



Financial Statements
September 30, 2022

Dawson County, Texas

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Independent Auditor's Report

The Honorable Judge and Members of the Commissioners Court
Dawson County, Texas
Lamesa, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawson County, Texas ("the 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dawson County, Texas, as of September 30, 2022, and the respective changes in financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Dawson County, Texas, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 statement 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 GAAS 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 GAAS 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 circumstances, 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 and the budgetary comparison information together with the schedule of changes in net pension liability and related ratios, the schedule of employer contributions, the schedule of changes in total OPEB liability and related ratios, and the information about infrastructure assets reported using the modified approach on pages 5-14 and 54-64 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 GAAS, 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's basic financial statements. The combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 GAAS. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 the County's 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's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Sallee LLP". The signature is written in a cursive, flowing style.

Abilene, Texas
March 10, 2023

This section of Dawson County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- Dawson County's total combined net position was \$16.3 million at September 30, 2022. This represents an increase of \$1,353,978 from September 30, 2021. Of this amount, \$5.5 million (unrestricted net position) may be used to meet the County's ongoing obligations.
- During the year, the County's expenses were \$1,353,978 less than the \$12.4 million generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$5.4 million; \$5.3 million is available for spending at the government's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of Dawson County's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Position (Page 15) presents information on all of Dawson County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 Dawson County's financial position is improving or deteriorating when examined in conjunction with nonfinancial factors. The Statement of Activities (Page 16) presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Net position – the difference between the County's assets and liabilities – is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements are designed to distinguish functions of Dawson County that are principally supported by taxes and intergovernmental revenues (governmental activities). Governmental activities include general government, judicial, elections, financial administration, tax administration, facilities management, law enforcement, fire protection, corrections, road and bridge, sanitation, public transportation, health care, human services, parks and recreation, museums, county extension services, and libraries. These activities are financed primarily by property taxes and grants. The County does not have any business-type activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about Dawson County's most significant funds – not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. Dawson County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes.

The County has three types of funds:

- **Governmental funds**—Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the 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 government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on Pages 18 and 20 of the basic financial statements section.

The County maintains forty-five individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, precinct fund, district court fund, and the American Rescue fund, all of which are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided in the Required Supplementary section to demonstrate compliance with this budget.

- Fiduciary funds – The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Fund Net Position. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Dawson County's combined net position was approximately \$16.3 million at September 30, 2022. The largest portion of the County's net position (40%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. An additional portion of the County's net position (26%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors.

	Governmental Activities	
	September 30, 2022	September 30, 2021
Current and Other Assets	\$ 15,036,856	\$ 10,454,905
Capital Assets	7,268,982	7,573,008
Total assets	22,305,838	18,027,913
Deferred Outflows of Resources	1,009,746	1,357,768
Current Liabilities	1,794,592	1,921,957
Long Term Liabilities	1,047,123	1,185,207
Total liabilities	2,841,715	3,107,164
Deferred Inflows of Resources	4,185,492	1,344,118
Net Position		
Net Investment in Capital Assets	6,509,716	6,648,357
Restricted	4,284,247	3,381,308
Unrestricted	5,494,414	4,904,734
Total net position	\$ 16,288,377	\$ 14,934,399

Changes in Net Position

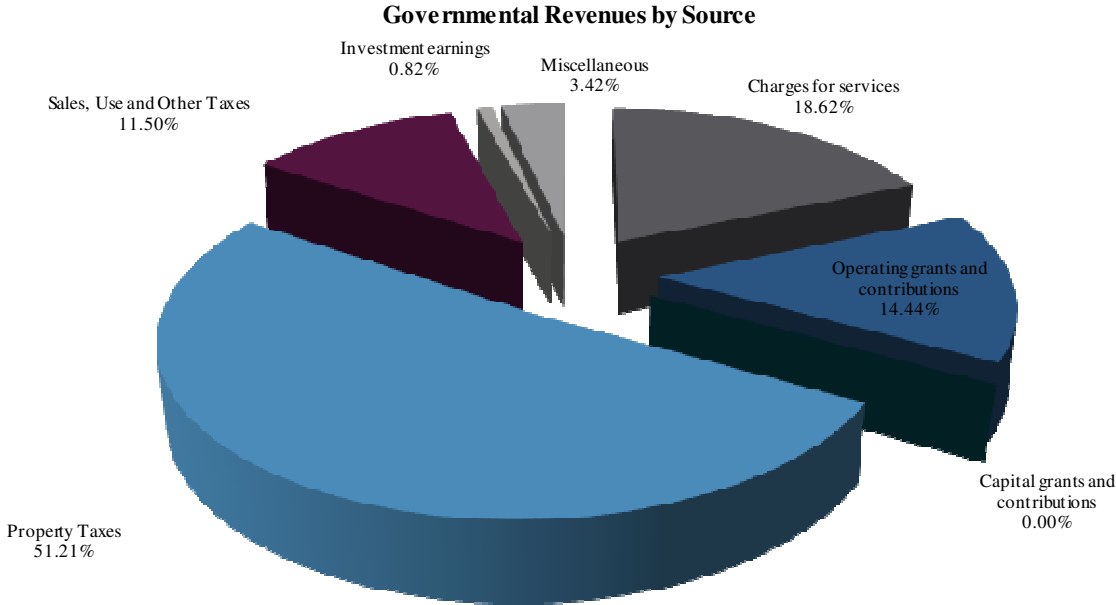
Dawson County's net position increased by \$1,353,978 during the current fiscal year.

	Governmental Activities	
	September 30, 2022	September 30, 2021
Revenues		
Program revenues		
Charges for services	\$ 2,317,120	\$ 2,663,297
Operating grants and contributions	1,796,995	943,856
Capital grants and contributions	-	56,498
General revenues		
Property taxes	6,374,619	7,530,001
Sales and use and other taxes	1,431,657	1,033,486
Investment earnings	101,503	37,735
Miscellaneous revenue	425,196	537,198
Gain on sale of assets	-	146,037
Total revenues	<u>12,447,090</u>	<u>12,948,108</u>
Expenses		
General government	2,040,252	1,829,888
Judicial	2,369,312	2,825,934
Elections	142,937	58,874
Financial Administration	323,119	359,408
Tax Administration	365,517	369,088
Facilities Management	-	1,165
Law Enforcement	898,995	1,336,977
Fire protection	188,173	13,070
Corrections	1,595,211	1,562,703
Road and bridge	2,123,717	2,213,159
Sanitation	87,925	52,755
Public transportation	10,000	10,000
Health care	73,440	63,247
Human services	305,983	326,125
Parks and recreation	27,427	64,589
Museums	1,000	1,000
County extension service	182,825	163,551
Libraries	340,117	311,731
Interest on long-term debt	17,162	30,945
Total expenses	<u>11,093,112</u>	<u>11,594,209</u>
Change in Net Position	1,353,978	1,353,899
Beginning net position	<u>14,934,399</u>	<u>13,580,500</u>
Ending Net Position	<u>\$ 16,288,377</u>	<u>\$ 14,934,399</u>

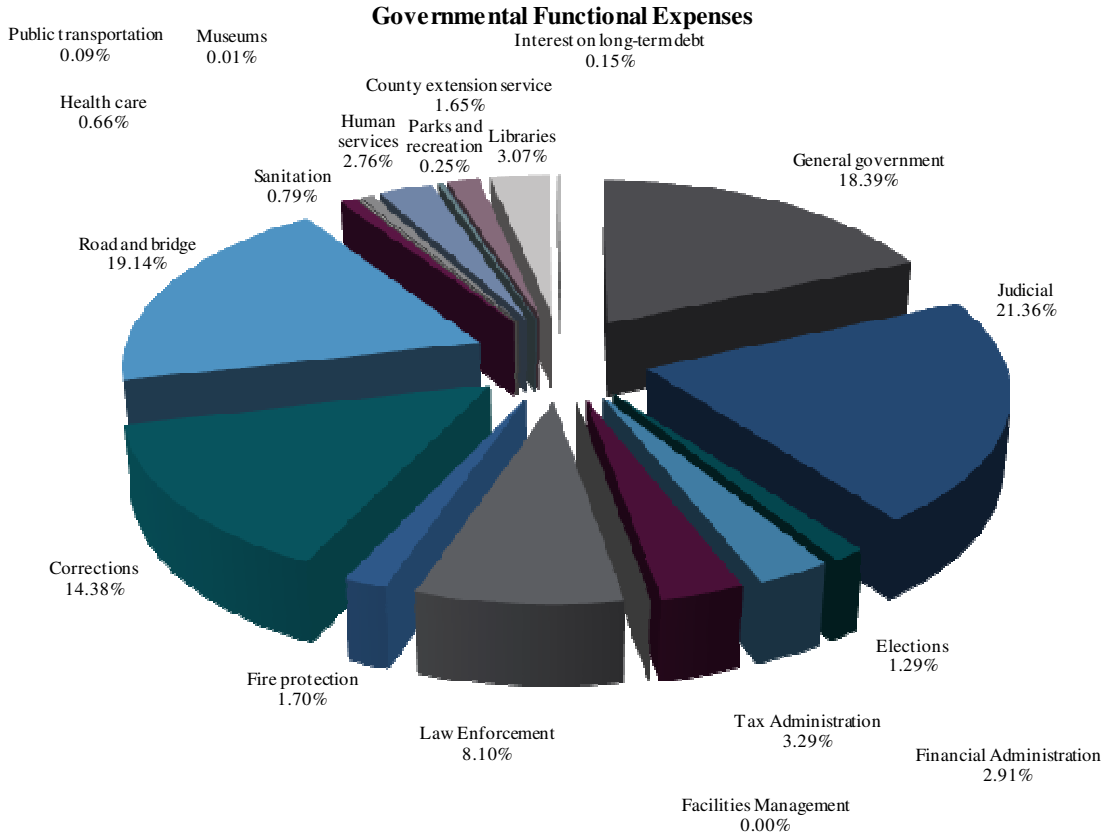
Governmental Activities

Total revenues for the fiscal year ending September 30, 2022 were \$12.4 million. Approximately 63% of the County's revenue comes from taxes, with approximately 51% from property taxes alone. Property tax revenue as a percentage of total revenue decreased by 7% compared to the prior year due to a decrease in assessed property values.

Expenditures decreased by \$501 thousand from the prior year, due to the net effect of decreases in judicial and law enforcement costs.



The total cost for all programs and services totaled \$11.1 million for the year ended September 30, 2022. Of this amount, the largest operating services areas were judicial which totaled \$2.4 million or 21% of total expenses for the year, and road and bridge which totaled \$2.1 million, or 19% of total expenses for the year. In the prior year, these two operating areas comprised 43.5% of total expenses. Costs related to general government (18%) continued to absorb a significant percentage of the County’s total expenses for the current year.



FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

As of the end of the fiscal year, Dawson County’s governmental funds reported a combined fund balance of \$8.2 million, an increase of \$891,453 or 12% in comparison with the prior year. Approximately 65% of this total amount (\$5.3 million) is unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is restricted or assigned, to indicate that it is not available for new spending because it has already been restricted or assigned to: 1) special purposes by virtue of special revenue funds (\$2.7 million).

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance was \$5.4 million. Approximately \$5.3 million is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 82% of total General Fund expenditures. Dawson County's General Fund balance increased by \$989,870 during the current fiscal year.

The Precinct Fund had a fund balance of \$565,977 at the end of the year, which is a decrease of \$170,579 in fund balance from prior year fund balance of \$736,556.

The District Court Fund had a fund balance of \$205,029 at the end of the year, which is a decrease of \$3,975 in fund balance from prior year fund balance of \$209,004.

The American Rescue Fund had a fund balance of \$13,398 at the end of the year, which is an increase of \$13,398 in fund balance from prior year fund balance of \$0.

