

**DAWSON COUNTY**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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FOR THE YEAR ENDED SEPTEMBER 30, 2009

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Certified Public Accountants



### Independent Auditors' Report

June 23, 2010

Honorable Judge Saleh and Commissioners' Court  
County of Dawson  
Post Office Box 1268  
Lamesa, Texas 79331

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Dawson, Texas, as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These statements are the responsibility of the County of Dawson's management. Our responsibility is to express an opinion on these financial statements based on our audit.

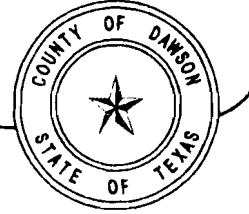
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, each major fund and the aggregate remaining fund information of the County of Dawson as of September 30, 2009, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

  
Newberry Leonard Horton & Bairrington

# COUNTY OF DAWSON



RICK DOLLAHAN, County Auditor

P.O. Box 1268  
Lamesa, Texas 79331

June 23, 2010

Honorable Carter T. Schildknecht, District Judge, 106<sup>th</sup> Judicial District

Honorable Commissioners Court:

Sam Saleh County Judge

Ricky Minjarez Commissioner, PCT 1

Nicky Goode Commissioner, PCT 3

Louis Addison

Foy O'Brien

Commissioner, PCT 2

Commissioner, PCT 4

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, the management of Dawson County, Texas, discuss and analyze the County's financial performance for the fiscal year ended September 30, 2009. Please read it in conjunction with the independent auditor's report on page 1 and the County's basic financial statements which begin on page 9.

## FINANCIAL HIGHLIGHTS

- At the close of the most recent fiscal year, Dawson County's assets exceeded its liabilities by \$9,005,561. Of this amount, \$5,245,538 was unrestricted net assets.
- The County's net assets increased \$1,697,432 because of this year's operation.
- The County had expenses of \$7,447,587 as compared to FY 2008 expenses of \$6,879,634, an increase of 8%.
- The County had revenues of \$9,145,019 as generated in tax and other revenues for governmental programs (before special items). This compares to last year when revenues were \$8,522,530, an increase of 6.8%.
- The General Fund ended the year with a fund balance of \$3,649,673 as compared to last year's fund balance of \$2,581,541. The fund balance of the General Fund is unreserved and undesignated.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Dawson County's basic financial statements. Dawson County's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 9 and 10). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 11) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The fiduciary statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of other County funds or those outside of the County. They show what assets these funds have and who they belong to.

The notes to the financial statements (starting on page 17) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## REPORTING THE COUNTY AS A WHOLE – THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The analysis of the County's overall financial condition and operations begins on page 9. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies as opposed to the modified accrual basis used in the prior reporting model.

All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods (e.g. uncollected taxes). The County's revenues are divided into those provided by outside parties who share the costs of some programs such as grants provided by the Texas State Library and Archives Commission to improve the County's libraries and fees for services such as commissions received for property tax collection and revenues provided by the taxpayers and other general revenues. All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

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

In the Statement of Net Assets and the Statement of Activities, the County has one kind of activity:

- I. Governmental activities – Most of the basic services are reported here, including general administration, law enforcement, judicial, road and bridge maintenance, cemetery, parks, airport and library services. Property taxes and fines, fees and vehicle registration fees finance most of these activities.

## REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS – THE FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 11 and provide detailed information about the most significant funds—not the County as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Laws and contracts require the County to establish some funds. The County's administration can establish many other funds to help it control and manage money for particular purposes (e.g. capital projects). All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Each category uses a different accounting approach.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental funds focus on near-term inflows and outflows of spend able resources, as well as on balances of spend able resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) to reflect that focus. The governmental fund statements provide a detailed near-term view of the County's general operations and the basic services it provides.

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

Fiduciary funds – The County is the trustee, or fiduciary, for money received in numerous offices. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 15. We report the resources these activities produce that are due to County operating funds as an interfund receivable in those funds and as an interfund payable in the Statement of Fiduciary Net Assets. All other resources within the fiduciary activities are excluded from the County's other financial reports because the County cannot use those assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the County's governmental and business-type activities.

Net assets of the County's governmental activities increased from \$7,237,067 to \$9,005,561. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – were \$5,245,538 at September 30, 2009 as compared to \$3,971,318 at September 30, 2008. This increase in governmental net assets was mainly the result of a combination of increased tax revenues, better spending discipline and budgetary compliance and a more accurate inventory of fixed assets that increased that category of assets as well.

Table I  
Dawson County, Texas  
NET ASSETS

	Governmental Activities	
	2009	2008
<b>Assets:</b>		
Current and Other Assets	5,407,335	4,301,639
Capital Assets	4,159,432	3,426,982
<b>Total Assets</b>	<b>9,566,767</b>	<b>7,728,621</b>
<b>Liabilities:</b>		
Current Liabilities	91,686	297,851
Long-Term Liabilities	469,520	193,703
<b>Total Liabilities</b>	<b>561,206</b>	<b>491,554</b>
<b>Net Assets:</b>		
Capital Assets, Net of Debt	3,760,023	3,265,749
Restricted	0	0
Unrestricted	5,245,538	3,971,318
<b>Total Net Assets</b>	<b>9,005,561</b>	<b>7,237,067</b>

Table II  
Dawson County, Texas  
CHANGES IN NET ASSETS

	Governmental Activities	
	2009	2008
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for Services	1,583,088	1,538,720
Grants and Contributions	616,764	526,628
<b>General Revenues:</b>		
Property Taxes, General Purposes	5,935,721	5,591,324
Property Taxes, Debt Purposes	0	0
Sales Taxes	593,853	575,432
Mixed Beverage Tax	3,812	2,297
Dealer Inventory Tax	22,342	0
Penalty and Interest	67,296	72,185
Miscellaneous	0	8,560
Investment Earnings	13,435	105,784
Gain on Disposal of Assets	308,708	101,600
<b>Total Revenue</b>	<b>9,145,019</b>	<b>8,522,530</b>

