,093</u>	<u>\$ 1,798,878</u>
<b>LIABILITIES</b>						
Due to Other Funds	\$ 8,529	\$ 0	\$ 8,593	\$ 0	\$ 0	\$ 17,122
Unearned Revenue	23,333	0	0	0	0	23,333
Total Liabilities	<u>\$ 31,862</u>	<u>\$ 0</u>	<u>\$ 8,593</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,455</u>
<b>FUND BALANCES</b>						
Restricted Fund Balance:						
Road Bond Fund	\$ 0	\$ 0	\$ 0	\$ 244,832	\$ 0	\$ 244,832
Debt Service Fund	0	0	2,075	0	0	2,075
Committed Fund Balance:						
Special Revenue Funds	0	829,883	0	0	164,093	993,976
Unassigned Fund Balance	517,540	0	0	0	0	517,540
Total Fund Balances	<u>\$ 517,540</u>	<u>\$ 829,883</u>	<u>\$ 2,075</u>	<u>\$ 244,832</u>	<u>\$ 164,093</u>	<u>\$ 1,758,423</u>
Total Liabilities and Fund Balances	<u>\$ 549,402</u>	<u>\$ 829,883</u>	<u>\$ 10,668</u>	<u>\$ 244,832</u>	<u>\$ 164,093</u>	<u>\$ 1,798,878</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
 Reconciliation of the Governmental Funds Balance Sheet to the  
 Statement of Net Position - Modified Cash Basis  
 September 30, 2015

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 1,758,423</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) is to increase net position.	598,605
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The net effect of including the beginning balances of long-term debt is to decrease net position.	(400,000)
Current year capital outlays are expenditures in the fund financial statements but are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase net position.	91,796
Long-term debt issued in the current year is shown as an other financing source in the fund financial statements but is shown as an increase in long-term debt in the government-wide financial statements. The net effect of adjusting for long-term debt issued is to decrease net position.	(325,000)
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions of long-term debt in the government-wide financial statements. The net effect of including long-term debt principal payments is to increase net position.	100,000
The gross amount received from the disposal of capital assets used in governmental activities is reported in the governmental funds as revenues. In the government-wide financial statements disposal proceeds are reduced by the remaining depreciable bases of the assets. The net effect of these adjustments is to decrease net position.	(11,776)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	<u>(110,615)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 1,701,433</u></u></b>

The accompanying notes are an integral part of this financial statement.



COUNTY OF CONCHO  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis  
Governmental Funds  
Year Ended September 30, 2015

	General	Road and Bridge	Debt Service	Road Bond	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 1,850,656	\$ 410,407	\$ 112,905	\$ 0	\$ 0	\$ 2,373,968
Fees	133,785	233,118	0	0	77,128	444,031
Fines	364,701	0	0	0	0	364,701
Intergovernmental	130,164	0	0	0	16,079	146,243
Grant	0	164,647	0	52,960	216,462	434,069
Interest	2,294	1,278	19	272	122	3,985
Miscellaneous	73,151	12,633	0	154	170	86,108
	<u>\$ 2,554,751</u>	<u>\$ 822,083</u>	<u>\$ 112,924</u>	<u>\$ 53,386</u>	<u>\$ 309,961</u>	<u>\$ 3,853,105</u>
<b>EXPENDITURES</b>						
Current:						
General Government	\$ 1,120,626	\$ 0	\$ 0	\$ 0	\$ 45,408	\$ 1,166,034
Roads and Bridges	0	520,351	0	145,178	14,474	680,003
Justice System	460,944	0	0	0	0	460,944
Public Safety	817,606	0	0	0	27,650	845,256
Public Health and Welfare	22,805	0	0	0	230,446	253,251
Debt Service:						
Principal	0	0	100,000	0	0	100,000
Interest	0	0	12,000	0	0	12,000
Bond Issue Costs	0	0	0	10,793	0	10,793
	<u>\$ 2,421,981</u>	<u>\$ 520,351</u>	<u>\$ 112,000</u>	<u>\$ 155,971</u>	<u>\$ 317,978</u>	<u>\$ 3,528,281</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 132,770</u>	<u>\$ 301,732</u>	<u>\$ 924</u>	<u>\$ (102,585)</u>	<u>\$ (8,017)</u>	<u>\$ 324,824</u>

OTHER FINANCING SOURCES (USES)

