



March 10, 2021

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

We have audited the financial statements of Dawson County, Texas as of and for the year ended September 30, 2020, and have issued our report thereon dated March 10, 2021. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our letter dated August 6, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Dawson County, Texas solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal control over financial reporting noted during our audit in our 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* dated March 10, 2021.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Dawson County, Texas is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the other post-employment benefits and net pension liability are based on an actuary's calculation in accordance with the employment contracts.

Management's estimate of the allowance for uncollectible property taxes is based on collection rates in prior years and delinquent taxes outstanding currently.

Management's estimate of the allowance for uncollectible fines and fees is based on collection rates in prior years.

We evaluated the key factors and assumptions used to develop the significant accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's financial statements relate to the pension and other post-employment benefit plans.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Dawson County, Texas's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated March 10, 2021.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

This report is intended solely for the information and use of the Commissioners Court and management of Dawson County, Texas and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Abilene, Texas

RECEIVED

MAR 17 2021



Financial Statements  
September 30, 2020  
Dawson County, Texas

RECEIVED

MAR 10 2021

DAWSON COUNTY AUDITOR

APPROVED  
MAR 23 2021  
COMMISSIONERS COURT

Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	4
Government Wide Financial Statements	
Statement of Net Position (Exhibit A-1) .....	15
Statement of Activities (Exhibit A-2) .....	16
Government Fund Financial Statements	
Balance Sheet – Governmental Funds (Exhibit A-3) .....	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit A-4) .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit A-5) .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-6) .....	20
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-7) .....	21
Fiduciary Fund Financial Statements	
Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds (Exhibit A-8) .....	22
Notes to Financial Statements .....	23
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund (Exhibit B-1) .....	54
Budgetary Comparison Schedule – Precinct Fund (Exhibit B-2) .....	55
Budgetary Comparison Schedule – District Court Fund (Exhibit B-3) .....	56
Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System (Exhibit B-4) .....	57
Schedule of Employer Contributions – Texas County and District Retirement System (Exhibit B-5) .....	58
Schedule of Changes in Total OPEB Liability and Related Ratios (Exhibit B-6) .....	59
Information about Infrastructure Assets Reported Using the Modified Approach (Exhibit B-7) .....	60
Notes to Required Supplementary Information .....	62
Supplementary Information	
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1) .....	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Exhibit C-2) .....	69
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds (Exhibit C-3) .....	73
Governmental Reporting Section	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	75
Schedule of Findings and Responses .....	77



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dawson County, Texas, as of September 30, 2020, 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.

## **Other Matters**

### *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 4-14 and 54-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken 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, 2021, on our consideration of Dawson County, Texas'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 Dawson County, Texas's internal control over financial reporting and compliance.

Abilene, Texas  
March 10, 2021



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, 2020. Please read it in conjunction with the County's financial statements.

### **FINANCIAL HIGHLIGHTS**

- Dawson County's total combined net position was \$13.6 million at September 30, 2020. This represents an increase of \$624,843 from September 30, 2019. Of this amount, \$4.7 million (unrestricted net position) may be used to meet the County's ongoing obligations.
- During the year, the County's expenses were \$624,843 less than the \$11.8 million generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$3.6 million; \$3.5 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 and liabilities, 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.

Both of these government-wide financial statements are designed to distinguish functions of Dawson County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include general government, judicial, elections, financial administration, tax administration, facilities management, public safety, 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, and the district court fund, all of which are considered to be major funds. Individual fund data for each of the forty-two 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 \$13.6 million at September 30, 2020. The largest portion of the County's net position (47%) 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 (18%) 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, 2020	September 30, 2019
Current and Other Assets	\$ 8,540,620	\$ 7,464,663
Capital Assets	7,238,554	6,991,598
<b>Total assets</b>	<b>15,779,174</b>	<b>14,456,261</b>
Deferred Outflows of Resources	432,259	1,826,509
Current Liabilities	777,086	1,876,039
Long Term Liabilities	1,032,929	1,201,429
<b>Total liabilities</b>	<b>1,810,015</b>	<b>3,077,468</b>
Deferred Inflows of Resources	820,918	249,645
<b>Net Position</b>		
Net Investment in Capital Assets	6,434,760	6,089,196
Restricted	2,482,393	2,278,953
Unrestricted	4,663,347	4,587,508
<b>Total net position</b>	<b>\$ 13,580,500</b>	<b>\$ 12,955,657</b>