Table II (Cont.)  
Dawson County, Texas  
CHANGES IN NET ASSETS

	Governmental Activities	
Expenses	2009	2008
General Government	520,409	359,792
Judicial	1,916,794	1,407,290
Elections	38,681	14,821
Financial Administration	253,076	227,816
Tax Administration	288,147	280,303
Facilities Management	580,202	597,073
Law Enforcement	643,101	555,267
Fire Protection	142,553	148,741
Corrections	839,195	893,576
Public Works	8,590	231,702
Roads & Bridges	1,348,090	1,237,339
Sanitation	56,700	54,000
Public Transportation	5,000	100,750
Health Care	296,685	286,918
Human Services	53,733	57,038
County Extension Service	127,685	123,208
Parks & Recreation	45,829	48,350
Museums	1,000	1,000
Libraries	282,117	254,650
<b>Total Expenses</b>	<b>7,447,587</b>	<b>6,879,634</b>
<b>Increase in Net Assets</b>	<b>1,697,432</b>	<b>1,642,896</b>
Net Assets at Beginning of Year	7,237,066	5,594,171
Inclusion of District Attorney Fund	71,063	
<b>Net Assets at End of Year</b>	<b>9,005,561</b>	<b>7,237,067</b>



Key factors related to the County's financial performance over the last year include the following:

1. Mineral and Related taxable values increased slightly. Local Property taxable values were also up slightly but were consistent with values over the last several years. Sales tax numbers increased.
2. County personnel numbers remained the same as the previous year.
3. The County recorded a gain on the disposal of capital assets (trade-ins) of \$308,708 which helped reduce the cost of new machinery.
4. Additionally, they used a capital grant of \$38,538 to buy new radios for the Sheriff's department.

The cost of all governmental activities this year was \$7,447,587. However, as shown in the Statement of Activities Exhibit B-1, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$5,935,721 because some of the costs were paid with charges for services of \$1,583,088, grants and contributions of \$578,226, sales tax of \$593,853 and other various general revenues of \$106,885.

## THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as reported on the balance sheet Exhibit C-1) showed a combined fund balance of \$5,026,246, compared to last year's total of \$3,723,930. Included in this year's total change in fund balance is an increase of \$1,068,132 in the County's General Fund.

For fiscal year 2009, actual expenditures on a budgetary basis for the General Fund were \$5,368,388, compared to the original expenditure budget of \$6,137,312. Actual revenue on a budgetary basis was \$6,459,367 compared to the original revenue budget of \$5,970,690. Reasons for the actual numbers varying from the budget follow:

- All departments controlled their expenditures, were well below budget and the County saved substantial resources by paying cash instead of financing commercial insurance.
- Efficiencies were achieved by changing procurement practices to get the most bang for the buck
- Tax revenue collection, sales tax, fees and miscellaneous revenues were higher than budgeted.
- Interest earnings received were higher than budgeted.

Over the course of the year, the County's Commissioners' Court revised the County budget several times. These revisions include amendments and supplemental appropriations that were approved during the year to address mid-year situational changes. The primary amendments include:

- Paying cash instead of incurring debt for numerous purchases
- Various office, election and other types of equipment purchases that had been delayed in prior years
- Purchased or refinanced several heavy equipment items to modernize the precinct fleets
- Purchased new vehicles for the Sheriff's department

Exhibit E-1 provides a detailed comparison of these changes as they relate to the General Funds. This General Fund presentation reflects a combination of the General, Jury and the Road & Bridge funds.

## CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2009, the County had \$7,714,090 invested in a broad range of capital assets, including land, buildings and equipment. The County's fiscal year 2009 capital outlays called for expenditures of around \$1,188,764. More detailed information about the County's capital assets is presented in Note IV, Item F to the financial statements.

Debt – At year end the County had \$ 486,803 in total Capital and Operating lease debt. More detailed information about the County's long-term liabilities is presented in Note IV, Items H and I to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2010 budget and tax rates. Some key items that should be noted are as follows:

1. Mineral taxable values were significantly lower this year because of changes the Texas Legislature made to the valuation process. Following Legislative direction, the Texas Comptroller changed mineral valuation to add a "Market Condition Factor" to their methodology. This change significantly lowered the base pricing for evaluating oil and gas. This radical departure from the past several years norm effectively shifted the burden of local taxation from the mineral property holders to the local property owners by about 8%. Further, it caused the Effective Tax Rate to rise over 5 cents for 2010.
2. The decrease in valuations caused the tax rate for the same amount of revenue to rise as mentioned previously, but the Commissioners' Court was resolved to do what it could to meet this challenge. As a result, they conducted a top down review of the budget and cut several expenditure lines which subsequently reduced the needed revenue to fund this budget. They also essentially froze pay at the prior year's level but did allow longevity increases as dictated by policy. The net result was that the adopted tax rate was below the Effective Tax Rate and set at .608316 cents per \$100 of valuation.
3. General Fund revenues are projected to be flat and almost all capital requirements were dealt with out of the FY 2009 budget reserves. There will be a slight increase in licenses and permits, charges for services and miscellaneous income for 2010 due to State increases. Projected interest income from the County's invested funds are projected to be flat due to the weak economy.
4. Projected expenses in the General Fund essentially flat. The budget will allow for approximately the same number of employees in 2010. Base pay will not rise as approved by the commissioner's court for full-time employees in 2010 and benefits remained at approximately the same levels.
5. The other special revenue funds are projecting no major changes.
6. The oil and agriculture industries in our area have had successful years but continue to be very unpredictable. These two industries remain the largest parts of our local business activity and the uncertainty that goes along with them makes it a challenge to accurately predict long-term economic and population numbers for Dawson County. Possibilities that will help strengthen and expand existing business and industry remain a focal point for economic development, along with seeking and pursuing opportunities not directly linked to oil and agriculture to help create stability and diversification for our local economy.

## 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 County Auditor, Dawson County, Texas, PO Box 1268, Lamesa, Texas, 79331.