Bond Proceeds	\$ 0	\$ 0	\$ 0	\$ 325,000	\$ 0	\$ 325,000
Transfers In	0	36,164	0	0	7,180	43,344
Transfers Out	<u>(43,344)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(43,344)</u>
Total Other Financing Sources (Uses)	<u>\$ (43,344)</u>	<u>\$ 36,164</u>	<u>\$ 0</u>	<u>\$ 325,000</u>	<u>\$ 7,180</u>	<u>\$ 325,000</u>
Net Change in Fund Balances	\$ 89,426	\$ 337,896	\$ 924	\$ 222,415	\$ (837)	\$ 649,824
Fund Balances - Beginning	<u>428,114</u>	<u>491,987</u>	<u>1,151</u>	<u>22,417</u>	<u>164,930</u>	<u>1,108,599</u>
Fund Balances - Ending	<u><u>\$ 517,540</u></u>	<u><u>\$ 829,883</u></u>	<u><u>\$ 2,075</u></u>	<u><u>\$ 244,832</u></u>	<u><u>\$ 164,093</u></u>	<u><u>\$ 1,758,423</u></u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
 Changes in Fund Balances to the Statement of Activities - Modified Cash Basis  
 Year Ended September 30, 2015

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 649,824</b>
Current year capital outlays are expenditures in the fund financial statements but are shown as increases in capital assets in the government-wide financial statements. The net effect of removing capital outlays is to increase net position.	91,796
Long-term debt issued in the current year is shown as an other financing source in the fund financial statements but is shown as an increase in long-term debt in the government-wide financial statements. The net effect of adjusting for long-term debt issued is to decrease net position.	(325,000)
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions of long-term debt in the government-wide financial statements. The net effect of removing long-term debt principal payments is to increase net position.	100,000
The gross amount received from the disposal of capital assets used in governmental activities is reported in the governmental funds as revenues. In the government-wide financial statements disposal proceeds are reduced by the remaining depreciable bases of the assets. The net effect of these adjustments is to decrease net position.	(11,776)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	<u>(110,615)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 394,229</u></u></b>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
 Statement of Fiduciary Net Position - Modified Cash Basis  
 Fiduciary Funds  
 September 30, 2015

	Permanent School Fund	Agency Funds
<u>ASSETS</u>		
Cash and Temporary Investments	\$ 0	\$ 232,250
Due from Other Funds	0	1,491
Total Assets	\$ 0	\$ 233,741
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 90,353
Due to Other Governments	0	62,442
Due to Others	0	80,946
Total Liabilities	\$ 0	\$ 233,741
<u>NET POSITION</u>		
Restricted for Permanent School Fund	\$ 0	

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
 Statement of Changes in Fiduciary Net Position - Modified Cash Basis  
 Fiduciary Funds  
 September 30, 2015

	Permanent School Fund
<u>ADDITIONS</u>	
Interest Earned	<u>\$ 70</u>
<u>DEDUCTIONS</u>	
Eden Independent School District	\$ 12,876
Paint Rock Independent School District	<u>11,036</u>
Total Deductions	<u>\$ 23,912</u>
Change in Net Position	\$ (23,842)
Net Position - Beginning	<u>23,842</u>
Net Position - Ending	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF CONCHO  
Notes to the Financial Statements  
September 30, 2015

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Concho, Texas, prepares its basic financial statements on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**A. Reporting Entity**

The County of Concho, Texas, was organized by an Act of the Texas Legislature in 1879. The County is governed by the Commissioners' Court, a five member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, justice system, public safety, and public health and welfare, as well as general administrative and support services. There are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the County and (2) grants and contributions - payments from organizations outside the County that are restricted to meeting the operational or capital requirements of a particular function or segment of the County. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as interfund receivables and payables on the government-wide statement of net position.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

The government-wide financial statements are presented using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as are the fiduciary fund financial statements.

The fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus and Basis of Accounting - Continued**

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

**Basis of Accounting**

The government-wide financial statements and the fund financial statements are presented using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position, fund equity, revenues, expenditures, and expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

The use of the modified cash basis of accounting results in certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable, expenses for goods or services received but not yet paid, and accrued expenses and liabilities) not being recorded in these financial statements.

The government reports the following major governmental funds:

General Fund - This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Road and Bridge Fund - This Fund is a special revenue fund and is used to account for revenues for the road and bridge precincts.

Debt Service Fund - This Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Road Bond Fund - This Fund accounts for use of bond proceeds to be used for road and bridge projects.

Additionally, the government reports the following fund type:

Fiduciary Funds - These Funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds.

**D. Interfund Receivables and Payables**

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds, these balances are eliminated in the statement of net position.

**E. Capital Assets**

In the government-wide financial statements, capital assets arising from modified cash basis transactions are reported in the statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Capital Assets - Continued**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-30
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified cash basis transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**F. Long-Term Debt**

Long-term debt arising from modified cash basis transactions to be repaid from governmental resources is reported as liabilities in the government-wide financial statements.

Long-term debt arising from modified cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

**G. Compensated Absences**

County employees are entitled to vacation and sick leave based on their length of employment. Vacation does not accumulate or vest. Employees may accumulate up to 480 hours of sick leave. Employees are not paid for unused sick leave upon separation from service and are paid only for the current year's unused vacation.