Fund Budgetary Highlights

Over the course of the year, the County's General Fund budget was not revised. Actual expenditures were \$1,716,542 below final budgeted amounts. Positive variances from budgeted expenditures resulted from decreases in general government, judicial, and corrections expenditures. Resources available were \$258,399 greater than the final budgeted amount. The revenue increases were primarily due to increased sales tax revenues.

Over the course of the year, the County's Precinct Fund budget was not revised. Actual expenditures were \$175,394 over final budgeted amounts. Negative variances from budgeted expenditures resulted from higher than expected road and bridge expenditures. These negative variances were offset by a positive variances in debt services and capital outlay. Resources available were \$141,318 less than the final budgeted amount. The revenue decreases were primarily due to lower property tax levies.

Over the course of the year, the County's District Court Fund budget was not revised. Actual expenditures were \$26,788 under final budgeted amounts. Resources available were \$258,590 less than final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2022, the County had invested \$7.3 million in a broad range of capital assets, including land, buildings, bridges and equipment. This amount represents a net decrease (including additions, retirements and adjustments) of \$304,026, or 4.0% from last year.

Major events affecting capital assets during the year were:

- Various equipment and vehicle acquisitions.

More detailed information about the County's capital assets can be found in Note 5 of this report.

	Governmental Activities		Percent Change
	2022	2021	
Land	\$ 159,176	\$ 159,176	0.00%
Buildings and improvements	7,084,715	6,909,685	2.53%
Furniture and fixtures	109,157	109,157	0.00%
Machinery and equipment	6,453,313	6,379,105	1.16%
Transportation equipment	1,782,497	1,525,948	16.81%
Total	15,588,858	15,083,071	3.35%
Total accumulated depreciation	(8,319,876)	(7,510,063)	10.78%
Net Capital Assets	\$ 7,268,982	\$ 7,573,008	-4.01%

Long-Term Debt

At the end of the year, the County had \$878,982 of long-term obligations.

	Governmental Activities		Percent Change
	2022	2021	
Finance purchases payable	\$ 759,266	\$ 924,651	-18%
Compensated absences	119,716	76,057	57%
Total	\$ 878,982	\$ 1,000,708	-12%

During the year, Dawson County's long-term obligations decreased by \$121,726.

The State limits the amount of general obligation debt that a County can issue to 25% of its total assessed valuation. The current debt limitation is \$182 million, which is significantly higher than the County's outstanding general obligation debt.

More detailed information about the County's long-term liabilities can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Dawson County's elected and appointed officials considered many factors when setting the fiscal year 2023 budget and tax rates. Some key items that should be noted are as follows:

- Mineral net taxable assessed values used for the 2023 budget preparation increased by \$215,984,310 or 31.99% from 2022. The Commissioners Court chose to fully fund the budget above the No-New-Revenue (effective) Tax Rate. The net result was that the combined adopted tax rate was set at \$0.90 cents per \$100 of valuation, decrease from the prior year tax rate of \$0.970920.
- The Commissioners Court increased the base pay for elected officials and employees by 8%. The budget will allow for approximately the same number of employees. The Commissioners Court funded all employee health benefits at the same levels as the previous year. The Commissioners Court made various changes to the Dawson County Personnel Policy Manual so that the policies and procedures in the manual coincide with payroll budgets and benefits.
- The oil industry in the Dawson County area was impacted by the pandemic and the unpredictability in the oil prices. There is the potential for a continued weakness in mineral valuations in this County as world production is driving the cost of oil. There was hope that production would begin on a large-scale basis this next year but that is no longer the case. It is still difficult to accurately predict long-term economic numbers or population numbers for Dawson County based upon worldwide pricing and other economic considerations that drive the price of oil. Possibilities that will help strengthen and expand existing businesses and industries remain a focal point for economic development, along with seeking and pursuing opportunities not directly linked to oil, wind, and agriculture to help create stability and diversification for the local economy.

These factors and others were taken into consideration when preparing the maintenance and operations budgets for the 2023 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, consumers, investors and creditors with a general overview of Dawson County's finances and to show the County's accountability for the money it receives. For questions concerning any information provided in this report or requests for additional financial information, contact the County Auditor, Dawson County, Texas, PO Box 1268, Lamesa, Texas, 79331.

ACKNOWLEDGMENTS

For their assistance and cooperation, thank you to the District Judge of the 106th Judicial District, County Judge, Commissioners Court, the Treasurer, and other elected officials, appointed officials, department heads, foremen, and employees in the various departments. The interest and involvement of the Commissioners Court in planning and conducting the financial operations of Dawson County is appreciated. The Commissioners Court and all officials and employees worked hard and diligently during the budget workshops and throughout the year. This type of cooperation, support, and teamwork allows Dawson County to continue to take care of the community, citizens, and taxpayers.

Respectfully submitted,

Lucy Valero

Dawson County, Texas
Statement of Net Position (Exhibit A-1)
September 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 9,195,956
Receivables (net of allowance for uncollectibles)	
Taxes	697,006
Other	189,820
Prepaid expenses	19,844
Net pension asset	4,934,230
Capital assets	
Land	159,176
Buildings and improvements, net	3,212,323
Furniture and fixtures, net	16,096
Machinery and equipment, net	3,135,919
Transportation equipment, net	745,468
Total assets	22,305,838
Deferred outflows of resources	
Deferred outflows - pension	915,668
Deferred outflows - OPEB	94,078
Total deferred outflows	1,009,746
Liabilities	
Accounts payable and other current liabilities	256,781
Payroll liabilities	334,849
Unearned revenue	954,992
Noncurrent liabilities	
Due within one year	247,970
Due in more than one year	631,012
Total OPEB liability	416,111
Total liabilities	2,841,715
Deferred inflows of resources	
Deferred inflows - pension	4,162,494
Deferred inflows - OPEB	22,998
Total deferred inflows	4,185,492
Net Position	
Net investment in capital assets	6,509,716
Restricted for	
Grant	120,311
Road and bridge	605,068
Judicial	205,029
Community improvements	138,644
Enabling legislation	1,502,791
Construction	25,000
Pension	1,687,404
Unrestricted	5,494,414
Total net position	\$ 16,288,377

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental activities				
General government	\$ 2,040,252	\$ 53,556	\$ 114,680	\$ -
Judicial	2,369,312	990,542	269,013	-
Elections	142,937	-	1,338,624	-
Financial Administration	323,119	1,496	-	-
Tax Administration	365,517	390,656	-	-
Facilities Management	-	129,538	-	-
Law Enforcement	898,995	32,066	66,366	-
Fire protection	188,173	-	-	-
Corrections	1,595,211	36,901	-	-
Road and bridge	2,123,717	632,663	-	-
Sanitation	87,925	-	-	-
Public transportation	10,000	-	-	-
Health care	73,440	166	-	-
Human services	305,983	35,060	-	-
Parks and recreation	27,427	7,650	752	-
Museums	1,000	-	-	-
County extension service	182,825	-	-	-
Libraries	340,117	6,826	7,560	-
Interest and fees on long-term debt	17,162	-	-	-
Total governmental activities	<u>11,093,112</u>	<u>2,317,120</u>	<u>1,796,995</u>	<u>-</u>
Total primary government	<u>\$ 11,093,112</u>	<u>\$ 2,317,120</u>	<u>\$ 1,796,995</u>	<u>\$ -</u>

See Notes to Financial Statements

Dawson County, Texas
Statement of Activities (Exhibit A-2)
Year Ended September 30, 2022

	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	
	Governmental Activities	Total
	\$ (1,872,016)	\$ (1,872,016)
	(1,109,757)	(1,109,757)
	1,195,687	1,195,687
	(321,623)	(321,623)
	25,139	25,139
	129,538	129,538
	(800,563)	(800,563)
	(188,173)	(188,173)
	(1,558,310)	(1,558,310)
	(1,491,054)	(1,491,054)
	(87,925)	(87,925)
	(10,000)	(10,000)
	(73,274)	(73,274)
	(270,923)	(270,923)
	(19,025)	(19,025)
	(1,000)	(1,000)
	(182,825)	(182,825)
	(325,731)	(325,731)
	(17,162)	(17,162)
	(6,978,997)	(6,978,997)
	(6,978,997)	(6,978,997)
General revenues		
Property taxes, levied for general purposes	6,374,619	6,374,619
Sales and other taxes	1,431,657	1,431,657
Investment earnings	101,503	101,503
Miscellaneous income	425,196	425,196
	8,332,975	8,332,975
Total general revenues	8,332,975	8,332,975
Change in net position	1,353,978	1,353,978
Net position at beginning of year	14,934,399	14,934,399
	14,934,399	14,934,399
Net position at end of year	\$ 16,288,377	\$ 16,288,377

	General Fund	Precinct Fund	District Court Fund
Assets			
Cash and cash equivalents	\$ 5,410,968	\$ 635,226	\$ 232,934
Receivables (net of allowances for uncollectibles)			
Taxes	617,699	79,307	-
Other	58,138	-	-
Fines and fees	70,582	-	-
Prepaid expenses	-	19,844	-
Due from other funds	71,764	-	-
Total assets	<u>\$ 6,229,151</u>	<u>\$ 734,377</u>	<u>\$ 232,934</u>
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable and other current liabilities	\$ 157,719	\$ 76,126	\$ 8,256
Payroll liabilities	264,863	28,760	17,170
Unearned revenue	24,836	-	-
Due to other funds	-	4,579	2,479
Total liabilities	<u>447,418</u>	<u>109,465</u>	<u>27,905</u>
Deferred inflows of resources			
Unavailable revenue - property tax	270,374	58,935	-
Unavailable revenue - fines and fees	70,582	-	-
Total deferred inflows of resources	<u>340,956</u>	<u>58,935</u>	<u>-</u>
Fund balances			
Nonspendable			
Prepaid items	-	19,844	-
Restricted for			
Grant	-	-	-
Judicial	-	-	205,029
Community improvements	138,644	-	-
Road and bridge	-	546,133	-
Enabling legislation	-	-	-
Construction	-	-	-
Committed for			
Public facilities	-	-	-
Unassigned	5,302,133	-	-
Total fund balances	<u>5,440,777</u>	<u>565,977</u>	<u>205,029</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,229,151</u>	<u>\$ 734,377</u>	<u>\$ 232,934</u>

See Notes to Financial Statements

Total Fund Balance - Governmental Funds \$ 8,156,113

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Governmental capital assets	15,588,858	
Accumulated depreciation	<u>(8,319,876)</u>	7,268,982

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Similarly, the net pension asset is not reported in the funds

Financed purchases payable	(759,266)	
Compensated absences	(119,716)	
Net pension asset	4,934,230	
Total OPEB liability	<u>(416,111)</u>	3,639,137

Included in the items related to long-term liabilities is the recognition of the County's deferred outflow of resources, and deferred inflow of resources relating to its pension liability and OPEB liability.

Deferred inflow of resources - pension	(4,162,494)	
Deferred inflow of resources - OPEB	(22,998)	
Deferred outflow of resources - pension	915,668	
Deferred outflow of resources - OPEB	<u>94,078</u>	(3,175,746)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.