Respectfully submitted,

*Rick Dollahan*

Dawson County Auditor

DAWSON COUNTY  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009

EXHIBIT A-1

	Primary Government
	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,097,163
Receivables (net of allowance for uncollectibles)	289,403
Due from Fiduciary Funds	20,769
Capital Assets:	
Land	47,250
Buildings, net	2,210,717
Machinery and Equipment, net	1,901,465
Total Assets	9,566,767
<b>LIABILITIES</b>	
Accounts Payable	91,508
Intergovernmental Payable	178
Noncurrent Liabilities	
Due Within One Year	130,030
Due in More Than One Year	339,490
Total Liabilities	561,206
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	3,760,023
Unrestricted Net Assets	5,245,538
Total Net Assets	\$ 9,005,561

The notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets	
Capital Grants and Contributions	Primary Government Governmental
\$ -	\$ (416,945)
-	(773,579)
-	(35,482)
-	(245,695)
-	(182,834)
-	(519,753)
38,538	(553,728)
-	(142,553)
-	(833,344)
-	-
-	(707,256)
-	(56,700)
-	(5,000)
-	(293,353)
-	(53,421)
-	(45,077)
-	(1,000)
-	(127,685)
-	(254,330)
<u>\$ 38,538</u>	<u>(5,247,735)</u>

5,935,721
593,853
3,812
22,342
67,296
13,435
308,708
<u>6,945,167</u>
1,697,432
7,237,066
71,063
<u>\$ 9,005,561</u>

Precinct 3	Precinct 4	Farm to Market and Lateral Road	Other Funds	Total Governmental Funds
\$ 243,473	\$ 231,602	\$ 2,424	\$ 657,993	\$ 5,097,163
-	-	41,729	-	280,765
-	-	(20,436)	-	(137,498)
-	-	-	3,296	146,136
-	-	-	3,241	24,010
<u>\$ 243,473</u>	<u>\$ 231,602</u>	<u>\$ 23,717</u>	<u>\$ 664,530</u>	<u>\$ 5,410,576</u>
\$ 3,224	\$ 5,213	\$ -	\$ 9,850	\$ 77,897
-	-	-	6,303	13,611
-	-	-	178	178
-	-	-	-	3,241
-	-	21,293	3,296	289,403
<u>3,224</u>	<u>5,213</u>	<u>21,293</u>	<u>\$ 19,627</u>	<u>384,330</u>
-	-	-	-	3,649,673
<u>240,249</u>	<u>226,389</u>	<u>2,424</u>	<u>644,903</u>	<u>1,376,573</u>
<u>240,249</u>	<u>226,389</u>	<u>2,424</u>	<u>\$ 644,903</u>	<u>5,026,246</u>
<u>\$ 243,473</u>	<u>\$ 231,602</u>	<u>\$ 23,717</u>	<u>\$ 664,530</u>	<u>\$ 5,410,576</u>

DAWSON COUNTY  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2009

<b>Total Fund Balances - Governmental Funds</b>	\$	5,026,246
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$6,958,494 and the accumulated depreciation was \$3,531,512. In addition, long-term liabilities, including capital leases and compensated absences, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		3,233,279
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2009 capital outlays and debt principal payments is to increase net assets.		1,188,764
The 2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(353,815)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of capital leases as an increase in capital leases payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		(88,913)
<b>Net Assets of Governmental Activities</b>	\$	9,005,561

The notes to the Financial Statements are an integral part of this statement.

Precinct 3	Precinct 4	Farm to Market and Lateral Road	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 877,174	\$ -	\$ 6,003,245
-	-	-	-	593,853
-	-	-	-	3,812
-	-	3,259	-	22,342
139,331	139,330	-	-	557,323
-	-	25,625	532,551	609,976
-	-	-	68,813	410,780
-	-	-	17,859	191,446
639	586	-	1,316	13,435
-	-	-	-	2,750
-	-	-	6,788	6,788
1,392	-	-	265,659	411,016
<u>141,362</u>	<u>139,916</u>	<u>906,058</u>	<u>892,986</u>	<u>8,826,766</u>
-	-	-	43,434	497,298
-	-	-	706,538	1,913,643
-	-	-	514	34,212
-	-	-	-	250,798
-	-	-	-	287,145
-	-	-	899	577,974
-	-	-	38,538	721,956
-	-	-	-	140,075
-	-	-	3,245	792,879
-	-	-	8,590	8,590
319,815	521,463	-	-	1,719,981
-	-	-	-	56,700
-	-	-	-	5,000
-	-	-	-	378,463
-	-	-	5,729	53,733
-	-	-	3,074	42,579
-	-	-	-	1,000
-	-	-	-	153,867
-	-	-	20,572	283,609
<u>319,815</u>	<u>521,463</u>	<u>-</u>	<u>831,133</u>	<u>7,919,502</u>
<u>(178,453)</u>	<u>(381,547)</u>	<u>906,058</u>	<u>61,853</u>	<u>907,264</u>
-	200,690	-	-	323,990
229,519	226,519	-	2,393	1,047,063
-	(3,000)	(906,077)	-	(1,047,063)
<u>229,519</u>	<u>424,209</u>	<u>(906,077)</u>	<u>2,393</u>	<u>323,990</u>
51,066	42,662	(19)	64,246	1,231,254
189,183	183,727	2,443	509,594	3,723,929
-	-	-	71,063	71,063
<u>\$ 240,249</u>	<u>\$ 226,389</u>	<u>\$ 2,424</u>	<u>\$ 644,903</u>	<u>\$ 5,026,246</u>

DAWSON COUNTY  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	1,231,254
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2009 capital outlays and debt principal payments is to increase net assets.		1,188,764
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(353,815)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of capital leases, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		(368,771)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>1,697,432</u></b>

The notes to the Financial Statements are an integral part of this statement.



DAWSON COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2009

EXHIBIT D-1

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 70,965	\$ 521,443
Investments - Current	17,416,789	-
Interest Receivable - Investments	2,752,140	-
Total Assets	<u>20,239,894</u>	<u>\$ 521,443</u>
<b>LIABILITIES</b>		
Intergovernmental Payable	24,409	\$ 368,369
Due to Other Funds	-	20,769
Due to Others	-	132,305
Total Liabilities	<u>24,409</u>	<u>\$ 521,443</u>
<b>NET ASSETS</b>		
Restricted Net Assets	<u>20,215,485</u>	
Total Net Assets	<u>\$ 20,215,485</u>	

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

DAWSON COUNTY  
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT D-2

	Private Purpose Trust Fund
<b>ADDITIONS:</b>	
Investment Earnings	\$ 338,044
Rents and Royalties	754,821
Total Additions	1,092,865
<b>DEDUCTIONS:</b>	
Ad Valorem Taxes	64,244
Transfers to County Schools	381,294
Decrease in Royalty Valuation	1,361,040
Total Deductions	1,806,578
Change in Net Assets	(713,713)
Total Net Assets - October 1 (Beginning)	20,929,198
Total Net Assets - September 30 (Ending)	\$ 20,215,485

The notes to the Financial Statements are an integral part of this statement.