**H. Net Position on the Statement of Net Position**

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents capital assets net of accumulated depreciation.

Restricted for Road Improvements - This component of net position represents the difference between assets and liabilities of the Road Bond Fund. This consists of this Fund's net position with constraints placed on their use by bond covenants.

Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of net position with constraints placed on their use by creditors.

Unrestricted - This is the difference between assets and liabilities that is not reported as Net Investment in Capital Assets, Restricted for Road Improvements, or Restricted for Debt Service.



COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**I. Fund Balances**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Commissioners' Court, the County's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Commissioners' Court.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are 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 amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners' Court has provided otherwise in its commitment or assignment actions.

**J. Property Tax Revenues**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Property taxes are recognized as revenues when they are collected.

**K. Interfund Transfers**

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget**

The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for the General Fund and Special Revenue Funds are adopted on a modified cash basis and cover a one-year period. Appropriations lapse at year end.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued**

**B. Excess Expenditures Over Appropriations**

Expenditures exceeded appropriations in the following program:

Road and Bridge Fund	
Road Material	<u>\$ 3,561</u>

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

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

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy addresses the following risks:

**Custodial Credit Risk - Deposits and Investments:** In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits and investments in certificates of deposit may not be returned to it. The County's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The County is not exposed to custodial credit risk for its deposits and investments in certificates of deposit since they are covered by depository insurance and pledged securities held by a third party in the County's name.

**Concentration of Credit Risk:** The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At September 30, 2015, all of the County's investments are in certificates of deposit with its depository bank. The County is not exposed to this risk as described in the preceding paragraph.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2015, the County was not significantly exposed to credit risk.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**A. Deposits and Investments - Continued**

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

The carrying amount of the County's cash and temporary investments at September 30, 2015, approximates fair value and consisted of the following:

Cash in Bank	\$ 1,186,615
Certificates of Deposit	<u>665,146</u>
Total Cash and Temporary Investments	<u><u>\$ 1,851,761</u></u>

**B. Interfund Receivables, Payables, and Transfers**

1. The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Debt Service Fund	\$ 8,593	\$ 0	Operating Advance
Fiduciary Funds	82,143	0	Unremitted Fees
Road and Bridge Fund	0	8,529	Operating Advance
	<u>\$ 90,736</u>	<u>\$ 8,529</u>	
Road and Bridge Fund			
General Fund	\$ 8,529	\$ 0	Operating Advance
Fiduciary Funds	5,079	0	Unremitted Fees
	<u>\$ 13,608</u>	<u>\$ 0</u>	
Debt Service Fund			
General Fund	\$ 0	\$ 8,593	Operating Advance
Special Fund			
Fiduciary Funds	<u>\$ 1,640</u>	<u>\$ 0</u>	Unremitted Fees
Fiduciary Funds			
General Fund	\$ 0	\$ 82,143	Unremitted Fees
Road and Bridge Fund	0	5,079	Unremitted Fees
Special Fund	0	1,640	Unremitted Fees
Fiduciary Funds	1,491	1,491	Unremitted Fees
	<u>\$ 1,491</u>	<u>\$ 90,353</u>	
Totals	<u><u>\$ 107,475</u></u>	<u><u>\$ 107,475</u></u>	

All amounts due are expected to be repaid within one year.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**B. Interfund Receivables, Payables, and Transfers - Continued**

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Road and Bridge Fund	\$ 36,164	To Cover Fund Deficit
General Fund	Nutrition Program	<u>7,180</u>	To Cover Fund Deficit
Total		<u>\$ 43,344</u>	

**C. Due from Other Governments**

The County receives state grant funds for transportation infrastructure. Amounts due from the State for this program are as follows:

Road and Bridge Fund	<u>\$ 73,383</u>
----------------------	------------------

**D. Capital Assets**

Capital asset activity for the year ended September 30, 2015, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 8,508	\$ 0	\$ 0	\$ 8,508
Capital Assets				
Buildings and Improvements	\$ 494,576	\$ 0	\$ 0	\$ 494,576
Machinery and Equipment	1,487,493	91,796	77,739	1,501,550
Total Capital Assets Being Depreciated	<u>\$ 1,982,069</u>	<u>\$ 91,796</u>	<u>\$ 77,739</u>	<u>\$ 1,996,126</u>
Total Capital Assets	<u>\$ 1,990,577</u>	<u>\$ 91,796</u>	<u>\$ 77,739</u>	<u>\$ 2,004,634</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (230,508)	\$ (17,760)	\$ 0	\$ (248,268)
Machinery and Equipment	(1,161,464)	(92,855)	(65,963)	(1,188,356)
Total Accumulated Depreciation	<u>\$ (1,391,972)</u>	<u>\$ (110,615)</u>	<u>\$ (65,963)</u>	<u>\$ (1,436,624)</u>
Governmental Activities Capital Assets, Net	<u>\$ 598,605</u>	<u>\$ (18,819)</u>	<u>\$ 11,776</u>	<u>\$ 568,010</u>