Unavailable revenue - office fees receivable	70,582	
Unavailable revenue - property taxes	<u>329,309</u>	<u>399,891</u>

Net Position of Governmental Activities - Statement of Net Position \$ 16,288,377

	General Fund	Precinct Fund	District Court Fund
Revenues			
Taxes			
Property taxes	\$ 5,457,322	\$ 1,189,689	\$ -
Other taxes	1,431,657	-	-
License and permits	-	487,517	-
Intergovernmental and grants	25,674	-	298,193
Fines and fees	733,976	9,600	-
Rents and recoveries	10,650	-	-
Investment earnings	81,833	-	-
Miscellaneous	345,209	135,546	3,905
Total revenues	<u>8,086,321</u>	<u>1,822,352</u>	<u>302,098</u>
Expenditures			
Current			
General government	1,143,275	-	-
Judicial	1,147,872	-	568,563
Elections	99,603	-	-
Financial administration	359,669	-	-
Tax administration	365,517	-	-
Law enforcement	1,041,529	-	-
Fire protection	188,173	-	-
Corrections	1,260,863	-	-
Road and bridge	-	1,816,728	-
Sanitation	87,925	-	-
Public transportation	10,000	-	-
Health and welfare			
Health care	65,000	-	-
Human services	92,000	-	-
Culture and recreation			
Parks and recreation	14,379	-	-
Museum	1,000	-	-
County extension services	161,534	-	-
Libraries	342,905	-	-
Debt service			
Debt principal	-	162,244	-
Debt interest and agent fees	-	13,959	-
Capital outlay			
Capital outlay	58,118	-	-
Total expenditures	<u>6,439,362</u>	<u>1,992,931</u>	<u>568,563</u>
Excess (deficiency) of revenues over (under) expenditures	1,646,959	(170,579)	(266,465)
Other financing sources (uses)			
Transfers in	47,811	-	262,490
Transfers out	(704,900)	-	-
Proceeds from long-term debt	-	-	-
Total other financing sources (uses)	<u>(657,089)</u>	<u>-</u>	<u>262,490</u>
Net change in fund balance	989,870	(170,579)	(3,975)
Fund balance at beginning of year	4,450,907	736,556	209,004
Fund balance at end of year	<u>\$ 5,440,777</u>	<u>\$ 565,977</u>	<u>\$ 205,029</u>

See Notes to Financial Statements

Dawson County, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit A-5)

Year Ended September 30, 2022

American Rescue Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 6,647,011
-	-	1,431,657
-	-	487,517
1,338,432	572,249	2,234,548
-	236,900	980,476
-	-	10,650
13,398	6,272	101,503
-	294,626	779,286
<u>1,351,830</u>	<u>1,110,047</u>	<u>12,672,648</u>
479,345	365,168	1,987,788
6,918	763,496	2,486,849
31,505	-	131,108
11,910	-	371,579
-	-	365,517
59,619	1,318	1,102,466
-	-	188,173
223,732	35,059	1,519,654
15,359	-	1,832,087
-	-	87,925
-	-	10,000
-	-	65,000
1,089	212,894	305,983
-	-	14,379
-	-	1,000
-	-	161,534
-	-	342,905
65,563	19,189	246,996
-	3,203	17,162
<u>443,392</u>	<u>123,191</u>	<u>624,701</u>
<u>1,338,432</u>	<u>1,523,518</u>	<u>11,862,806</u>
13,398	(413,471)	809,842
-	442,410	752,711
-	(47,811)	(752,711)
-	81,611	81,611
<u>-</u>	<u>476,210</u>	<u>81,611</u>
13,398	62,739	891,453
-	1,868,193	7,264,660
<u>\$ 13,398</u>	<u>\$ 1,930,932</u>	<u>\$ 8,156,113</u>

Dawson County, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-6)
Year Ended September 30, 2022

Net Change in Fund Balances - Total Governmental Funds		\$	891,453
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.			
Capital outlay		631,701	
Principal payments		<u>246,996</u>	878,697
Depreciation is not recognized as an expenditure 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.			
			(935,727)
Proceeds from financed purchases are reported as other financing sources in the fund financial statements but are shown as long term liabilities in the government-wide financial statements.			
			(81,611)
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's share of pension expense must be recognized.			
Change in contributions made after measurement date		52,506	
Pension expense		<u>889,060</u>	941,566
Certain expenditures for the OPEB that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to decrease. The County's unrecognized deferred inflows and outflows as of the measurement date must be amortized and the County's share of OPEB expense must be recognized.			
Change in contributions made after measurement date		521	
OPEB expense		<u>(26,106)</u>	(25,585)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.			
Decrease in office fines and fees receivable		1,236	
Increase in unavailable tax revenues		(272,392)	
Decrease in compensated absences		<u>(43,659)</u>	<u>(314,815)</u>
Change in Net Position of Governmental Activities - Statement of Activities			<u>\$ 1,353,978</u>

Dawson County, Texas
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-7)
September 30, 2022

	Private Purpose Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 1,182,283	\$ 1,052,955
Investments	1,805,661	-
Other receivables	78,408	-
	\$ 3,066,352	\$ 1,052,955
Liabilities		
Accounts payable	\$ -	\$ 9,853
Due to others	26,687	-
	26,687	9,853
Net position		
Restricted for private purpose trust fund	3,039,665	-
Restricted for individuals, organizations, or other governments	-	1,043,102
	\$ 3,039,665	\$ 1,043,102

Dawson County, Texas
Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds (Exhibit A-8)
September 30, 2022

	Private Purpose Trust Fund	Custodial Funds
Additions		
Rents and royalties	\$ 544,942	\$ -
Gain on mineral interests	1,174,067	-
Tax collections from other governments	-	8,412,262
Licenses, fees, fines from other governments	-	2,030,299
Collections for individuals and others	-	9,908
Miscellaneous revenue	7,701	203
Total Additions	1,726,710	10,452,672
Deductions		
Distributions to county schools	1,385,870	-
Ad valorem tax payments - other governments	-	8,780,716
CSCD program costs	-	652,351
Other disbursements	-	1,219,806
Total Deductions	1,385,870	10,652,873
Change in Net Position	340,840	(200,201)
Net position, beginning of year	2,698,825	1,243,303
Net position, end of year	\$ 3,039,665	\$ 1,043,102

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The County and its specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S. Dawson County (the County) operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting policies of the County conform to generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units.

The Commissioners' Court has governance responsibilities over all activities related to Dawson County, Texas. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities; however, the County is not included in any other governmental "reporting entity" as defined by authoritative guidance. There are no component units included within the reporting entity. The criteria for including organizations as component units within the County's reporting entity, as set forth in GAAP include whether:

- the organization is legally separate (can sue and be sued in its name)
- the County holds the corporation powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County
- the exclusion of the organization would result in misleading or incomplete financial statements

The County provides the following services to its citizens: public safety (law enforcement and detention, fire and ambulance), public transportation (roads and bridges), health and welfare (indigent care, health clinic facilities, meals for the elderly and indigent health care), culture and recreation facilities, conservation, public facilities, judicial and legal, election functions, and general and financial administrative services.

Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Dawson County nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues.

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: a) fees, fines and charges paid by the recipients of goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. 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/due from custodial funds on the government-wide Statement of Net Position.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental 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 major and reports their financial condition and results of operations in a separate column.

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles.

The private purpose trust fund is accounted for on a flow of economic resources measurement focus and utilizes the modified 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 liabilities associated with the operation of these funds are included on the Statement of Fiduciary Net Position. The net position is segregated into restricted and unrestricted net position.

Property tax revenues and sales tax receipts are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Property tax revenues are considered measurable at the time of levy and are recognized as a deferred inflow and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end. The amount of taxes collected in the period 60 days subsequent to year end are recorded as current year revenue. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures or expenses are recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Fund Accounting

The County reports the following major governmental funds:

General Fund – The General Fund is the County’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

District Court Fund – The District Court Fund is designated to receive and expend monies related to the operation of the district court which is headquartered in Dawson County.

Precinct Fund – The Road and Bridge Fund is a special revenue fund that is used to receive and expend the property tax, farm to market taxes, and lateral road monies that are used for precinct road operations.

American Rescue Fund – The American Rescue Fund is a special revenue fund that is used to account for resources restricted by the grantor agency for this federal program.

Additionally, the County reports the following non-major fund types:

Governmental Funds

Special Revenue Funds – The County uses these funds to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted, committed, or assigned to expenditures for specified purposes.

Fiduciary Funds

Private Purpose Trust Fund - The County accounts for funds that both the principal and the income must be used for purposes that benefit parties other than the County. The only Private Purpose Trust Fund is the Permanent School Fund.

Custodial Funds – The County accounts for resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Cash and Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

Property taxes are levied by October 1 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.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a “Property Tax Code” and provides, among other things, for the establishment of county wide appraisal districts and for the State Property Tax Board which commenced operation on January 1, 1980.

As of October 1, 1981, the appraisal of property within the County was the responsibility of the Appraisal District (the Appraisal District) of Dawson County. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the effective tax rates for bonds and other contractual obligations and adjusted for new improvements exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

Through a contractual arrangement with the County, the Appraisal District of Dawson County is responsible for the collection of taxes. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the Appraisal District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Generally, a capitalization threshold of \$5,000 and a useful life of two years or more is used.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings	40-50
Building improvements	15-50
Vehicles	5-10
Other equipment	5-10

Infrastructure Assets

The County has elected to use the modified approach in accounting for its street network (pavement). The modified approach allows governments to report as expenses in lieu of depreciation, infrastructure expenditures which maintain the asset but do not add to or improve the asset. Additions and improvements to the street network are capitalized. The County uses a pavement rating system to rate street condition and quantify the results of maintenance efforts. The rating system uses a measurement scale that is based on a condition index rating from zero for failed pavement to 10 for pavement in perfect condition. The condition index is used to classify roads and streets in five categories: very good (9-10), good (7-8), fair (5-6), poor (3-4), and very poor (0-2). It is the County's desire to maintain 100% of its street system in good or very good condition. See Exhibit B-7 on pages 60 and 61 for additional information.

Receivables and Payables Balances

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue.

Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued as long-term debt in the government-wide statements.

The County has a policy of paying for unused vacation, compensatory and holiday time. Sick time is allowed to accumulate to a maximum of 480 hours, but the County does not pay for unused sick time. The liability for these items has been estimated at approximately \$119,716 as of September 30, 2022. They are recorded as expenditures when they are paid but are reflected in the Government-Wide Financial Statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. 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 or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In fund financial statements, the face amount of debt issued is reported as other financing sources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 then. The County has deferred outflows of resources related to its pension and OPEB plans for changes in assumptions and the difference between projected and actual earnings for its pension plan and contributions made to the pension and OPEB plans after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will 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. The County has deferred inflows of resources for the differences between expected and actual experience related to its pension plan, OPEB plan, and for unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

The fiduciary net position of the Texas County & 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 liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS's fiduciary net position. 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.

OPEB

The fiduciary net position has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from the fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no assets accumulated in a trust fund for the OPEB plan.

Note 2 - Fair Value Measurements

GASB Statement No. 72, Fair Value Measurement and Application, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Investment valuation techniques are used to determine fair value. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Oil and gas properties: Valued based on an income multiplier method which estimates fair value at four times annual net income.

The following table sets forth by level, within the fair value hierarchy, the County's assets at fair value as of September 30, 2022:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Quoted Prices Significant Unobservable Inputs (Level 3)</u>
Private purpose trust fund				
Oil and gas properties	\$ 1,805,661	\$ -	\$ -	\$ 1,805,661

Note 3 - Deposits and Investments

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities 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.

A. Deposits

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 FDIC insurance.

At September 30, 2022, the carrying amount of cash held by the County (including custodial funds) was:

	<u>Amortized Cost</u>
Total cash in	
First United Bank	\$ 11,431,194
	<u>\$ 11,431,194</u>

B. Investments

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

The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices.