**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Dawson County, Texas (the "County"), was created in 1905 by the Texas Legislature. The County operates under the authority of the elected Commissioners' Court (the "Court") and provides the following services: Law Enforcement, Judicial, Health, Safety, Welfare, Culture, Road & Bridge Maintenance and General Administrative Services.

**A. REPORTING ENTITY**

The Commissioners' Court (the "Court") consists of four County Commissioners and the County Judge who are elected by the public. The Court has the primary accountability for fiscal matters and is therefore, a financial reporting entity. As required by generally accepted accounting principles, these financial statements present Dawson County and its component unit. The component unit discussed below is included in the financial statements because of the financial relationships with the County.

Library Memorial Fund – The fund was controlled by the Dawson County Library Board of Directors who are appointed by the County's commissioners. Although it is legally separate, it is reported as if it is part of the County's financial statements because its sole purpose is providing library services to the residents. This fund was closed during the year with all remaining assets being transferred to the Friends of Library of Dawson County Public Library, Inc. a 501(c) (3) organization.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of Dawson County, Texas and its component units' nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the County such as vehicle registrations. The "grants and contributions" column includes amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function. If revenue is not program revenue, it is general revenue used to support all of the County's functions. Taxes are always general revenues.

Interfund activities between Governmental 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 Balance. 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 on the government-wide Statement of Activities.

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.

**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the fiduciary fund financial statements. 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).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The County considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

The fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize 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 Fund Statement of Net Assets. The fund equity is segregated into restricted and unrestricted net assets.

**D. FUND ACCOUNTING**

The County reports the following major governmental funds:

**The 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. For this presentation, the General Fund, Jury Fund and Road and Bridge Fund have been combined. These funds are operated and maintained separately by the Commissioners' Court decision, but there are not any outside requirements for the self-imposed separation, and the funds can be used for general County operations.

**Other Major Governmental Funds** – Farm to Market and Lateral Road Fund and the Precinct Funds are the County's Special Revenue Funds designated to receive and expend the farm to market taxes and lateral road monies that are used for precinct road operations.

**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

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

**D. FUND ACCOUNTING - CONTINUED**

Other Governmental Funds:

**Special Revenue Funds** – The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in special revenue funds. Most federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. Most of the County's special revenue funds are not from grants but simply have restrictions on their use.

Fiduciary Funds:

**Private Purpose Trust Funds** – 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.

**Agency Funds** – The County accounts for resources held for others in a custodial capacity in agency funds. The County's agency funds are the County Attorney's funds, Sheriff's funds, Justice of the Peace's funds, County Clerk's funds, Tax Assessor Collector's funds and District Clerk's funds.

**E. OTHER ACCOUNTING POLICIES**

**Change in reporting of funds** – Within the special revenue funds, the District Attorney Fund was previously omitted as a Dawson County fund. The inclusion of this fund into the financial statements results in a restatement of the beginning fund balances, specifically the special revenue funds.

Beginning fund balance, as previously reported	\$3,723,929
Addition of District Attorney Fund	<u>71,063</u>
Beginning fund balance, as restated	\$3,794,992

**Cash Equivalents** - The County considers investments to be cash equivalents if they have maturity of six months or less when purchased.

**Consumable Materials and Supplies** – Disbursements for the purchase of consumable materials and supplies are recorded as expenditures. Therefore, inventories of such items are not included in the balance sheet.

**Due From (To) Other Funds** – Interfund receivables and payables arise from interfund transactions and are recorded in the affected funds in the period in which transactions are executed. See Note IV, E for additional discussion of interfund receivables, payables and transfers.

**Capital Assets** - Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental activities columns in the Government-Wide Financial Statements. The County defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets such as roads are not capitalized and are therefore excluded from the capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Land is not depreciated.

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

**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

**E. OTHER ACCOUNTING POLICIES – CONTINUED**

Buildings, furniture and equipment of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building Improvements	15-50
Vehicles	5-10
Other Equipment	5-10

**Long-Term Debt and Bond Issue Costs** - In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

**Compensated Absences** – 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 \$70,111 as of September 30, 2009. They are recorded as expenditures when they are paid but are reflected in the Government-Wide Financial Statements.

**Deferred Revenue** – Deferred revenue in all fund statements represents the delinquent taxes and fines expected to be collected in some future period.

**Net Assets and Fund Balance –**

**Government-Wide Financial:**

**Investment in Capital Assets, Net of Related Debt** – The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

**Restricted Net Assets** – The component of net assets that is restricted by a constraint placed on the use of assets that is either imposed externally or by law through constitutional provisions or enabling legislation. The Private Purpose Trust Fund restricted net assets consist of the Permanent School Fund and are used for Dawson County schools.

**Unrestricted Net Assets** – The difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt and Net Assets Restricted for the Private Purpose Trust Fund.

**Governmental Fund Financial Statements:**

In the fund financial statement, governmental funds report fund balances as either a reserved fund balance or an unreserved fund balance.

**Reserved Fund Balance** – The portion of fund balance, which is not available for appropriation or which has been legally segregated for a specific purpose. The County does not have a reserved fund balance.

**Unreserved and Undesignated Fund Balance** – This balance is composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting of future operations. Designated fund balances represent tentative plans for future use of financial resources. As of September 30, 2009, the District had no designated fund balances.