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**D. Capital Assets - Continued**

Depreciation expense was charged to governmental activities functions as follows:

General Government	\$ 32,377
Roads and Bridges	19,956
Public Safety	<u>58,282</u>
Total	<u>\$ 110,615</u>

**E. Commitments Under Noncapitalized Leases**

Commitments under operating lease agreements for equipment provide for minimum future rental payments as of September 30, 2015, as follows:

<u>Year Ending September 30,</u>	
2016	\$ 7,800
2017	7,800
2018	7,800
2019	<u>7,800</u>
Total Minimum Rentals	<u>\$ 31,200</u>

Rental expenditures during the year ended September 30, 2015, were \$7,800.

**F. Capital Leases**

The County entered into lease agreements to finance the acquisition of equipment for the Road and Bridge Department. These lease agreements qualify as capital leases for accounting purposes and are payable from the Road and Bridge Fund. The effective interest rates are 2.5% and 2.4%.

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Capital Leases</u>				<u>Total</u>
	<u>Road and Bridge</u>		<u>Road and Bridge</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 54,099	\$ 15,622	\$ 7,316	\$ 2,961	\$ 79,998
2017	55,452	14,269	7,492	2,785	79,998
2018	56,838	12,883	7,671	2,606	79,998
2019	58,259	11,462	7,855	2,422	79,998
2020	<u>400,216</u>	<u>10,015</u>	<u>93,044</u>	<u>2,233</u>	<u>505,508</u>
Totals	<u>\$ 624,864</u>	<u>\$ 64,251</u>	<u>\$ 123,378</u>	<u>\$ 13,007</u>	<u>\$ 825,500</u>

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**F. Capital Leases - Continued**

The following is a summary of the changes in capital leases for the year ended September 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Leases	\$ 482,524	\$ 851,491	\$ 585,773	\$ 748,242

**G. Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Unlimited Tax Road Bonds	\$ 400,000	\$ 325,000	\$ 100,000	\$ 625,000	\$ 105,000

The County's outstanding bond issues are as follows:

Concho County, Texas, Unlimited Tax Road Bond, Series 2011. Issued for road improvements in the original amount of \$675,000. Due in variable installments through February 1, 2018, with interest rates of 2.25% to 3.75%.	\$ 300,000
Concho County, Texas, Unlimited Tax Road Bond, Series 2014. Issued for road maintenance and improvements in the original amount of \$325,000. Due in variable installments through February 1, 2021, with interest rates of 1.5% to 2.6%.	325,000
Total	\$ 625,000

The combined annual debt service requirements are as follows:

Year Ending September 30,	Unlimited Tax Road Bonds		Total
	Principal	Interest	
2016	\$ 105,000	\$ 21,971	\$ 126,971
2017	110,000	12,988	122,988
2018	110,000	9,175	119,175
2019	100,000	6,100	106,100
2020	100,000	3,800	103,800
2021	100,000	1,300	101,300
Totals	\$ 625,000	\$ 55,334	\$ 680,334

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

**Plan Description** - The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County & District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. This report is available at [www.tcdrs.org](http://www.tcdrs.org). TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 1-800-823-7782.

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

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

**Funding Policy** - The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed the actuarially determined rate of 7.5% for the months of the accounting year in 2014 and 7.5% for the months of the accounting year in 2015.

The deposit rate payable by the employee members for calendar year 2015 is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Actuarial Assumptions** - All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2014 funding valuation, except as noted below and throughout this report. Please see the employer summary actuarial valuation report as of December 31, 2014, for further details.

Following are the key assumptions and methods used in this GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated 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 <sup>(1)</sup>
Asset Valuation Method	
Smoothing Period	5 Years
Recognition Method	Non-Asymptotic
Corridor	None
Inflation	3.0%
Salary Increases	4.9% <sup>(2)</sup>
Investment Rate of Return	8.1%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the 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	Members eligible for service retirement are assumed to retire at various rates based upon age and gender.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Mortality rates for depositing members are based on the gender-distinct RP-2000 Active Employee Mortality Table with a two-year set-forward for males and a four-year setback for females. Service retirees, beneficiaries, and non-depositing members are based on the RP-2000 Combined Mortality Table with a one-year set-forward for males and no age adjustment for females. Disabled retirees are based on the gender-distinct RP-2000 Disabled Mortality Table with no age adjustment for males and a two-year set-forward for females. The rates are projected with scale AA.

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes inflation of 3%.