C. Investment Accounting Policy

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

Custodial Credit Risk – Deposits

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is for the safekeeping bank to provide minimum collateral of 110% of the County deposits. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2022 were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

Concentration of Credit Risk

The County's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

Note 4 - Receivables

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	Property Taxes	Sales Tax	Fines and Fees	Other Receivables	Total Receivables
Governmental Funds					
General fund	\$ 707,441	\$253,886	\$6,051,616	\$ 58,138	\$ 7,071,081
Precinct fund	154,227	-	-	-	154,227
Nonmajor governmental funds	-	-	-	61,100	61,100
Gross receivables	861,668	253,886	6,051,616	119,238	7,286,408
Less: allowance for uncollectibles	(418,548)	-	(5,981,034)	-	(6,399,582)
Total governmental funds	<u>443,120</u>	<u>253,886</u>	<u>70,582</u>	<u>119,238</u>	<u>886,826</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 329,309</u>	<u>\$ -</u>	<u>\$ 70,582</u>	<u>\$ -</u>	<u>\$ 399,891</u>

Note 5 - Capital Assets

Capital asset activity for the period ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	\$ 159,176	\$ -	\$ -	\$ 159,176
Total non-depreciable assets	159,176	-	-	159,176
Depreciable assets				
Buildings and improvements	6,909,685	175,030	-	7,084,715
Furniture and fixtures	109,157	-	-	109,157
Machinery and equipment	6,379,105	94,782	(20,574)	6,453,313
Transportation equipment	1,525,948	361,889	(105,340)	1,782,497
Total depreciable assets	<u>14,923,895</u>	<u>631,701</u>	<u>(125,914)</u>	<u>15,429,682</u>
Total at historic cost	<u>15,083,071</u>	<u>631,701</u>	<u>(125,914)</u>	<u>15,588,858</u>
Less accumulated depreciation				
Buildings and improvements	3,658,410	213,982	-	3,872,392
Furniture and fixtures	90,189	2,872	-	93,061
Machinery and equipment	2,781,716	556,252	(20,574)	3,317,394
Transportation equipment	979,748	162,621	(105,340)	1,037,029
Total accumulated depreciation	<u>7,510,063</u>	<u>935,727</u>	<u>(125,914)</u>	<u>8,319,876</u>
Governmental activities capital assets, net	<u>\$ 7,573,008</u>	<u>\$ (304,026)</u>	<u>\$ -</u>	<u>\$ 7,268,982</u>

Depreciation was charged to functions as follows:

General government	\$	92,967
Judicial		86,956
Elections		22,332
Facilities management		13,524
Law enforcement		98,942
Corrections		75,557
Road and bridge		461,353
Health care		8,249
Parks and recreation		51,341
County extension service		20,250
Libraries		4,256
		4,256
	\$	935,727

Note 6 - Interfund Balances and Activity

Due to and From Other Funds

Balances due to and due from other funds at September 30, 2022, consisted of the following:

Due to general fund from:		
District Court fund	\$	2,479
Precinct fund		4,579
Nonmajor special revenue funds		64,706
Due from other funds		71,764
	\$	71,764

Transfers to and From Other Funds

Transfers to and from other funds at September 30, 2022, consisted of the following:

Transfers from General fund to:		
District Court fund	\$	262,490
Nonmajor special revenue funds		442,410
		704,900
	\$	704,900
Transfers from nonmajor special revenue funds to:		
General fund		47,811
	\$	47,811
	\$	47,811

Transfers from the general fund provide additional funding for special projects. Transfers from nonmajor special revenue funds were to release funds to appropriate agencies and departments.

Note 7 - Long-Term Obligations

The County’s long-term debt consists of finance purchases payable. Other long-term debt consists of the accrued liability for employee vested compensated absences.

A. Financed Purchases Payable

The County has entered into finance agreements to finance the acquisition of road graders and vehicles. The agreements carry interest rates ranging from 2.50% to 5.35%. Contracts have terms of 60 months and mature in the next four years.

The original cost of the road graders and vehicles is \$1,502,709 and \$81,611, respectively. Accumulated depreciation at fiscal year end is \$346,095 and carrying value is \$1,238,225. The related expense is recorded as depreciation expense. Debt service requirements for the finance contracts are funded from Precinct, ARPA, and other governmental funds.

The following table summarizes the annual debt requirements of the financed purchases payable at September 30, 2022, to maturity:

Year Ending September 30	Total Principal	Total Interest	Total Requirements
2023	\$ 247,970	\$ 19,408	\$ 267,378
2024	229,274	11,569	240,843
2025	203,852	5,337	209,189
2026	78,170	802	78,972
Total	<u>\$ 759,266</u>	<u>\$ 37,116</u>	<u>\$ 796,382</u>

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2022, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Financed Purchases					
Caterpillar Financial Services	\$ 102,902	\$ -	\$ (41,112)	\$ 61,790	\$ 43,134
Caterpillar Financial Services	270,084	-	(63,297)	206,787	70,995
Caterpillar Financial Services	182,873	-	(36,823)	146,050	37,619
Caterpillar Financial Services	187,666	-	(37,787)	149,879	38,606
Caterpillar Financial Services	181,126	-	(48,788)	132,338	37,572
Vehicle finance purchase	-	81,611	(19,189)	62,422	20,044
Total financed purchases	<u>924,651</u>	<u>81,611</u>	<u>(246,996)</u>	<u>759,266</u>	<u>247,970</u>
Compensated absences	<u>76,057</u>	<u>141,788</u>	<u>(98,129)</u>	<u>119,716</u>	<u>-</u>
Total Governmental Activities	<u>\$ 1,000,708</u>	<u>\$ 223,399</u>	<u>\$ (345,125)</u>	<u>\$ 878,982</u>	<u>\$ 247,970</u>

Note 8 - Compensated Absences

Accumulated unpaid annual leave amounts are not accrued in governmental funds using the modified accrual basis of accounting but are reflected in the government-wide financial statements. At September 30, 2022, accrued employee benefits recorded as general long-term debt were for annual vacation pay, holiday pay, and comp pay and amounted to \$119,716.

Note 9 - Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2022, the County purchased commercial insurance to cover these risks. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Health Care Coverage

The County provides group health insurance coverage to all full-time employees. Employees may elect to cover dependents at their own expense. County employee premiums are paid with County funds.

Cafeteria Plan

The County entered into a Pre-Tax Premium Plan which qualifies as a "cafeteria plan." The insurance premiums that qualify for the plan are medical, life, and accidental death and dismemberment. The individuals who are eligible to participate are all employees who are covered or who are eligible to be covered under the County's group health plan.

Note 10 - Retirement 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 state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of over 830 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at <https://www.tcdrs.org>.

Benefits Provided

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or 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 10 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the County's Board within certain guidelines.

Membership

County membership in the TCDRS plan at December 31, 2021 consisted of the following:

Inactive Employees' Accounts	
Receiving benefits	75
Entitled to but not yet receiving benefits	105
	180
Total	180
Active Employees' Accounts	113

Contributions

The County 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 County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Contribution Rates	2021	2022
Member	7.00%	7.00%
Employer	6.31%	7.43%
Employer contributions	\$ 290,944	\$ 344,108
Member contributions	323,176	337,447

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.0 years
Asset valuation method	5 year smoothed market
Discount rate	7.60%
Long-term expected investment rate of return*	7.50%
Salary increases*	4.70%, average
Payroll growth rate	3.00%

**Includes inflation of 2.50%*

The plan does not have an automatic cost-of-living adjustment and one is not considered to be substantively automatic under GASB No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad-hoc COLA for its retirees.

Disability rates for males and females were as follows:

Age	Male and Female Occupational	Male and Female All Other Causes
Less than 25	0.001%	0.000%
25	0.001	0.003
26	0.001	0.006
27	0.001	0.009
28	0.001	0.011
29	0.001	0.013
30	0.001	0.014
31	0.001	0.016
32	0.001	0.018
33	0.001	0.020
34	0.001	0.023
35	0.001	0.025
36	0.001	0.028
37	0.001	0.030
38	0.001	0.034
39	0.001	0.038
40	0.001	0.042
41	0.001	0.046
42	0.001	0.050
43	0.001	0.058
44	0.001	0.066
45	0.001	0.074
46	0.001	0.082
47	0.001	0.090
48	0.001	0.099
49	0.001	0.108
50	0.001	0.117
51	0.001	0.126
52	0.001	0.135
53	0.001	0.144
54	0.001	0.153
55	0.001	0.162
56	0.001	0.171
57	0.001	0.180
58	0.001	0.189
59	0.001	0.198
60 and above	-	-

Mortality rates for depositing members were based on 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 were based on 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 were based on 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.

Service retirement rates for males and females were as follows:

Age	Active Scv				Deferred
	Active Scv<15	15-24	25-29	30+	All Svc
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50-51	5.6	6.8	8.3	9.4	-
52-53	6.0	7.2	8.8	10.0	-
54-56	6.8	8.1	9.9	11.3	-
57-59	7.5	9.0	11.0	12.5	-
60-61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63-64	11.3	13.5	16.5	18.8	15.0
65-66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68-69	18.9	18.9	23.1	23.1	21.0
70-74	20.7	20.7	25.3	25.3	23.0
75 & Above	100.0	100.0	100.0	100.0	100.0

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017 - 2020. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2021.

There were no changes in methods or assumptions reflected in the December 31, 2021 actuarial valuation.

Discount Rate

The discount rate used to measure the total pension liability did not change from the rate used in the prior year valuation, 7.60%.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our 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 cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the information noted on the prior page, 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 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. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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 at a minimum of every four years and is based on a long term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Benchmark	Target Allocation ^a	Geometric Real Rate of Return ^b
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	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities – Emerging	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 ^c	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 ^d	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index ^e	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%

^a Target asset allocation adopted at the March 2022 TCDRS Board meeting.

^b Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater’s 2022 capital market assumptions.

^c Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

^d Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

^e Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

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

At September 30, 2022, the County reported a net pension asset of \$4,934,230 for its net pension asset measured at December 31, 2021. For the year ended September 30, 2022, the County recognized pension expense of \$595,655.

Changes to the real rate of return, inflation, long-term investment return, and the payroll growth assumptions affected measurement of the total pension liability during the measurement period.

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

Changes in the net pension liability/(asset) for the year ended December 31, 2021 are as follows:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at December 31, 2020	\$ 26,146,713	\$ 26,964,774	\$ (818,061)
Changes for the year			
Service cost	629,854	-	629,854
Interest on total pension liability ^f	1,985,704	-	1,985,704
Effect of plan changes ^g	-	-	-
Effect of economic/demographic gains or losses	(172,813)	-	(172,813)
Effect of assumptions changes or inputs	(127,844)	-	(127,844)
Refund of contributions	(36,935)	(36,935)	-
Benefit payments	(1,285,051)	(1,285,051)	-
Administrative expenses	-	(17,352)	17,352
Member contributions	-	325,489	(325,489)
Net investment income	-	5,842,022	(5,842,022)
Employer contributions	-	293,405	(293,405)
Other ^h	-	(12,494)	12,494
Balances as of December 31, 2021	<u>\$ 27,139,628</u>	<u>\$ 32,073,858</u>	<u>\$ (4,934,230)</u>

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

^gNo plan changes valued.

^hRelates to the allocation of system-wide items.

Discount Rate Sensitivity Analysis

The following presents the net pension liability / (asset) of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability 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 (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 30,362,729	\$ 27,139,628	\$ 24,394,929
Fiduciary net position	32,073,858	32,073,858	32,073,858
Net pension liability / (asset)	\$ (1,711,129)	\$ (4,934,230)	\$ (7,678,929)

At September 30, 2022, the County reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 358,237	\$ -
Changes of assumptions	95,883	650,818
Net difference between projected and actual earnings	3,708,374	-
Contributions paid to TCDRS subsequent to the measurement date	-	264,850
Total	\$ 4,162,494	\$ 915,668

\$264,850 reported as deferred outflows of resources related to pensions resulting from contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2023. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended September 30	
2023	\$ (685,155)
2024	(1,104,361)
2025	(958,151)
2026	(764,009)
2027	-
Thereafter	-
Total	\$ (3,511,676)

Note 11 - Fund Balance

The County classifies governmental fund balance in the following categories:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2022, the County had \$19,844 in nonspendable fund balance for prepaid items.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance restricted for specific programs included grant, judicial, community improvements, road and bridge, enabling legislation, and bond agreement and totaled \$120,311, \$205,029, \$138,644, \$546,133, \$1,502,791, and \$25,000, respectively, as of September 30, 2022.

Committed fund balance is established, rescinded, and modified by a resolution from the Commissioners Court and can be used only for the specified purposes determined by the Court's resolution. Fund balance committed for public facilities totaled \$296,228 at September 30, 2022.

Assigned fund balance is intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed. Fund balance can be assigned by the Commissioners Court or by a Court designee. At September 30, 2022, the County had no assigned fund balance.

Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

The County uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the County would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

The County aims to maintain the following minimum fund balances:

General fund: Unassigned fund balance of approximately 20-30% of budgeted expenditures for the fiscal year, to be used for unanticipated needs.

Note 12 - Postemployment Healthcare Benefits

Plan Description

The County participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiemployer, public employee retirement system.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life (GTL) are included in the OPEB plan. Participation in the retiree GTL program is optional and the employer may elect to out of (or opt into) coverage as of January 1 each year.

Texas Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to the Commissioners Court. The plan is not administered by a trust and there are no assets accumulated in a trust.

Contributions

Contributions made to the retiree GTL program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. Benefit terms are established under the TCDRS Act. The county's contribution rate for the GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000. Total contributions paid by the County equaled \$20,334 for the year ended December 31, 2021.

Benefits Provided

The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. The OPEB benefit is a fixed \$5,000 lump-sum benefit. No future increases are assumed in the \$5,000 benefit amount. Benefits are established under the TCDRS Act.

Membership

Inactive Employees' Accounts	
Receiving benefits	61
Entitled to but not yet receiving benefits	38
	38
Total	99
Active Employees' Accounts	113

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Actuarial cost method	Individual entry-age percent of salary
Amortization method	Straight-Line amortization over Expected Working Life
Discount rate	2.06%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far in the future. Examples include assumptions about future employment, mortality, and the health care cost trends. Amounts determined regarding the funded status and the annual required contributions of the County's retiree GTL plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Mortality rates for depositing members were based on 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 were based on 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 were based on 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.

Disability rates for males and females were as follows:

Age	Male and Female Occupational	Male and Female All Other Causes
Less than 25	0.001%	0.000%
25	0.001	0.003
26	0.001	0.006
27	0.001	0.009
28	0.001	0.011
29	0.001	0.013
30	0.001	0.014
31	0.001	0.016
32	0.001	0.018
33	0.001	0.020
34	0.001	0.023
35	0.001	0.025
36	0.001	0.028
37	0.001	0.030
38	0.001	0.034
39	0.001	0.038
40	0.001	0.042
41	0.001	0.046
42	0.001	0.050
43	0.001	0.058
44	0.001	0.066
45	0.001	0.074
46	0.001	0.082
47	0.001	0.090
48	0.001	0.099
49	0.001	0.108
50	0.001	0.117
51	0.001	0.126
52	0.001	0.135
53	0.001	0.144
54	0.001	0.153
55	0.001	0.162
56	0.001	0.171
57	0.001	0.180
58	0.001	0.189
59	0.001	0.198
60 and above	-	-

Service retirement rates for males and females were as follows:

Age	Active Scv<15	Active Scv 15-	Active Scv 25-	Active Scv 30+	Deferred All Svc
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50-51	5.6	6.8	8.3	9.4	-
52-53	6.0	7.2	8.8	10.0	-
54-56	6.8	8.1	9.9	11.3	-
57-59	7.5	9.0	11.0	12.5	-
60-61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63-64	11.3	13.5	16.5	18.8	15.0
65-66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68-69	18.9	18.9	23.1	23.1	21.0
70-74	20.7	20.7	25.3	25.3	23.0
75 & Above	100.0	100.0	100.0	100.0	100.0

The actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2021, were based on results of an actuarial experience study for the period January 1, 2017 – December 31, 2020 as conducted by TCDRS.

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.06% (based on the daily rate closest to but not later than the measurement date of the 20 Year Bond GO Index published by bondbuyer.com). The discount rate was 2.12% as of the prior measurement date.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2022, the County reported a total OPEB liability of \$416,111 measured at December 31, 2021. For the year ended September 30, 2022, the County recognized OPEB expense of \$36,801.

There was a change in the discount rate from 2.12% as of December 31, 2020, to 2.06% as of December 31, 2021.

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

Changes in the total OPEB liability for the measurement year ended December 31, 2021 are as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balances at December 31, 2020	\$ 405,319
Changes for the year	
Service cost	13,001
Interest on the total OPEB liability	8,756
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	(6,915)
Changes of assumptions	6,645
Benefit payments	(10,695)
Balances as of December 31, 2021	\$ 416,111

At September 30, 2022, the County reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 12,432	\$ 5,088
Changes of assumptions	10,566	73,662
Contributions subsequent to the measurement date	-	15,328
Total	\$ 22,998	\$ 94,078

\$15,328 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2023. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended September 30		
2023	\$	15,044
2024		15,050
2025		18,253
2026		7,405
2027		-
Thereafter		-
Total	\$	55,752

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.06%, 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 (1.06%) or 1 percentage point higher (3.06%) than the current rate.

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB liability	\$ 504,546	\$ 416,111	\$ 348,053

Note 13 - Other Retirement and Miscellaneous Benefits

The County makes available to all of its full-time employees a deferred compensation plan under Internal Revenue Code Section 457. The County does not contribute to this plan. All contributions are made by employees who elect to participate in the plan. Employees may defer up to 25% of gross income, not to exceed \$7,500 per year. The County remits employee contributions to the plan trustee on a regular basis. The County does not administer the Section 457 plan, nor does it provide investment advice to the plan. Accordingly, the Section 457 plan is not part of the County's reporting entity.

Note 14 - Tax Abatements

The County has entered into property abatement agreements with local businesses under Texas Local Government Code, Section 501.159. Under the Code, local governments may grant property tax abatements.

The County is under no obligation to provide tax abatement to any specific applicant and reserves the right to do so on a case-by-case basis as stimulation for economic development within the Reinvestment Zones established by the County. The abatements may be granted to any business located within or promising to relocate to the service area of Dawson County.

For fiscal year ended September 30, 2022, the County abated property taxes totaling \$1,147,326 under this program, including the following tax abatement agreements:

Mesquite Creek Wind LLC

- Commitment: All improvements and equipment related to the operation of wind farms.
- Terms of abatement: 100% exemption from property taxes on all improvements for 10 years.
- The abatement for fiscal year 2021 amounted to \$715,085 for improvements valued at \$73,650,270.

BNB Lamesa Solar LLC

- Commitment: Improvements physically located on a site (Phase II Site) that supports electricity generation.
- Terms of abatement: 100% exemption from property taxes on certified appraised value of all improvements within the Phase II Site.
- The abatement for fiscal year 2022 amounted to \$432,240 for improvements valued at \$44,518,640.



Required Supplementary Information
September 30, 2022

Dawson County, Texas

Dawson County, Texas
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)
 Year Ended September 30, 2022

	Budget Amounts		Actual	Variance from Final Budget
	Original Budget	Final Budget		
Revenues				
Taxes				
Property taxes	\$ 5,711,289	\$ 5,711,289	\$ 5,457,322	\$ (253,967)
Other taxes	796,900	796,900	1,431,657	634,757
License and permits	5	5	-	(5)
Intergovernmental and grants	18,012	18,012	25,674	7,662
Fines and fees	848,380	848,380	733,976	(114,404)
Rents and recoveries	7,250	7,250	10,650	3,400
Investment earnings	100,740	100,740	81,833	(18,907)
Miscellaneous	345,346	345,346	345,209	(137)
Total revenues	7,827,922	7,827,922	8,086,321	258,399
Expenditures				
Current				
General government	1,582,161	1,582,161	1,143,275	438,886
Judicial	1,658,167	1,658,167	1,147,872	510,295
Elections	100,363	100,363	99,603	760
Financial administration	418,790	418,790	359,669	59,121
Tax administration	370,118	370,118	365,517	4,601
Law enforcement	1,109,165	1,109,165	1,041,529	67,636
Fire protection	240,728	240,728	188,173	52,555
Corrections	1,715,296	1,715,296	1,260,863	454,433
Sanitation	70,340	70,340	87,925	(17,585)
Public transportation	47,848	47,848	10,000	37,848
Health care	66,261	66,261	65,000	1,261
Human services	102,026	102,026	92,000	10,026
Parks and recreation	19,692	19,692	14,379	5,313
Museum	1,000	1,000	1,000	-
County extension	141,422	141,422	161,534	(20,112)
Libraries	405,802	405,802	342,905	62,897
Capital outlay				
Capital outlay	106,725	106,725	58,118	48,607
Total expenditures	8,155,904	8,155,904	6,439,362	1,716,542
Excess revenues over expenditures	(327,982)	(327,982)	1,646,959	1,974,941
Other financing sources				
Transfers, net	(191,308)	(191,308)	(657,089)	(465,781)
Total other financing uses	(191,308)	(191,308)	(657,089)	(465,781)
Net change in fund balance	(519,290)	(519,290)	989,870	1,509,160
Fund balance at beginning of year	4,450,907	4,450,907	4,450,907	-
Fund balance at end of year	<u>\$ 3,931,617</u>	<u>\$ 3,931,617</u>	<u>\$ 5,440,777</u>	<u>\$ 1,509,160</u>

Dawson County, Texas
 Budgetary Comparison Schedule – Precinct Fund (Exhibit B-2)
 Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes				
Property taxes	\$ 1,323,250	\$ 1,323,250	\$ 1,189,689	\$ (133,561)
Licenses and permits	495,000	495,000	487,517	(7,483)
Fines and fees	10	10	9,600	9,590
Other revenue	145,410	145,410	135,546	(9,864)
Total revenues	<u>1,963,670</u>	<u>1,963,670</u>	<u>1,822,352</u>	<u>(141,318)</u>
Expenditures				
Current				
Road and bridge	1,472,533	1,472,532	1,816,728	(344,196)
Debt service				
Principal	256,041	256,041	162,244	93,797
Interest	13,959	13,959	13,959	-
Capital outlay				
Capital outlay	75,005	75,005	-	75,005
Total expenditures	<u>1,817,538</u>	<u>1,817,537</u>	<u>1,992,931</u>	<u>(175,394)</u>
(Deficiency) of revenues (under) expenditures	146,132	146,133	(170,579)	(316,712)
Net change in fund balance	146,132	146,133	(170,579)	(316,712)
Fund balance at beginning of year	<u>736,556</u>	<u>736,556</u>	<u>736,556</u>	<u>-</u>
Fund balance at end of year	<u>\$ 882,688</u>	<u>\$ 882,689</u>	<u>\$ 565,977</u>	<u>\$ (316,712)</u>

Dawson County, Texas
 Budgetary Comparison Schedule – District Court Fund (Exhibit B-3)
 Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental and grants	\$ 560,683	\$ 560,683	\$ 298,193	\$ (262,490)
Other revenue	5	5	3,905	3,900
Total revenues	560,688	560,688	302,098	(258,590)
Expenditures				
Current				
Judicial	595,351	595,351	568,563	26,788
Total expenditures	595,351	595,351	568,563	26,788
Excess (deficiency) of revenues over (under) expenditures	(34,663)	(34,663)	(266,465)	(231,802)
Other financing sources				
Transfers, net	5	5	262,490	262,485
Total other financing sources	5	5	262,490	262,485
Net change in fund balance	(34,658)	(34,658)	(3,975)	30,683
Fund balance at beginning of year	209,004	209,004	209,004	-
Fund balance at end of year	\$ 174,346	\$ 174,346	\$ 205,029	\$ 30,683