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

**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

**E. OTHER ACCOUNTING POLICIES – CONTINUED**

**Management's Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the Governmental Fund Balance Sheet and the net assets for governmental activities as reported in the Government-Wide Statement of Net Assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Assets</u>
Land	\$ 47,250	\$ -	\$ 47,250	
Buildings	4,066,493	(1,810,961)	2,255,532	
Furniture and Equipment	2,844,751	(1,720,551)	1,124,200	
Change in Net Assets				<u>\$ 3,426,982</u>
			<u>Payable at the Beginning of the Year</u>	
Long-Term Liabilities at the Beginning of the Year			\$ 32,470	
Compensation Payable			161,233	
Capital Leases Payable				
Change in Net Assets				<u>\$ 193,703</u>
Net Adjustment to Net Assets				<u>\$ 3,233,279</u>

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibits C-2 and C-4 provide a reconciliation between the net changes in fund balance as shown on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the changes in net assets of governmental activities as reported on the Government-Wide Statement of Activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - CONTINUED**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – CONTINUED**

	<u>Amount</u>	<u>Adjustments to Net Assets</u>	<u>Adjustments to Changes in Net Assets</u>
<u>Current Year Capital Outlay</u>			
Buildings and Improvements	\$ 27,014		
Furniture and Equipment	1,075,936		
Total Capital Outlay	<u>\$ 1,102,950</u>	\$ 1,102,950	\$ 1,102,950
 <u>Debt Principal Payments</u>			
Capital Lease Payments	<u>\$ 85,814</u>		
Total Principal Payments	<u>\$ 85,814</u>	85,814	85,814
Total Adjustment to Net Assets		<u>\$ 1,188,764</u>	<u>\$ 1,188,764</u>

Another element of the reconciliation on Exhibit C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Net Assets</u>	<u>Adjustments to Changes in Net Assets</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies Uncollected Taxes (assumed collectible) from Current Year Levy	\$ 77,239	\$	\$ (77,239)
Uncollected Taxes (assumed collectible) from Prior Year Levy	73,603	73,603	73,603
Change in Estimate of Deferred Revenue at Beginning of Year	3,408		3,408
Uncollected Fees of Office from Prior Year	136,362	136,362	
Uncollected Fees of Office, Current Year Increase	9,773	9,773	9,773
Basis of Assets Disposed	16,685	(16,685)	(16,685)
Capital Lease Proceeds	323,990	(323,990)	(323,990)
 <u>Reclassify Certain Expenditures:</u>			
Increase in Compensated Absences	37,641	(37,641)	(37,641)
Total		<u>\$ (88,913)</u>	<u>\$ (368,771)</u>

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**



**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

**A. BUDGETARY DATA**

The Commissioners' Court adopts an "appropriated budget" for the General Fund and Special Revenue Funds. The budgets are prepared on the modified accrual basis to comply with the Constitution of the State of Texas. The adopted and final amended budgeted revenues and expenditures for the General Fund, Precinct Funds and Farm to Market and Lateral Road Fund are presented in Exhibit E-1 through E-6. The overexpenditures in Precincts 1 and 4 were generated by the purchase of equipment using lease purchase agreements. The lease purchase did not require the expenditure of cash.

The following procedures are used in establishing the budgetary data reflected in the Required Supplemental Information Budgetary Comparisons:

1. In July, the County Judge, with the assistance of the County Auditor, prepares a budget for the succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is filed with the County Clerk and is open to public inspection. The Commissioners' Court is required to hold at least one public hearing on the budget no less than 15 days subsequent to the filing by the County Judge.
3. Prior to October 1, the Commissioners' Court legally enacts the budget through passage of a resolution. Once a budget is approved, it can only be amended at object, department and fund level by approval of a majority of the members of the Commissioners' Court. The law requires that such amendments are made before the fact, are reflected in the official minutes of the Commissioners' Court and are not made after fiscal year end. The County had several budget amendments during the year.
4. Each budget is controlled at the revenue and expenditure function/object level in accordance with Texas statutory guidance. The County Auditor audits and approves legal expenditures. The Commissioners' Court audits and settles claims against the County but can spend money only in accordance with the adopted budget. The Treasurer disburses money after ordered by the Court if the expenditure is in accordance with Texas statutes. All budget appropriations lapse at year end.

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED**

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had planned deficit spending as reflected by budgeted expenditures in excess of expected revenue.

General Fund	\$425,597
Law Library Fund	225
Appellate Judicial Fund	80
Court Reporter Service Fund	9,077
Justice of Peace Technology Fund	2,485
Precinct #1	106,247
Precinct #2	24,272
Precinct #3	52,192
Precinct #4	21,310
County Clerk Vital Statistics Records	2,600
County Clerk Archive	20,000
District Attorney Fund	20,004
Clean Cemetery Fund	889
Clean Up Lamesa Fund	3,063
Welch Water Project	8,590

**IV. OTHER NOTES ON FUNDS AND ACCOUNTS**

**A. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

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

The County is in not in compliance with the requirements of the Act and with local policies for the following reasons:

The investment reports were not signed by the investment officer.

Interest bearing money market accounts are an integral part of the County's investment activity but are not included on the investment report.

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED**

**A. DEPOSITS AND INVESTMENTS - CONTINUED**

Policies Governing Deposits and Investments

In compliance with the Public Fund Investment Act, the County has adopted a deposit and investment policy. That policy was reviewed in 2008 and addresses the following risk:

**Custodial Credit Risk – Cash and investment deposits:** This is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements states that all deposits must be insured by FDIC or secured in another manner provided by law. The County was not exposed to custodial credit risks for its deposits because all were covered by depository insurance or pledged securities at all times during the year.

The County's investments consisted completely of certificates of deposit and interest bearing checking accounts at First United Bank, Lamesa, Texas. Though all the certificates were written with one-month maturities, the rates provided by the depository were consistent to jumbo certificates of one year duration.

**B. PROPERTY TAXES**

In accordance with State law, the Dawson County Central Appraisal District makes all appraisals for tax purposes. Assessed values are based upon 100 percent of appraised market value and are reviewed every three years. Taxpayers have the right to challenge the assessed value.

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The tax rate for the fiscal year ended September 30, 2009, (2008 tax levy) was \$ .550000 per \$100 assessed value for County General Fund operations and \$.080218 for farm-market lateral maintenance and operations for a total rate of \$.469782. The County is subject to a tax rate rollback if the total amount of property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceding year by 8 percent.