**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 2015 information for a 7-10 year time horizon.



COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

Note the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation<sup>(1)</sup></u>	<u>Geometric Real Rate of Return (Expected) Minus Inflation<sup>(2)</sup></u>
U.S. Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	12.00%	8.35%
Global Equities	MSCI World (Net) Index	1.50%	5.65%
International Equities - Developed	50% MSCI World Ex USA (Net) + 50% MSCI World Ex USA 100% Hedged to USD (Net) Index	11.00%	5.35%
International Equities - Emerging	50% MSCI World EM Standard (Net) Index + 50% MSCI EM 100% Hedged to USD (Net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

<sup>(1)</sup> Target asset allocation adopted at the April 2015 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 1.7% per 2015 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Depletion of Plan Assets/GASB Discount Rate** - The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

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

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

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

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

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

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.1%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

**Changes in Net Pension Liability/(Asset)** - The following presents the increases/(decreases) in net pension liability/(asset):

<u>Changes in the Net Pension Liability/Asset</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net Pension Liability/Asset (a) - (b)</u>
Balance as of December 31, 2013	<u>\$ 3,842,493</u>	<u>\$ 4,026,966</u>	<u>\$ (184,473)</u>
Changes for the Year:			
Service Cost	\$ 160,491	\$ 0	\$ 160,491
Interest on Total Pension Liability <sup>(1)</sup>	312,465	0	312,465
Effect of Plan Changes	0	0	0
Effect of Economic/Demographic Losses	8,867	0	8,867
Effect of Assumptions Changes or Inputs	0	0	0
Refund of Contributions	(20,996)	(20,996)	0
Benefit Payments	(108,700)	(108,700)	0
Administrative Expenses	0	(3,230)	3,230
Member Contributions	0	85,888	(85,888)
Net Investment Income	0	270,078	(270,078)
Employer Contributions	0	92,006	(92,006)
Other <sup>(2)</sup>	0	6,104	(6,104)
Net Changes	<u>\$ 352,127</u>	<u>\$ 321,150</u>	<u>\$ 30,977</u>
Balance as of December 31, 2014	<u>\$ 4,194,620</u>	<u>\$ 4,348,116</u>	<u>\$ (153,496)</u>

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

<sup>(2)</sup> Relates to allocation of system-wide items.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Sensitivity Analysis** - The following presents the net pension liability/(asset) of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (7.1%) or 1 percentage point higher (9.1%) than the current rate.

	<u>1% Decrease in Discount Rate (7.1%)</u>	<u>Current Discount Rate (8.1%)</u>	<u>1% Increase in Discount Rate (9.1%)</u>
Total Pension Liability	\$ 4,700,045	\$ 4,194,620	\$ 3,776,884
Fiduciary Net Position	<u>4,348,116</u>	<u>4,348,116</u>	<u>4,348,116</u>
Net Pension Liability/(Asset)	<u>\$ 351,929</u>	<u>\$ (153,496)</u>	<u>\$ (571,232)</u>

**Pension Expense/Income** - The following presents the components of pension expense/income:

<u>Pension Expense (Income)</u>	<u>January 1, 2014 to December 31, 2014</u>
Service Cost	\$ 160,491
Interest on Total Pension Liability <sup>(1)</sup>	312,465
Effect of Plan Changes	0
Administrative Expenses	3,229
Member Contributions	(85,888)
Expected Investment Return Net of Investment Expenses	(331,442)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of Economic/Demographic Gains or Losses	2,956
Recognition of Assumption Changes or Inputs	0
Recognition of Investment Gains or Losses	12,273
Other <sup>(2)</sup>	<u>(6,104)</u>
Total Pension Expense (Income)	<u>\$ 67,980</u>

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

<sup>(2)</sup> Relates to allocation of system-wide items.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Deferred Inflows/Deferred Outflows of Resources** -As of December 31, 2014, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 5,911
Changes in Assumptions	-	-
Net Differences Between Projected and Actual Earnings	-	49,091
Contributions Subsequent to Measurement Date <sup>(3)</sup>	<u>-</u>	<u>69,217</u>
Totals	<u><u>\$ -</u></u>	<u><u>\$ 124,219</u></u>

<sup>(3)</sup> If eligible employer contributions were made subsequent to the measurement date through the employer's fiscal year-end, the employer should reflect these contributions, adjusted as outlined in Appendix C of the TCDRS report.