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Total Pension Liability				
Service cost	\$ 629,854	\$ 539,661	\$ 462,764	\$ 520,168
Interest on total pension liability	1,985,704	1,946,294	1,867,256	1,789,362
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(127,844)	1,301,636	-	-
Effect of economic/demographic (gains) or losses	(172,813)	(348,526)	(38,254)	(195,312)
Benefit payments/refund of contributions	<u>(1,321,986)</u>	<u>(1,532,190)</u>	<u>(1,258,892)</u>	<u>(937,705)</u>
Net change in total pension liability	992,915	1,906,875	1,032,874	1,176,513
Total pension liability, beginning	<u>26,146,713</u>	<u>24,239,838</u>	<u>23,206,964</u>	<u>22,030,451</u>
Total pension liability, ending (a)	<u>\$ 27,139,628</u>	<u>\$ 26,146,713</u>	<u>\$ 24,239,838</u>	<u>\$ 23,206,964</u>
Fiduciary Net Position				
Employer contributions	\$ 293,405	\$ 378,448	\$ 260,646	\$ 250,684
Member contributions	325,489	338,232	309,755	319,052
Investment income (loss) net of investment expenses	5,842,022	2,603,534	3,660,417	(434,732)
Benefit payments/refund of contributions	(1,321,986)	(1,532,190)	(1,258,892)	(937,705)
Administrative expenses	(17,352)	(19,731)	(19,217)	(17,900)
Other	<u>(12,494)</u>	<u>(21,631)</u>	<u>(20,059)</u>	<u>(8,644)</u>
Net change in fiduciary net position	5,109,084	1,746,662	2,932,650	(829,245)
Fiduciary net position, beginning	<u>26,964,774</u>	<u>25,218,112</u>	<u>22,285,462</u>	<u>23,114,707</u>
Fiduciary net position, ending (b)	<u>\$ 32,073,858</u>	<u>\$ 26,964,774</u>	<u>\$ 25,218,112</u>	<u>\$ 22,285,462</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (4,934,230)</u>	<u>\$ (818,061)</u>	<u>\$ (978,274)</u>	<u>\$ 921,502</u>
Fiduciary net position as a percentage of total pension liability	118.18%	103.13%	104.04%	96.03%
Pensionable covered payroll	\$ 4,621,265	\$ 4,831,892	\$ 4,425,069	\$ 4,557,883
Net pension liability as a percentage of covered payroll	-106.77%	-16.93%	-22.11%	20.22%

See Notes to Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System

(Exhibit B-4)

September 30, 2022

Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 515,742	\$ 552,869	\$ 496,229	\$ 484,715
1,658,559	1,535,283	1,435,047	1,343,391
-	-	(68,605)	-
257,457	-	221,435	-
31,249	(97,994)	(172,630)	(144,220)
<u>(770,697)</u>	<u>(657,360)</u>	<u>(597,467)</u>	<u>(666,989)</u>
1,692,310	1,332,798	1,314,009	1,016,897
<u>20,338,141</u>	<u>19,005,343</u>	<u>17,691,334</u>	<u>16,674,438</u>
<u>\$ 22,030,451</u>	<u>\$ 20,338,141</u>	<u>\$ 19,005,343</u>	<u>\$ 17,691,335</u>
\$ 231,844	\$ 248,689	\$ 1,757,925	\$ 1,961,194
308,538	305,945	302,987	290,172
2,972,664	1,410,052	(43,475)	1,035,828
(770,697)	(657,360)	(597,467)	(666,989)
(15,372)	(15,339)	(13,198)	(12,553)
<u>(3,231)</u>	<u>120,242</u>	<u>26,695</u>	<u>(63,295)</u>
2,723,746	1,412,229	1,433,467	2,544,357
<u>20,390,961</u>	<u>18,978,733</u>	<u>17,545,264</u>	<u>15,000,908</u>
<u>\$ 23,114,707</u>	<u>\$ 20,390,962</u>	<u>\$ 18,978,731</u>	<u>\$ 17,545,265</u>
<u>\$ (1,084,256)</u>	<u>\$ (52,821)</u>	<u>\$ 26,612</u>	<u>\$ 146,070</u>
104.92%	100.26%	99.86%	99.17%
\$ 4,407,683	\$ 4,370,683	\$ 4,328,392	\$ 4,009,149
-24.60%	-1.21%	0.61%	3.64%

Dawson County, Texas

Schedule of Employer Contributions – Texas County and District Retirement System (Exhibit B-5)

September 30, 2022

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2013	\$ 452,010	\$ 452,010	\$ -	\$ 3,711,091	12.2%
2014	490,166	490,166	-	3,965,752	12.4%
2015	523,194	1,961,194	(1,438,000)	4,009,149	48.9%
2016	421,585	1,757,925	(1,336,340)	4,328,392	40.6%
2017	248,689	248,689	-	4,370,637	5.7%
2018	231,844	231,844	-	4,407,683	5.3%
2019	250,684	250,684	-	4,457,883	5.6%
2020	287,721	287,721	-	4,647,840	6.2%
2021	290,944	365,944	(75,000)	4,616,798	7.9%
2022	344,108	344,108	-	4,820,676	7.1%

Dawson County, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios (Exhibit B-6)
September 30, 2022

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total OPEB Liability					
Service cost	\$ 13,001	\$ 11,312	\$ 6,201	\$ 9,148	\$ 8,344
Interest on total OPEB liability	8,756	9,804	11,543	10,139	10,716
Effect of plan changes	-	-	-	-	-
Effect of assumption changes or inputs	6,645	42,907	72,523	(31,702)	12,169
Effect of economic/demographic (gains) or losses	(6,915)	1,847	(7,440)	11,573	(11,135)
Benefit payments	(10,695)	(14,012)	(9,293)	(9,572)	(9,697)
Net change in total OPEB liability	10,792	51,858	73,534	(10,414)	10,397
Total OPEB liability, beginning	405,319	353,461	279,927	290,341	279,944
Total OPEB liability, ending	<u>\$ 416,111</u>	<u>\$ 405,319</u>	<u>\$ 353,461</u>	<u>\$ 279,927</u>	<u>\$ 290,341</u>
Covered-employee payroll	\$ 4,621,265	\$ 4,831,892	\$ 4,425,069	\$ 4,557,883	\$ 4,407,683
Total OPEB liability as a percentage of covered-employee payroll	9.00%	8.39%	7.99%	6.14%	6.59%

Note: No assets are accumulated in a trust that meet the criteria in GASB Statement No. 74, paragraph 4 for the OPEB plan.

Note: GASB No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the County will present information for those years for which information is available.

As allowed by GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, the County has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The County capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

In order to use the modified approach, the County is required to:

1. Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
2. Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
3. Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the County.
4. Document that the infrastructure assets are being preserved approximately at or above the condition level established by the County.

Roads

The County applies the modified approach only to the 62.65 miles of paved roads that are owned by the County and maintained by the County's Precinct. The goal of the County in conjunction with adopting the modified approach is to develop and provide a cost effective pavement maintenance and rehabilitation program that preserves the County's investment in its road network and enhances public transportation and safety.

Measurement Scale

The condition of road pavement is measured using the County Pavement Measurement System. This system uses a measurement scale that considers the condition of the highways and roads as denoted by a Pavement Condition Index (PCI), ranging from 0 to 10. The PCI is used to classify roads into categories as follows:

Category	PCI Rating Range	Description
Very good	9 - 10	New or nearly new pavement which provides a very smooth ride and is mainly free of distress. (No maintenance work needed.)
Good	7 - 8	Pavement which provides an adequate ride and exhibits few, if any, visible signs of distress. (Minor maintenance may be needed.)
Fair	5 - 6	Surface defects such as cracking, rutting, and raveling are affecting the ride. (Major maintenance is likely needed.)

Poor	3 - 4	These roadways have deteriorated to such an extent that they are in need of resurfacing and the ride is noticeably rough. (Structural improvements, in addition to major maintenance, are likely needed.)
Very poor	0 - 2	Pavement in this category is severely deteriorated and the ride quality is unacceptable. (Complete road reconstruction is likely needed.)

Established Condition Level

It is the County's desire to maintain at least 100% of its roads at or above the "good" condition level, and none at a "very poor" condition. Condition assessments are performed at least every three years with the most recent occurring in 2022.

Assessed Conditions

The following table reports the percentage of pavement meeting the "very good," "good," and "fair" condition ratings, as assessed in 2022. There were no roads in the "Poor" or "Very Poor" categories. The assessment takes into account if any of the three graded categories, Ride, Surface, and Structure, fell into the respective category. For instance, if the Ride graded a 6, but the Surface and Structure were both 8, the road is still considered to be in the "Fair" category.

Category	2022	2021	2020
Good	80%	80%	0%
Fair	20%	20%	100%

The County has performed maintenance and repairs to 100% of the County's paved roads over the past seven years. Because of this extensive maintenance and repair, all County paved roads are considered to be in the "Fair," "Good," or "Very Good" categories.

Expenditures to improve County infrastructure assets are as follows for the fiscal years ended:

September 30, 2014	\$ 408,819
September 30, 2015	-
September 30, 2016	-
September 30, 2017	225,120
September 30, 2018	264,994
September 30, 2019	289,758
September 30, 2020	-
September 30, 2021	265,460
September 30, 2022	222,408

Note 1 - Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means of financing them for the succeeding year, and delivers the proposed budget to Commissioners Court.
2. Commissioners Court holds budget sessions with each department head.
3. Commissioners Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. Commissioners Court formally adopts the budget in the open court meeting.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.
6. The formally adopted budget may legally be amended by commissioners in accordance with article 689A 11 or 689A 20 of Vernon's Annotated Civil Statutes.
7. Annual budgets are legally adopted for the General Fund and Special Revenue Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles.
8. An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted prior to October 1. The County maintains its legal level of budgetary control at the department level. Amendments to the 2022 budget were approved by the Commissioners Court as provided by law.
9. Unencumbered appropriation balances lapse at year end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level.

Within this control level, management may transfer appropriations between line items. Budget revisions and the line item transfers are subject to final review by the Commissioners Court. Revisions to the budget were made throughout the year.

The budgets for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual required supplementary information is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end. The American Rescue Plan fund has a project length budget and is not budgeted by fiscal year.

The County had negative budget to actual variances in the following funds:

The General Fund had a negative budget variance in sanitation and county extension. Sanitation shows a budget variance of \$17,585 due to higher than expected landfill costs. County extension shows a budget variance of \$20,112 due to higher than expected gas and oil costs for county extension vehicles.

The Precinct Fund had a negative budget variance in road and bridge. Road and bridge shows a budget variance of \$344,196 due to higher than expected gas and oil, equipment, parts and repair, seal coat, and paving costs.

Note 2 - Net Pension Liability – Texas County & District Retirement System

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.0 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 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 services retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Changes of Assumptions

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

Changes of Benefit Terms

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

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Note 3 - Total OPEB Liability

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Individual entry-age normal
Amortization method	Straight-line
Remaining amortization period	Does not apply
Inflation	Does not apply
Discount rate	2.06%
Salary increases	Does not apply
Retirement Age	Members are assumed to retire at the later of age 60 or their earliest retirement eligibility date.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Changes in Assumptions

There was a change in the discount rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021.

Changes of Benefit Terms

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

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.