**C. DELINQUENT TAXES RECEIVABLE**

Allowances for uncollectible tax receivables are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

**IV. OTHER NOTES ON FUNDS AND ACCOUNTS - CONTINUED**

**D. OTHER ACCOUNTS RECEIVABLE**

County accounts receivable at September 30 were:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
County Clerk fines	\$ 52,714	\$ 72,613
District Clerk fines	359,725	397,828
Justice of the Peace fines	<u>371,069</u>	<u>344,496</u>
	\$ 783,508	\$ 814,937
Allowance for doubtful collection	<u>(637,372)</u>	<u>(681,590)</u>
Net receivables	<u>\$ 146,136</u>	<u>\$ 133,347</u>

**E. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at September 30, 2009 consisted of the following individual fund balances:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Nonmajor Governmental Fund		\$ 3,241
Agency Fund	<u>20,769</u>	<u>-</u>
Total General Fund	<u>\$ 20,769</u>	<u>3,241</u>
Nonmajor Governmental Fund	3,241	
Agency Fund		<u>20,769</u>
Total	<u>\$ 24,010</u>	<u>\$ 24,010</u>

The interfund transfers reflected on the Statements of Revenues and Expenditures were for routine purposes. Transfers from the Road and Bridge and the Farm to Market Funds were to the corresponding precinct funds for precinct operations. \$115,140 of the transfer from the General Fund was a separation of the 106<sup>th</sup> District Court fund balance, which was a shared balance with Gaines, Garza and Lynn County. \$2,390 of the transfers from the General Fund to the 911 Fund were to supplement cost in the 911 Fund. \$20,454 was transferred from the General Fund to Precinct 1 for capital improvements in the precinct.

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**IV. OTHER NOTES ON FUNDS AND ACCOUNTS – CONTINUED**

**F. CAPITAL ASSET ACTIVITY**

Capital assets have been combined into an accumulating account over an extended period. During the last dozen years, the costs have been maintained in sufficient detail to calculate depreciation, but the costs before 1993 were commingled into totals. Estimates have been used to establish prior year recordings and costs.

Capital asset activity for the County for the year ended September 30, 2009, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirement	
<b>Governmental Activities:</b>				
Land	\$ 47,250	\$ -	\$ -	\$ 47,250
Buildings and Improvements	4,066,493	27,014	-	4,093,507
Equipment	2,034,151	842,965	(214,466)	2,662,650
Transportation Equipment	736,310	232,971	(132,888)	836,393
Furniture and Fixtures	74,290	-	-	74,290
Totals at Historic Cost	<u>\$ 6,958,494</u>	<u>\$ 1,102,950</u>	<u>\$ (347,354)</u>	<u>\$ 7,714,090</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	1,810,961	71,829		1,882,790
Equipment	1,143,652	199,852	(214,466)	1,129,038
Transportation Equipment	562,391	74,227	(116,203)	520,415
Furniture and Fixtures	14,508	7,907		22,415
Total Accumulated Depreciation	<u>3,531,512</u>	<u>353,815</u>	<u>(330,669)</u>	<u>3,554,658</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><u>\$ 3,426,982</u></u>	<u><u>\$ 749,135</u></u>	<u><u>\$ (16,685)</u></u>	<u><u>\$ 4,159,432</u></u>

**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

**IV. OTHER NOTES ON FUNDS AND ACCOUNTS – CONTINUED**

**F. CAPITAL ASSET ACTIVITY - CONTINUED**

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 22,809
Justice System	13,139
Elections	4,469
Facilities Management	1,427
Law Enforcement	37,363
Fire Protection	2,478
Corrections	47,277
Roads and Bridges	192,590
Health Care	17,890
Parks and Recreation	3,250
County Extension Service	9,165
Libraries	1,958
Total Depreciation Expense	<u><u>\$ 353,815</u></u>

**G. LONG-TERM LIABILITIES**

A summary of changes in general long-term debt for the year ended September 30, 2009 is as follows:

Description	Interest Rate Payable	Interest Current Year	Payable Amounts Outstanding 10/01/08	Issued	Retired	Payable Amounts Outstanding 09/30/09	Due Within One Year
Compensated Absences Various Funds	None	\$ None	\$ 32,470	\$ 37,641		\$ 70,111	\$ 70,111
Capital Lease Precinct 1	4.75%	2,179	50,000		9,075	40,925	9,515
Capital Lease Precinct 1	6.51%	5,907		123,300	8,369	114,931	10,883
Capital Lease Precinct 2	4.75%	2,179	50,000		9,075	40,925	9,515
Capital Lease Precinct 3	4.70%	1,905	61,233		45,564	15,669	15,669
Capital Lease Precinct 4	4.72%	8,407		200,690	13,731	186,959	14,337
Total		<u>\$ 20,577</u>	<u>\$ 193,703</u>	<u>\$ 361,631</u>	<u>\$ 85,814</u>	<u>\$ 469,520</u>	<u>\$ 130,030</u>

**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

**IV. OTHER NOTES ON FUNDS AND ACCOUNTS – CONTINUED**

**H. DEBT SERVICE REQUIREMENTS - CAPITAL LEASES**

The County has entered into lease agreements as lessee to finance the acquisition of four road graders and one loader. Three of these contracts were completed during the year. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is a schedule of the capital lease commitments as of September 30, 2009.