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

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2015	\$ 15,229
2016	15,229
2017	12,273
2018	12,273
2019	0
Thereafter <sup>(4)</sup>	0

<sup>(4)</sup> Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

COUNTY OF CONCHO  
Notes to the Financial Statements - Continued  
September 30, 2015

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Schedule of Deferred Inflows and Outflows of Resources** - The following presents the components of deferred inflows and outflows of resources:

	Original Amount	Date Established	Original Recognition Period <sup>(1)</sup>	Amount Recognized in 12/31/14 Expense <sup>(1)</sup>	Balance of Deferred Inflows 12/31/14	Balance of Deferred Outflows 12/31/14
Investment (Gains) or Losses	\$ 61,364	12/31/14	5	\$ 12,273	-	\$ 49,091
Economic/Demographic (Gains) or Losses	8,867	12/31/14	3	2,956	-	5,911
Assumption Changes or Inputs	-	12/31/14	3	-	-	-
Employer Contributions Made Subsequent to Measurement Date <sup>(2)</sup>	-	-	-	-	-	69,217

<sup>(1)</sup> Investment (gains)/losses are recognized in pension expense over a period of five years; economic/ demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.

<sup>(2)</sup> If eligible employer contributions were made subsequent to the measurement date, the employer should reflect these contributions, adjusted as outlined in Appendix C of the TCDRS report.

**B. Subsequent Events**

The County's management has evaluated subsequent events through March 8, 2016, the date which the financial statements were available for issue.

Other Information

COUNTY OF CONCHO  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Modified Cash Basis - Budget and Actual  
General Fund  
Year Ended September 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,797,062	\$ 1,797,062	\$ 1,850,656	\$ 53,594
Fees	124,470	124,470	133,785	9,315
Fines	352,000	352,000	364,701	12,701
Intergovernmental	125,833	125,833	130,164	4,331
Interest	1,850	1,850	2,294	444
Miscellaneous	71,809	71,809	73,151	1,342
<b>Total Revenues</b>	<b>\$ 2,473,024</b>	<b>\$ 2,473,024</b>	<b>\$ 2,554,751</b>	<b>\$ 81,727</b>
<b>EXPENDITURES</b>				
General Government				
County Judge	\$ 87,016	\$ 92,907	\$ 89,995	\$ 2,912
Commissioners' Court	170,573	170,573	169,042	1,531
County and District Clerk	89,976	89,976	82,809	7,167
Elections	83,573	76,142	70,391	5,751
County Treasurer	118,391	121,172	118,297	2,875
Tax Assessor-Collector	119,689	119,689	116,713	2,976
Courthouse	78,853	78,853	61,793	17,060
Extension Office	108,792	108,792	102,597	6,195
Nondepartmental:	358,927	352,309	308,989	43,320
<b>Total General Government</b>	<b>\$ 1,215,790</b>	<b>\$ 1,210,413</b>	<b>\$ 1,120,626</b>	<b>\$ 89,787</b>
Justice System				
County and District Clerk	\$ 89,975	\$ 89,975	\$ 82,809	\$ 7,166
Courts - County and District	186,559	186,559	176,906	9,653
Justice of the Peace	139,217	139,217	132,955	6,262
County Attorney	68,888	68,888	68,274	614
<b>Total Justice System</b>	<b>\$ 484,639</b>	<b>\$ 484,639</b>	<b>\$ 460,944</b>	<b>\$ 23,695</b>
Public Safety				
Sheriff	\$ 530,787	\$ 536,855	\$ 535,096	\$ 1,759
Constable	21,734	21,734	21,194	540
Highway Patrol Expense	3,000	1,404	1,404	0
911 Expense	2,100	2,100	1,960	140
Fire Protection	7,500	7,500	6,025	1,475
Law Enforcement Center	262,675	262,675	251,927	10,748
<b>Total Public Safety</b>	<b>\$ 827,796</b>	<b>\$ 832,268</b>	<b>\$ 817,606</b>	<b>\$ 14,662</b>



COUNTY OF CONCHO  
 Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Modified Cash Basis - Budget and Actual  
 General Fund - Continued  
 Year Ended September 30, 2015

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>EXPENDITURES - Continued</u>				
Public Health and Welfare				
County Health Officer	\$ 500	\$ 500	\$ 500	\$ 0
Van Driver	10,600	11,205	11,205	0
Child Welfare	1,000	1,000	0	1,000
Septic Site Inspector	8,000	8,000	7,800	200
Septic Site Inspection	3,000	3,300	3,300	0
Total Public Health and Welfare	<u>\$ 23,100</u>	<u>\$ 24,005</u>	<u>\$ 22,805</u>	<u>\$ 1,200</u>
 Total Expenditures	 <u>\$ 2,551,325</u>	 <u>\$ 2,551,325</u>	 <u>\$ 2,421,981</u>	 <u>\$ 129,344</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ (78,301)</u>	 <u>\$ (78,301)</u>	 <u>\$ 132,770</u>	 <u>\$ 211,071</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 30,000	\$ 30,000	\$ 0	\$ (30,000)
Transfers Out	<u>(56,164)</u>	<u>(56,164)</u>	<u>(43,344)</u>	<u>12,820</u>
 Total Other Financing Sources (Uses)	 <u>\$ (26,164)</u>	 <u>\$ (26,164)</u>	 <u>\$ (43,344)</u>	 <u>\$ (17,180)</u>
 Net Change in Fund Balance	 <u>\$ (104,465)</u>	 <u>\$ (104,465)</u>	 <u>\$ 89,426</u>	 <u>\$ 193,891</u>
 Fund Balance - Beginning	 <u>428,114</u>	 <u>428,114</u>	 <u>428,114</u>	 <u>0</u>
 Fund Balance - Ending	 <u><u>\$ 323,649</u></u>	 <u><u>\$ 323,649</u></u>	 <u><u>\$ 517,540</u></u>	 <u><u>\$ 193,891</u></u>