Supplementary Information
September 30, 2022

Dawson County, Texas

	021	022	023	024	025
	Law Library	Child Welfare	Appellate Judicial	Family Protection	Court Reporter Service
Assets					
Cash and cash equivalents	\$ 17,573	\$ 10,907	\$ 1,040	\$ 3,727	\$ 22,249
Accounts receivable, net	-	-	-	-	-
Total assets	\$ 17,573	\$ 10,907	\$ 1,040	\$ 3,727	\$ 22,249
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Payroll liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Restricted for					
Grant	-	-	-	-	-
Enabling legislation	17,573	10,907	1,040	3,727	22,249
Construction	-	-	-	-	-
Committed for					
Public facilities	-	-	-	-	-
Total fund balance	17,573	10,907	1,040	3,727	22,249
Total liabilities and fund balance	\$ 17,573	\$ 10,907	\$ 1,040	\$ 3,727	\$ 22,249

Dawson County, Texas
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
 September 30, 2022

026 Unclaimed Property	027 Criminal Justice Planning	030 Sheriff Forfeiture	031 K-9	035 Courthouse Security	040 Hot Check Collection	041 County Attorney Fortfeiture
\$ 58,194	\$ 9,808	\$ 11,142	\$ -	\$ 21,175	\$ 1,946	\$ 11,975
-	-	-	-	-	-	-
<u>\$ 58,194</u>	<u>\$ 9,808</u>	<u>\$ 11,142</u>	<u>\$ -</u>	<u>\$ 21,175</u>	<u>\$ 1,946</u>	<u>\$ 11,975</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,314	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,314	-	-
-	-	-	-	-	-	-
58,194	9,808	11,142	-	18,861	1,946	11,975
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>58,194</u>	<u>9,808</u>	<u>11,142</u>	<u>-</u>	<u>18,861</u>	<u>1,946</u>	<u>11,975</u>
<u>\$ 58,194</u>	<u>\$ 9,808</u>	<u>\$ 11,142</u>	<u>\$ -</u>	<u>\$ 21,175</u>	<u>\$ 1,946</u>	<u>\$ 11,975</u>

	042 County Attorney Pretrial Diversion	044 District Clerk Records	045 County Records Management and PR	052 VOCA Grant	055 Inmate Phones
Assets					
Cash and cash equivalents	\$ 10,459	\$ 11,686	\$ 97,650	\$ 242	\$ 88,802
Accounts receivable, net	-	-	-	-	-
Total assets	\$ 10,459	\$ 11,686	\$ 97,650	\$ 242	\$ 88,802
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Payroll liabilities	134	-	-	-	-
Total liabilities	134	-	-	-	-
Fund balance					
Restricted for					
Grant	-	-	-	242	-
Enabling legislation	10,325	11,686	97,650	-	88,802
Construction	-	-	-	-	-
Committed for					
Public facilities	-	-	-	-	-
Total fund balance	10,325	11,686	97,650	242	88,802
Total liabilities and fund balance	\$ 10,459	\$ 11,686	\$ 97,650	\$ 242	\$ 88,802

Dawson County, Texas
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
 September 30, 2022

056 Jail Commissary	078 County Clerk Vital Statistics Records	079 County Clerk Archive	080 COVID CARES	091 Records Management	092 District Attorney	095 District Attorney Chapter 59 Forfeiture
\$ 37,883 -	\$ 7,410 -	\$ 451,076 -	\$ 180,392 -	\$ 178,430 -	\$ 320,262 -	\$ 32,847 -
<u>\$ 37,883</u>	<u>\$ 7,410</u>	<u>\$ 451,076</u>	<u>\$ 180,392</u>	<u>\$ 178,430</u>	<u>\$ 320,262</u>	<u>\$ 32,847</u>
\$ - - - -	\$ - - - -	\$ - - - -	\$ - - 178,450 -	\$ 864 - - -	\$ 9,968 2,711 - 17,362	\$ - - - -
-	-	-	178,450	864	30,041	-
- 37,883 - -	- 7,410 - -	- 451,076 - -	1,942 - - -	- 177,566 - -	- 290,221 - -	- 32,847 - -
<u>37,883</u>	<u>7,410</u>	<u>451,076</u>	<u>1,942</u>	<u>177,566</u>	<u>290,221</u>	<u>32,847</u>
<u>\$ 37,883</u>	<u>\$ 7,410</u>	<u>\$ 451,076</u>	<u>\$ 180,392</u>	<u>\$ 178,430</u>	<u>\$ 320,262</u>	<u>\$ 32,847</u>

	096 District Attorney Hot Check	101 Homeland and Security Grant	104 HAVA Grant	105 County Judicial Support	106 Gates Library
Assets					
Cash and cash equivalents	\$ 342	\$ 5	\$ 244	\$ 18,151	\$ 260
Accounts receivable, net	-	-	-	-	-
Total assets	\$ 342	\$ 5	\$ 244	\$ 18,151	\$ 260
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Payroll liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Restricted for					
Grant	-	5	244	-	-
Enabling legislation	342	-	-	18,151	260
Construction	-	-	-	-	-
Committed for					
Public facilities	-	-	-	-	-
Total fund balance	342	5	244	18,151	260
Total liabilities and fund balance	\$ 342	\$ 5	\$ 244	\$ 18,151	\$ 260

Dawson County, Texas
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
September 30, 2022

107 Equipment Grant	108 Unclaimed Capital Credits	109 Employee Wellness	111 NCIC Technology	112 OXY	113 Information Technology	114 Clean up Cemetery	115 Clean up Lamesa
\$ 17,899	\$ 36,369	\$ -	\$ -	\$ -	\$ 31,806	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 17,899</u>	<u>\$ 36,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,806</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
17,300	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>17,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
599	-	-	-	-	-	-	-
-	36,369	-	-	-	31,806	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>599</u>	<u>36,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,806</u>	<u>-</u>	<u>-</u>
<u>\$ 17,899</u>	<u>\$ 36,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,806</u>	<u>\$ -</u>	<u>\$ -</u>

	117	118	119	120	122
	Airport Grant	Dawson County Cemetery	Chapter 19	Guardianship HB 1295	Election
Assets					
Cash and cash equivalents	\$ 33,333	\$ 221,815	\$ 1,364	\$ 11,258	\$ 4,194
Accounts receivable, net	-	-	-	-	-
Total assets	\$ 33,333	\$ 221,815	\$ 1,364	\$ 11,258	\$ 4,194
Liabilities					
Accounts payable	\$ -	\$ 1,534	\$ -	\$ -	\$ -
Due to other funds	-	895	-	-	-
Unearned revenue	-	-	-	-	-
Payroll liabilities	-	6,560	-	-	-
Total liabilities	-	8,989	-	-	-
Fund balance					
Restricted for					
Grant	33,333	-	1,364	-	-
Enabling legislation	-	-	-	11,258	4,194
Construction	-	-	-	-	-
Committed for					
Public facilities	-	212,826	-	-	-
Total fund balance	33,333	212,826	1,364	11,258	4,194
Total liabilities and fund balance	\$ 33,333	\$ 221,815	\$ 1,364	\$ 11,258	\$ 4,194

Dawson County, Texas
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
 September 30, 2022

123 911	124 District Clerk Technology	127 Capital Repair	129 Certz Grant	131 Weaver Foundation Fund	132 Disaster Relief Fund	135 Appellate Judicial System
\$ -	\$ 11,768	\$ -	\$ 69,184	\$ -	\$ 83,402	\$ 180
-	-	-	-	61,100	-	-
<u>\$ -</u>	<u>\$ 11,768</u>	<u>\$ -</u>	<u>\$ 69,184</u>	<u>\$ 61,100</u>	<u>\$ 83,402</u>	<u>\$ 180</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	61,100	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	61,100	-	-
-	-	-	69,184	-	-	-
-	11,768	-	-	-	-	180
-	-	-	-	-	-	-
-	-	-	-	-	83,402	-
-	11,768	-	69,184	-	83,402	180
<u>\$ -</u>	<u>\$ 11,768</u>	<u>\$ -</u>	<u>\$ 69,184</u>	<u>\$ 61,100</u>	<u>\$ 83,402</u>	<u>\$ 180</u>

	136 Court Facility Fee Fund	137 County RM&P Fund	138 Language Access Fund	139 County Jury Fund	143 County Dispute
Assets					
Cash and cash equivalents	\$ 2,000	\$ 3,578	\$ 747	\$ 1,013	\$ 795
Accounts receivable, net	-	-	-	-	-
Total assets	\$ 2,000	\$ 3,578	\$ 747	\$ 1,013	\$ 795
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Payroll liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Restricted for					
Grant	-	-	-	-	-
Enabling legislation	2,000	3,578	747	1,013	795
Construction	-	-	-	-	-
Committed for					
Public facilities	-	-	-	-	-
Total fund balance	2,000	3,578	747	1,013	795
Total liabilities and fund balance	\$ 2,000	\$ 3,578	\$ 747	\$ 1,013	\$ 795

Dawson County, Texas
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
September 30, 2022

	158 Admin Certification Seal Fund	Total Special Revenue Funds	130 Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 100	\$ 2,144,024	\$ 25,000	\$ 2,169,024
Accounts receivable, net	-	61,100	-	61,100
Total assets	\$ 100	\$ 2,205,124	\$ 25,000	\$ 2,230,124
Liabilities				
Accounts payable	\$ -	\$ 14,680	\$ -	\$ 14,680
Due to other funds	-	64,706	-	64,706
Unearned revenue	-	195,750	-	195,750
Payroll liabilities	-	24,056	-	24,056
Total liabilities	-	299,192	-	299,192
Fund balance				
Restricted for				
Grant	-	106,913	-	106,913
Enabling legislation	100	1,502,791	-	1,502,791
Construction	-	-	25,000	25,000
Committed for				
Public facilities	-	296,228	-	296,228
Total fund balance	100	1,905,932	25,000	1,930,932
Total liabilities and fund balance	\$ 100	\$ 2,205,124	\$ 25,000	\$ 2,230,124

	021	022	023	024	025
	Law Library	Child Welfare	Appellate Judicial	Family Protection	Court Reporter Service
Revenues					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	4,725	-	-	45	2,848
Investment earnings	-	-	-	-	-
Other revenues	-	210	-	-	-
Total revenues	4,725	210	-	45	2,848
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	589	-	221	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
Total expenditures	589	-	221	-	-
Excess (deficit) of revenues over expenditures	4,136	210	(221)	45	2,848
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	4,136	210	(221)	45	2,848
Fund balances at beginning of year	13,437	10,697	1,261	3,682	19,401
Fund balances at end of year	\$ 17,573	\$ 10,907	\$ 1,040	\$ 3,727	\$ 22,249

Dawson County, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue
Funds (Exhibit C-2)
Year Ended September 30, 2022

026 Unclaimed Property	027 Criminal Justice Planning	030 Sheriff Forfeiture	031 K-9	035 Courthouse Security	040 Hot Check Collection	041 County Attorney Forfeiture
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	330	-	-	9,232	410	-
-	-	119	-	-	18	7
-	-	-	-	-	-	5,000
-	330	119	-	9,232	428	5,007
-	-	-	-	-	-	-
-	129	-	-	8,294	-	466
-	-	1,318	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	129	1,318	-	8,294	-	466
-	201	(1,199)	-	938	428	4,541
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(300)	-	-	-
-	-	-	(300)	-	-	-
-	201	(1,199)	(300)	938	428	4,541
58,194	9,607	12,341	300	17,923	1,518	7,434
<u>\$ 58,194</u>	<u>\$ 9,808</u>	<u>\$ 11,142</u>	<u>\$ -</u>	<u>\$ 18,861</u>	<u>\$ 1,946</u>	<u>\$ 11,975</u>

	042 County Attorney Pretrial Diversion	044 District Clerk Records	045 County Records Management and PR	052 VOCA Grant	055 Inmate Phones
Revenues					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	4,650	345	46,022	-	19,188
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	4,650	345	46,022	-	19,188
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	4,642	-	-	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	15,007
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
Total expenditures	4,642	-	-	-	15,007
Excess (deficit) of revenues over expenditures	8	345	46,022	-	4,181
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	8	345	46,022	-	4,181
Fund balances at beginning of year	10,317	11,341	51,628	242	84,621
Fund balances at end of year	\$ 10,325	\$ 11,686	\$ 97,650	\$ 242	\$ 88,802

Dawson County, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue
Funds (Exhibit C-2)
Year Ended September 30, 2022

056 Jail Commissary	078 County Clerk Vital Statistics Records	079 County Clerk Archive	080 COVID CARES	091 Records Management	092 District Attorney	095 District Attorney Chapter 59 Forfeiture
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 422,105	\$ -
8,117	1,188	62,340	-	17,520	8,149	-
-	-	-	1,733	-	2,818	-
-	-	-	-	-	37,699	63,690
8,117	1,188	62,340	1,733	17,520	470,771	63,690
-	-	22,585	-	94,311	-	-
-	-	-	-	-	659,895	81,470
-	-	-	-	-	-	-
20,052	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	19,189
-	-	-	-	-	-	3,203
-	-	-	-	-	-	41,891
20,052	-	22,585	-	94,311	659,895	145,753
(11,935)	1,188	39,755	1,733	(76,791)	(189,124)	(82,063)
-	-	-	-	-	198,450	-
-	-	-	-	-	-	81,611
-	-	-	-	-	-	-
-	-	-	-	-	198,450	81,611
(11,935)	1,188	39,755	1,733	(76,791)	9,326	(452)
49,818	6,222	411,321	209	254,357	280,895	33,299
<u>\$ 37,883</u>	<u>\$ 7,410</u>	<u>\$ 451,076</u>	<u>\$ 1,942</u>	<u>\$ 177,566</u>	<u>\$ 290,221</u>	<u>\$ 32,847</u>