	Present Value of Minimum Lease Payments	Interest	Total Mimimum Lease Payments
Caterpillar - 140 H Grader - Precinct 1	\$ 40,925	\$ 4,092	\$ 45,017
Caterpillar - 120 M Grader - Precinct 1	114,931	24,182	139,113
Caterpillar - 140 H Grader - Precinct 2	40,925	4,092	45,017
Caterpillar - 140 H Grader - Precinct 3	15,669	154	15,823
Caterpillar - 140 M Grader - Precinct 4	186,959	29,241	216,200
Total	<u>\$ 399,409</u>	<u>\$ 61,761</u>	<u>\$ 461,170</u>

These total minimum lease payments are payable as follows:

<u>Year Ending September 30,</u>	
2010	\$ 77,918
2011	65,693
2012	65,693
2013	65,695
2014	186,171
Total Capital Lease Payments	<u>\$ 461,170</u>

**I. COMMITMENTS UNDER NONCAPITALIZED LEASES**

The future minimum rental commitments under operating (noncapitalized) lease agreements were for two Caterpillar graders and several copiers. The Caterpillar graders were paid off in the current year. The minimum future rental payments as of September 30, 2009 were as follows:

<u>Year Ending September 30,</u>	
2010	\$ 12,801
2011	11,328
2012	1,504
Total Minimum Rental	<u>\$ 25,633</u>
Rental Expenditures in Fiscal Year 2009	\$ 12,801

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**IV. OTHER NOTES ON FUNDS AND ACCOUNTS – CONTINUED**

**J. EMPLOYEE RETIREMENT BENEFITS**

The County provides two separate retirement benefit plans. One plan is the defined benefit plan that is provided through the Texas County and District Retirement System. The County also offers a deferred compensation plan to its employees.

**Texas County and District Retirement System Plan**

*Plan Description.* Dawson County, Texas provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 586 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

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

*Funding Policy.* The employer has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 10.94% for the three months ending December 31, 2008 and 12.60% for the nine months ending September 30, 2009. The deposit rate payable by the employee members is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

*Annual Pension Cost.* For the employer's accounting year ending September 30, 2009, the annual pension cost for the TCDRS plan for its employees was \$225,970, and the actual contributions were \$225,970. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2006, December 31, 2007 and December 31, 2008 as the basis for determining the contribution rates for calendar year 2007, 2008 and 2009. The December 31, 2008 actuarial valuation is the most recent valuation.



**DAWSON COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2009**

**IV. OTHER NOTES ON FUNDS AND ACCOUNTS – CONTINUED**

**J. EMPLOYEE RETIREMENT BENEFITS – CONTINUED**

	<b>Actuarial Valuation Information</b>		
Actuarial valuation date	12/31/06	12/31/07	12/31/08
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, closed
Amortization period in years	15	15	20
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
<b>Actuarial Assumptions:</b>			
Investment return	8.00%	8.00%	8.00%
Projected salary increases <sup>1</sup>	5.30%	5.30%	5.30%
Inflation	3.50%	3.50%	3.50%
Cost-of-living adjustments	0	0	0
<sup>1</sup> Includes inflation at the stated rate			

**Trend Information  
for the Retirement Plan for the Employees of Dawson County**

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2007	285,310	100%	0.00
September 30, 2008	257,801	100%	0.00
September 30, 2009	347,948	100%	0.00

**Schedule of Funding Progress for the Retirement Plan  
for the Employees of Dawson County**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll<sup>1</sup> (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/06	5,830,782	7,734,372	1,903,590	75.39%	3,060,476	65.75%
12/31/07	6,410,763	8,424,257	2,013,494	76.10%	3,204,285	69.72%
12/31/08	6,565,686	9,185,445	2,649,759	71.15%	3,449,286	76.82%

<sup>1</sup>The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**IV. OTHER NOTES ON FUNDS AND ACCOUNTS – CONTINUED**

**J. EMPLOYEE RETIREMENT BENEFITS – CONTINUED**

*Deferred Compensation Plan.* The County offers a deferred compensation plan for employees who elect to participate. Participants may defer up to 25% of gross income not to exceed \$7,500 per year. Withdrawals are permitted because of death, emergency as defined by the Internal Revenue Service, termination of employment or retirement. The County does not contribute to the plan, and all assets in the plan belong to the employees.

**K. 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.

**L. 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.

Coverage includes a \$500 annual deductible or \$1,500 for the family. Medical expenses exceeding the deductible are paid at 90% in plan and 70% out of plan. The maximum out of pocket cost to the employee should be \$2,000 per person or \$6,000 per family.

**M. 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 2009, 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.

**N. JOINT VENTURE ARRANGEMENTS**

The County is involved in the following joint ventures with the City of Lamesa:

The County has a 50% financial interest in the municipal airport. The County provides \$5,000 annually for working capital. No significant accumulations of financial resources or deficits are in this joint venture. In 2007, an airport improvement grant began with a projected cost of \$1,850,000. The County set aside \$92,857.50 for their share of the match but the project was completed under budget during the fiscal year.

The County has a 50% financial interest in the city swimming pool. The County is billed annually by the City for its share of the loss. Financial records reflecting the operations are available at the City of Lamesa offices.

DAWSON COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT E-1

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 5,036,400	\$ 5,036,400	\$ 5,126,071	\$ 89,671
General Sales and Use Taxes	450,000	450,000	593,853	143,853
Mixed Beverage Tax	2,100	2,100	3,812	1,712
Dealer Inventory Tax	-	-	19,083	19,083
Intergovernmental Revenue and Grants	58,260	58,260	51,800	(6,460)
Charges for Services	177,430	177,430	341,967	164,537
Fines	208,705	208,705	173,587	(35,118)
Investment Earnings	7,855	7,855	10,055	2,200
Rents and Royalties	3,000	3,000	2,750	(250)
Other Revenue	26,940	26,940	136,389	109,449
Total Revenues	<u>5,970,690</u>	<u>5,970,690</u>	<u>6,459,367</u>	<u>488,677</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	694,187	830,144	453,864	376,280
Judicial	1,430,681	1,430,681	1,207,105	223,576
Elections	40,000	40,000	33,698	6,302
Financial Administration	317,262	317,663	250,798	66,865
Tax Administration	315,077	317,390	287,145	30,245
Facilities Management	652,928	727,002	577,075	149,927
Public Safety:				
Law Enforcement	648,204	733,517	683,418	50,099
Fire Protection	153,503	153,503	140,075	13,428
Corrections	1,002,227	1,010,668	789,634	221,034
Public Works:				
Road and Bridges	5	5	-	5
Sanitation	54,000	56,700	56,700	-
Public Transportation	5,005	5,005	5,000	5
Health and Welfare:				
Health Care	281,213	290,133	378,463	(88,330)
Human Services	51,899	51,899	48,004	3,895
Culture and Recreation	500	500	-	500
Parks & Recreation	40,742	47,399	39,505	7,894
Museums	1,000	1,000	1,000	-
County Extension Service	171,678	171,999	153,867	18,132
Libraries	275,696	279,769	263,037	16,732
Conservation and Development:				
Conservation	1,505	1,505	-	1,505
Total Expenditures	<u>6,137,312</u>	<u>6,466,482</u>	<u>5,368,388</u>	<u>1,098,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(166,622)</u>	<u>(495,792)</u>	<u>1,090,979</u>	<u>1,586,771</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	20	20	115,140	115,120
Transfers Out (Use)	(10)	(2,397)	(137,986)	(135,589)
Total Other Financing Sources (Uses)	<u>10</u>	<u>(2,377)</u>	<u>(22,846)</u>	<u>(20,469)</u>
Net Change in Fund Balances	(166,612)	(498,169)	1,068,133	1,566,302
Fund Balance - October 1 (Beginning)	<u>2,581,540</u>	<u>2,581,540</u>	<u>2,581,540</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 2,414,928</u>	<u>\$ 2,083,371</u>	<u>\$ 3,649,673</u>	<u>\$ 1,566,302</u>