COUNTY OF CONCHO  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Modified Cash Basis - Budget and Actual  
Road and Bridge Fund  
Year Ended September 30, 2015

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ 400,198	\$ 400,198	\$ 410,407	\$ 10,209
Fees	260,000	260,000	233,118	(26,882)
Interest	750	750	1,278	528
Grants	0	0	164,647	164,647
Miscellaneous	1,760	1,760	12,633	10,873
	<u>\$ 662,708</u>	<u>\$ 662,708</u>	<u>\$ 822,083</u>	<u>\$ 159,375</u>
<b><u>EXPENDITURES</u></b>				
Roads and Bridges				
Salaries	\$ 238,553	\$ 238,553	\$ 213,182	\$ 25,371
Benefits	125,720	125,904	109,674	16,230
Cell Phone	2,880	2,880	2,160	720
Fuel	70,500	70,500	42,425	28,075
Road Material	30,500	37,838	41,399	(3,561)
Miscellaneous	47,849	39,584	506	39,078
Utilities	5,050	5,553	4,673	880
Parts and Repairs	39,000	38,417	19,492	18,925
Tires and Batteries	28,000	25,592	8,658	16,934
Shop Supplies	7,500	10,731	8,461	2,270
Machine Hire	9,000	9,000	0	9,000
Equipment Purchase	27,928	27,928	0	27,928
Capital Lease Payments	78,500	78,500	69,721	8,779
	<u>\$ 710,980</u>	<u>\$ 710,980</u>	<u>\$ 520,351</u>	<u>\$ 190,629</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (48,272)	\$ (48,272)	\$ 301,732	\$ 350,004
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	36,164	36,164	36,164	0
Net Change in Fund Balance	\$ (12,108)	\$ (12,108)	\$ 337,896	\$ 350,004
Fund Balance - Beginning	491,987	491,987	491,987	0
Fund Balance - Ending	<u>\$ 479,879</u>	<u>\$ 479,879</u>	<u>\$ 829,883</u>	<u>\$ 350,004</u>

COUNTY OF CONCHO  
Schedule of Changes in Net Pension Liability and Related Ratios -  
Texas County & District Retirement System  
Year Ended September 30, 2015

	Year Ended December 31, 2014
Total Pension Liability	
Service Cost	\$ 160,491
Interest on Total Pension Liability	312,465
Effect of Plan Changes	0
Effect of Assumptions Changes or Inputs	0
Effect of Economic/Demographic (Gains) or Losses	8,867
Benefit Payments/Refunds of Contributions	<u>(129,696)</u>
Net Change in Total Pension Liability	\$ 352,127
Total Pension Liability, Beginning	<u>3,842,493</u>
Total Pension Liability, Ending	<u>\$ 4,194,620</u>
Fiduciary Net Position	
Employer Contributions	\$ 92,006
Member Contributions	85,888
Investment Income Net of Investment Expenses	270,078
Benefit Payments/Refunds of Contributions	(129,696)
Administrative Expenses	(3,230)
Other	<u>6,104</u>
Net Change in Fiduciary Net Position	\$ 321,150
Fiduciary Net Position, Beginning	<u>4,026,966</u>
Fiduciary Net Position, Ending	<u>\$ 4,348,116</u>
Net Pension Liability/(Asset), Ending	<u>\$ (153,496)</u>
Fiduciary Net Position as a % of Total Pension Liability	103.66%
Pensionable Covered Payroll	\$ 1,218,399
Net Pension Liability as a % of Covered Payroll	-12.60%

This schedule is presented to illustrate the requirement to show information for ten years. However, recalculations of prior years are not required; therefore, only the years for which the new GASB statements have been implemented are shown.