	096 District Attorney Hot Check	101 Homeland and Security Grant	104 HAVA Grant	105 County Judicial Support	106 Gates Library
Revenues					
Intergovernmental and grants	\$ -	\$ -	\$ 192	\$ -	\$ -
Fines and fees	-	-	-	-	-
Investment earnings	4	-	2	-	-
Other revenues	-	-	-	-	-
Total revenues	4	-	194	-	-
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	-	-	-	637	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	637	-
Excess (deficit) of revenues over expenditures	4	-	194	(637)	-
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	4	-	194	(637)	-
Fund balances at beginning of year	338	5	50	18,788	260
Fund balances at end of year	\$ 342	\$ 5	\$ 244	\$ 18,151	\$ 260

	117	118	119	120	122
	Airport Grant	Dawson County Cemetery	Chapter 19	Guardianship HB 1295	Election
Revenues					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	-	34,850	-	-	-
Investment earnings	-	1,402	-	-	-
Other revenues	-	-	-	300	-
Total revenues	-	36,252	-	300	-
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	-
Human services	-	212,894	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	20,200	-	-	-
Total expenditures	-	233,094	-	-	-
Excess (deficit) of revenues over expenditures	-	(196,842)	-	300	-
Other financing sources (uses)					
Transfers in	-	243,960	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	243,960	-	-	-
Net change in fund balance	-	47,118	-	300	-
Fund balances at beginning of year	33,333	165,708	1,364	10,958	4,194
Fund balances at end of year	\$ 33,333	\$ 212,826	\$ 1,364	\$ 11,258	\$ 4,194

Dawson County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Exhibit C-2)
Year Ended September 30, 2022

123 911	124 District Clerk Technology	127 Capital Repair	129 Certz Grant	131 Weaver Foundation Fund	132 Disaster Relief Fund	135 Appellate Judicial System
\$ -	\$ -	\$ -	\$ 88,852	\$ 61,100	\$ -	\$ -
-	1,186	-	-	-	-	180
-	-	-	-	-	-	-
-	-	-	-	-	187,727	-
-	1,186	-	88,852	61,100	187,727	180
-	-	-	88,852	-	159,420	-
-	7,153	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	61,100	-	-
-	7,153	-	88,852	61,100	159,420	-
-	(5,967)	-	-	-	28,307	180
-	-	-	-	-	-	-
(10,631)	-	(29,391)	-	-	-	-
(10,631)	-	(29,391)	-	-	-	-
(10,631)	(5,967)	(29,391)	-	-	28,307	180
10,631	17,735	29,391	69,184	-	55,095	-
\$ -	\$ 11,768	\$ -	\$ 69,184	\$ -	\$ 83,402	\$ 180

	136 Court Facility Fee Fund	137 County RM&P Fund	138 Language Access Fund	139 County Jury Fund	143 County Dispute Resolution
Revenues					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	2,000	3,578	747	1,013	795
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	2,000	3,578	747	1,013	795
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
	-	-	-	-	-
Excess (deficit) of revenues over expenditures	2,000	3,578	747	1,013	795
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	2,000	3,578	747	1,013	795
Fund balances at beginning of year	-	-	-	-	-
Fund balances at end of year	\$ 2,000	\$ 3,578	\$ 747	\$ 1,013	\$ 795

Dawson County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Exhibit C-2)
Year Ended September 30, 2022

146 Court Initiated Guardianship	147 Judicial Edu. & Support Fund	148 Public Probate Administrator	149 Annual or Final Account Report	153 Approving Bond Proposed Order	157 State Consolidated Fees Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
720	3,905	360	215	60	2,082
-	-	-	-	-	-
-	-	-	-	-	-
720	3,905	360	215	60	2,082
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
720	3,905	360	215	60	2,082
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
720	3,905	360	215	60	2,082
-	-	-	-	-	-
<u>\$ 720</u>	<u>\$ 3,905</u>	<u>\$ 360</u>	<u>\$ 215</u>	<u>\$ 60</u>	<u>\$ 2,082</u>

Dawson County, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue
Funds (Exhibit C-2)
Year Ended September 30, 2022

	158 Admin Certification Seal Fund	Total Special Revenue Funds	130 Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Intergovernmental and grants	\$ -	\$ 572,249	\$ -	\$ 572,249
Fines and fees	100	236,900	-	236,900
Investment earnings	-	6,272	-	6,272
Other revenues	-	294,626	-	294,626
Total revenues	100	1,110,047	-	1,110,047
Expenditures				
Current				
General government	-	365,168	-	365,168
Judicial	-	763,496	-	763,496
Law enforcement	-	1,318	-	1,318
Corrections	-	35,059	-	35,059
Human services	-	212,894	-	212,894
Debt service				
Principal	-	19,189	-	19,189
Interest	-	3,203	-	3,203
Capital outlay				
Capital outlay	-	123,191	-	123,191
	-	1,523,518	-	1,523,518
Excess (deficit) of revenues over expenditures	100	(413,471)	-	(413,471)
Other financing sources (uses)				
Transfers in	-	442,410	-	442,410
Proceeds on long-term debt	-	81,611	-	81,611
Transfers out	-	(47,811)	-	(47,811)
Total other financing sources (uses)	-	476,210	-	476,210
Net change in fund balance	100	62,739	-	62,739
Fund balances at beginning of year	-	1,843,193	25,000	1,868,193
Fund balances at end of year	\$ 100	\$ 1,905,932	\$ 25,000	\$ 1,930,932



Single Audit Section
September 30, 2022

Dawson County, Texas



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 Judge and Members of the Commissioners Court
Dawson County, Texas
Lamesa, 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, each major fund, and the aggregate remaining fund information of Dawson County, Texas, (the 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, and have issued our report thereon dated March 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s 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 the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Dawson County, Texas's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The County's 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas
March 10, 2023



Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Dawson County, Texas
Lamesa, Texas

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Dawson County, Texas’s (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the County’s major federal program for the year ended September 30, 2022. The County’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2022.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds as described in finding number 2022-002 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Abilene, Texas
March 10, 2023

Dawson County, Texas
 Schedule of Expenditures of Federal Awards
 Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Treasury			
Direct			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	070059894	<u>\$ 1,338,432</u>
Total Federal Financial Assistance			<u><u>\$ 1,338,432</u></u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes federal award activity of Dawson County, Texas (the County) under programs of the federal government for the year ended September 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position or fund balance of the County.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The County has not elected to use the 10% de minimis cost rate.

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

<u>Finding 2022-001:</u>	Preparation of Financial Statements and Material Audit Adjustments
Type of Finding:	Material Weakness
Criteria:	Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.
Condition:	The County does not have an internal control system designed to provide for the timely preparation of the financial statements and related financial statement disclosures. There were material entries recorded that were detected as a result of audit procedures. Further, Eide Bailly assists in the preparation of multiple cash-to-accrual entries as an approved nonattest service.
Cause:	The County does not prepare and has not developed an internal control system to provide for the timely preparation of the financial statements and related disclosures in a timely manner.
Effect:	The preparation of financial statements may result in financial statements and related information included in financial statement disclosures not being available or accurate for management purposes as timely and accurate as it would be if the financial statements were prepared by the County.
Recommendation:	Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Commissioners review on a routine basis, similar to many smaller governmental entities. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
Views of Responsible Officials:	Management agrees with the noted finding. Refer to Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

<u>Finding 2022-002:</u>	U.S. Department of the Treasury Federal Financial Assistance Listing 21.027 Coronavirus State and Local Fiscal Recovery Funds
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness in Internal Controls over Compliance and Material Noncompliance
Criteria:	Per the U.S. Department of Treasury SLFRF Compliance and Reporting Guidance, counties with a population below \$250,000 that were allocated less than \$10,000,000 in SLFRF funding are required to submit annual Project and Expenditure Reports. The annual report for the period March 3, 2021 – March 31, 2022 was due during the year under audit.
Condition:	The County reported no expenditures for the period included in the annual report, omitting expenditures incurred in the prior fiscal year. The annual report was not reviewed by an individual other than the preparer.
Cause:	In response to conflicting guidance, the County considered the prior period SLFRF funds unspent for annual reporting purposes.
Effect:	The annual report was understated by the amount of the prior fiscal year SLFRF expenses.
Questioned Costs:	None
Context / Sampling:	Sampling was not utilized. The County was required to file one annual report during the period under audit. Expenditures were incorrectly reported on the annual report.
Recommendation:	General ledger expense reports detailing grant expenditures should be attached to all grant related reports. All grant reporting should be reviewed and approved by an individual other than the preparer.
Views of Responsible Officials:	Management disagrees with the noted finding. Refer to Corrective Action Plan.
Repeat Finding from Prior Year:	No

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
September 30, 2022

Prepared by Management of
Dawson County, Texas



Lucy Valero, Dawson County Auditor
P.O. Box 1268
Lamesa, Tx 79331

Summary Schedule of Prior Audit Findings

Finding 2021-001

Initial Fiscal Year Finding Occurred: 2021

Finding Summary: Management of the County is responsible for the design and implementation of an internal control system that provides for the documentation of the timely review of all manual journal entries and cash receipts. Eide Bailly LLP noted that the current system of internal control did not provide for the documentation of review and approval of all manual journal entries and certain cash receipts.

Status: Refer to Finding 2022-001.



Lucy Valero, Dawson County Auditor
P.O. Box 1268
Lamesa, Tx 79331

Corrective Action Plan

Finding 2022-001

Finding Summary: The County does not have an internal control system designed to provide for the timely preparation of the financial statements and related financial statement disclosures. There were material entries recorded that were detected as a result of audit procedures. Further, Eide Bailly assists in the preparation of multiple cash-to-accrual entries as an approved nonattest service.

Responsible Individuals: Lucy Valero, County Auditor

Corrective Action Plan: It is not cost effective to have an internal control system designed to provide for preparation of the financial statements and accompanying notes. We requested that our auditors, Eide Bailly LLP, prepare the financial statements and the accompanying notes to the financial statements as a part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes, and we have reviewed with and agree with the adjustments proposed during the audit.

Anticipated Completion Date: Ongoing

Finding 2022-002

Federal Agency Name: U.S. Department of the Treasury

Program Name: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027



Lucy Valero, Dawson County Auditor
P.O. Box 1268
Lamesa, Tx 79331

Finding Summary: Per the U.S. Department of Treasury SLFRF Compliance and Reporting Guidance, counties with a population below \$250,000 that were allocated less than \$10,000,000 in SLFRF funding are required to submit annual Project and Expenditure Reports. The annual report for the period March 3, 2021 – March 31, 2022 was due during the year under audit. The County reported no expenditures for the period included in the annual report, omitting expenditures incurred in the prior fiscal year. The annual report was not reviewed by an individual other than the preparer.

Responsible Individuals: Terri Stahl, County Treasurer

Corrective Action Plan: Dawson County does not agree with the finding, and does not believe corrective action is required due to the following circumstances. Upon advisement from TAC, the County made a transfer from the ARPA fund to the General fund before the end of the year using the interim rules, but were told NACO still had not finalized the final rule because they were looking at additional ways to help smaller counties. No checks were written out of the ARPA fund. In March 2022, NACO finalized the regulations on the ARPA funds, which allowed the County claim revenue loss of up to 10 million or to use the interim rule provisions for allowability. The County chose to claim revenue loss of up to 10 million, rather than claim allowable costs of \$400,000 under the interim rule. On April 5, 2022 the Commissioners signed a resolution to declare all funds as "Lost Revenue." The money was transferred from General fund back to the AARP fund. TAC/NACO's advisement was that since no checks had been written to any businesses, the annual report needed to show no expenses.

Anticipated Completion Date: 03/09/2023