DAWSON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - PRECINCT 1 FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT E-2

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Licenses and Permits	\$ 134,100	\$ 134,100	\$ 139,331	\$ 5,231
Investment Earnings	100	100	389	289
Other Revenue	-	5	5,388	5,383
Total Revenues	134,200	134,205	145,108	10,903
<b>EXPENDITURES:</b>				
Current:				
Public Works:				
Road and Bridges	355,700	461,952	569,758	(107,806)
Total Expenditures	355,700	461,952	569,758	(107,806)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,500)	(327,747)	(424,650)	(96,903)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Capital Leases	-	-	123,300	123,300
Transfers In	221,500	221,500	246,973	25,473
Total Other Financing Sources (Uses)	221,500	221,500	370,273	148,773
Change in Fund Balance	-	(106,247)	(54,377)	51,870
Fund Balance - October 1 (Beginning)	130,972	130,972	130,972	-
Fund Balance - September 30 (Ending)	\$ 130,972	\$ 24,725	\$ 76,595	\$ 51,870

DAWSON COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - PRECINCT 2 FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT E-3

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Licenses and Permits	\$ 134,100	\$ 134,100	\$ 139,331	\$ 5,231
Investment Earnings	100	100	450	350
Other Revenue	-	5	2,188	2,183
Total Revenues	<u>134,200</u>	<u>134,205</u>	<u>141,969</u>	<u>7,764</u>
<b>EXPENDITURES:</b>				
Current:				
Public Works:				
Road and Bridges	355,705	383,982	308,945	75,037
Total Expenditures	<u>355,705</u>	<u>383,982</u>	<u>308,945</u>	<u>75,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(221,505)</u>	<u>(249,777)</u>	<u>(166,976)</u>	<u>82,801</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	221,505	221,505	226,519	5,014
Total Other Financing Sources (Uses)	<u>221,505</u>	<u>221,505</u>	<u>226,519</u>	<u>5,014</u>
Change in Fund Balance	-	(28,272)	59,543	87,815
Fund Balance - October 1 (Beginning)	126,470	126,470	126,470	-
Fund Balance - September 30 (Ending)	<u>\$ 126,470</u>	<u>\$ 98,198</u>	<u>\$ 186,013</u>	<u>\$ 87,815</u>

DAWSON COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - PRECINCT 3 FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT E-4

Data Control Codes	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
5200 Licenses and Permits	\$ 134,100	\$ 134,100	\$ 139,331	\$ 5,231
5610 Investment Earnings	100	100	639	539
5700 Other Revenue	-	5	1,392	1,387
5020 Total Revenues	134,200	134,205	141,362	7,157
<b>EXPENDITURES:</b>				
Current:				
Public Works:				
0031 Road and Bridges	355,700	407,897	319,815	88,082
6030 Total Expenditures	355,700	407,897	319,815	88,082
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,500)	(273,692)	(178,453)	95,239
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	221,500	221,500	229,519	8,019
7080 Total Other Financing Sources (Uses)	221,500	221,500	229,519	8,019
1200 Change in Fund Balance	-	(52,192)	51,066	103,258
0100 Fund Balance - October 1 (Beginning)	189,183	189,183	189,183	-
3000 Fund Balance - September 30 (Ending)	\$ 189,183	\$ 136,991	\$ 240,249	\$ 103,258

DAWSON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - PRECINCT 4 FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT E-5

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Licenses and Permits	\$ 134,100	\$ 134,100	\$ 139,330	\$ 5,230
Investment Earnings	100	100	586	486
Other Revenue	5	5	-	(5)
Total Revenues	134,205	134,205	139,916	5,711
<b>EXPENDITURES:</b>				
Current:				
Public Works:				
Road and Bridges	355,705	377,015	521,463	(144,448)
Total Expenditures	355,705	377,015	521,463	(144,448)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,500)	(242,810)	(381,547)	(138,737)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Capital Leases	-	-	200,690	200,690
Transfers In	221,500	221,500	226,519	5,019
Transfers Out (Use)	-	-	(3,000)	(3,000)
Total Other Financing Sources (Uses)	221,500	221,500	424,209	202,709
Change in Fund Balance	-	(21,310)	42,662	63,972
Fund Balance - October 1 (Beginning)	183,727	183,727	183,727	-
Fund Balance - September 30 (Ending)	\$ 183,727	\$ 162,417	\$ 226,389	\$ 63,972

DAWSON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - FM TO MARKET AND LATERAL ROAD  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT E-6

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 860,000	\$ 880,433	\$ 877,174	\$ (3,259)
Dealer Inventory Tax	-	-	3,259	3,259
Intergovernmental Revenue and Grants	26,000	26,000	25,625	(375)
Total Revenues	886,000	906,433	906,058	(375)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out (Use)	(886,000)	(906,077)	(906,077)	-
Total Other Financing Sources (Uses)	(886,000)	(906,077)	(906,077)	-
Change in Fund Balance	-	356	(19)	(375)
Fund Balance - October 1 (Beginning)	2,443	2,443	2,443	-
Fund Balance - September 30 (Ending)	\$ 2,443	\$ 2,799	\$ 2,424	\$ (375)