COUNTY OF CONCHO  
 Schedule of Employer Contributions -  
 Texas County & District Retirement System  
 Year Ended September 30, 2015

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll<sup>(1)</sup></u>	<u>Actual Contribution as a % of Covered Payroll</u>
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	\$ 51,499	\$ 59,097	\$ (7,598)	\$ 844,247	7.0%
2007	55,425	59,323	(3,898)	847,472	7.0%
2008	49,427	60,593	(11,166)	865,620	7.0%
2009	53,894	67,730	(13,836)	967,575	7.0%
2010	72,519	73,040	(521)	1,043,435	7.0%
2011	75,938	77,399	(1,461)	1,080,193	7.2%
2012	83,967	83,967	0	1,144,000	7.3%
2013	83,619	85,009	(1,390)	1,158,160	7.3%
2014	90,283	92,006	(1,723)	1,218,399	7.6%

<sup>(1)</sup> Payroll is calculated based on contributions as reported to TCDRS.

COUNTY OF CONCHO  
Notes to the Other Information for the TCDRS Retirement Plan  
September 30, 2015

Note A - Net Pension Liability

Changes in Benefit Terms

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

Changes of Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Supplementary Information

COUNTY OF CONCHO  
Schedule of Certificates of Deposit  
September 30, 2015

<u>Description</u>	<u>Identifying Number</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>GOVERNMENTAL FUNDS</u>				
General Fund				
First State Bank	6639	0.45	2/2/16	\$ 100,000
First State Bank	6710	0.45	2/24/16	100,000
First State Bank	6711	0.45	2/24/16	100,000
First State Bank	6712	0.45	2/24/16	100,000
				<u>\$ 400,000</u>
Special Road and Bridge Fund				
First State Bank	6318	0.40	1/7/16	\$ 100,000
First State Bank	6621	0.45	9/26/16	75,000
				<u>\$ 175,000</u>
Courthouse Security Fund				
First State Bank	6618	0.35	7/13/16	<u>\$ 35,002</u>
Total Governmental Funds				<u><u>\$ 610,002</u></u>
<u>FIDUCIARY FUNDS</u>				
Agency Funds				
County Judge/Eola Cemetery				
First State Bank	5450	0.30	3/9/16	\$ 4,473
County and District Clerk Trust				
First State Bank	6700	0.35	6/11/16	24,319
First State Bank	6717	0.35	4/27/16	26,352
				<u>26,352</u>
Total Fiduciary Funds				<u><u>\$ 55,144</u></u>

COUNTY OF CONCHO  
Taxing History  
September 30, 2015

The assessed valuations and taxes levied by the County of Concho for the past ten years are shown below:

<u>Tax Roll Year</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
2005	\$ 190,690,018	\$ 1,232,181
2006	203,598,465	1,289,813
2007	226,761,310	1,343,693
2008	250,780,824	1,484,763
2009	232,450,430	1,486,559
2010	253,187,750	1,787,693
2011	269,170,270	1,969,611
2012	276,775,995	2,038,905
2013	266,675,122	2,104,086
2014	271,720,237	2,243,222



COUNTY OF CONCHO  
Year Ended September 30, 2015

Federal Financial Assistance  
 Federal Grantor: U.S. Department of Housing and Urban Development  
 Pass Through Grantor: Texas Department of Agriculture  
 Type of Grant: Community Development Block Grant/State's Program  
 CFDA Number: 14.228  
 Project Number: 713099  
 Contract Period: 11-12-13 to 11-11-15

	<u>Budget</u>	<u>Federal</u>		<u>Total</u>	<u>Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<u>RECEIPTS</u>					
Federal	\$ 200,000	\$ 10,300	\$ 182,075	\$ 192,375	\$ 7,625
<u>DISBURSEMENTS</u>					
Federal					
Water Facilities	\$ 143,000	\$ 0	\$ 140,150	\$ 140,150	\$ 2,850
Engineering	35,000	0	29,825	29,825	5,175
General Administration	22,000	10,300	12,100	22,400	(400)
Total Disbursements	\$ 200,000	\$ 10,300	\$ 182,075	\$ 192,375	\$ 7,625
Excess Receipts Over Disbursements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA  
Calvin Featherston, CPA  
Wayne Barr, CPA  
Cathryn A. Pitcock, CPA

(325) 944-3571  
FAX: (325) 942-1093  
www.eckertcpa.com

Members of  
American Institute of CPAs  
Texas Society of CPAs

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*

The Honorable County Judge  
and Commissioners' Court  
County of Concho  
P.O. Box 158  
Paint Rock, TX 76866-0158

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, each major fund, and the aggregate remaining fund information of County of Concho, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 8, 2016.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Eckert & Company, LLP*

March 8, 2016

COUNTY OF CONCHO  
Schedule of Status of Prior Findings  
Year Ended September 30, 2015

**Prior Year Findings -**

Reference Number: 2014-001

The purchase of two Sheriff's vehicles that totaled more than \$50,000 was not subjected to the bidding process.

**Status of Prior Year Findings -**

Reference Number: 2014-001

This condition did not exist in the current year.