**Changes in Net Position**

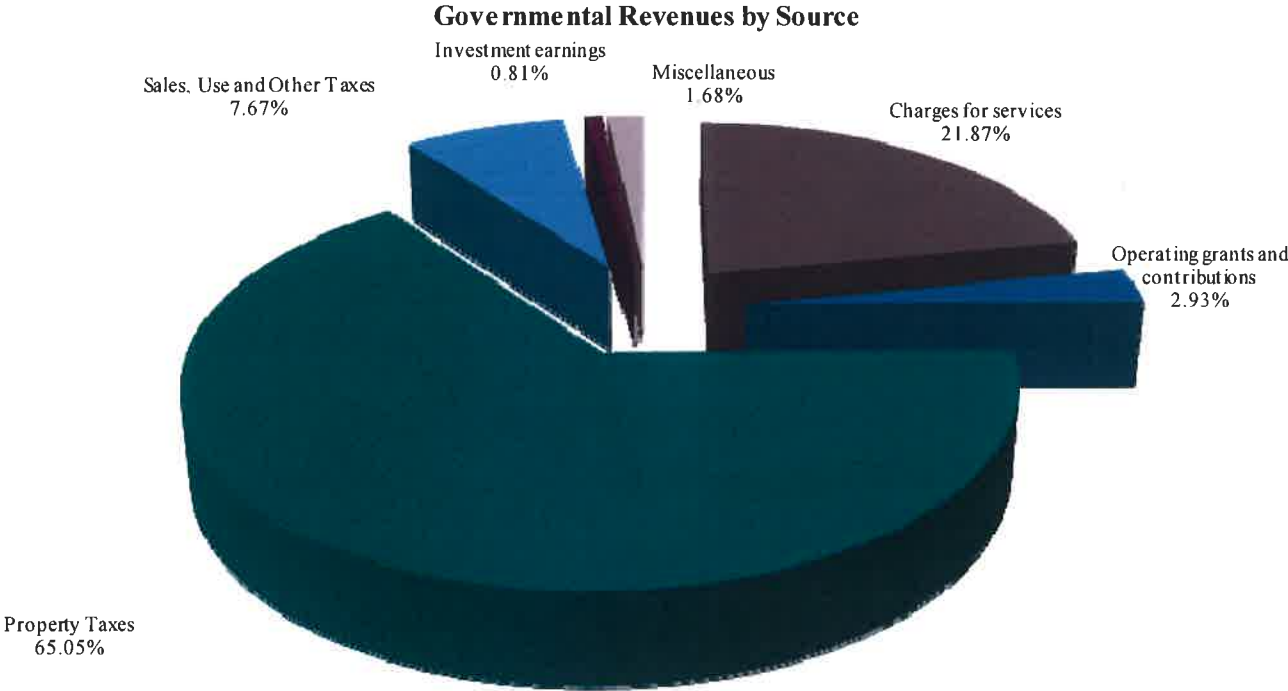
Dawson County's net position increased by \$624,843 during the current fiscal year.

	Governmental Activities	
	September 30, 2020	September 30, 2019
Revenues		
Program revenues		
Charges for services	\$ 2,585,697	\$ 2,704,641
Operating grants and contributions	346,069	373,897
General revenues		
Property taxes	7,691,972	6,491,521
Sales and use and other taxes	906,483	1,070,158
Investment earnings	96,164	202,043
Miscellaneous revenue	185,247	313,878
Loss on sale of assets	13,335	(94,239)
Total revenues	<u>11,824,967</u>	<u>11,061,899</u>
Expenses		
General government	1,672,167	1,223,862
Judicial	2,836,015	2,248,412
Elections	35,700	26,697
Financial Administration	367,457	390,863
Tax Administration	402,629	367,975
Facilities Management	20,884	1,165,857
Public safety	46,029	912
Law Enforcement	1,050,773	907,394
Fire protection	194,177	197,357
Corrections	1,684,112	1,391,196
Road and bridge	1,790,623	1,835,132
Sanitation	65,340	65,340
Public transportation	10,000	10,000
Health care	68,746	133,823
Human services	324,082	348,290
Parks and recreation	99,751	66,470
Museums	1,000	1,000
County extension service	142,458	141,178
Libraries	353,181	354,425
Interest on long-term debt	35,000	-
Total expenses	<u>11,200,124</u>	<u>10,876,183</u>
Change in Net Position	624,843	185,716
Beginning net position	<u>12,955,657</u>	<u>12,769,941</u>
Ending Net Position	<u>\$ 13,580,500</u>	<u>\$ 12,955,657</u>

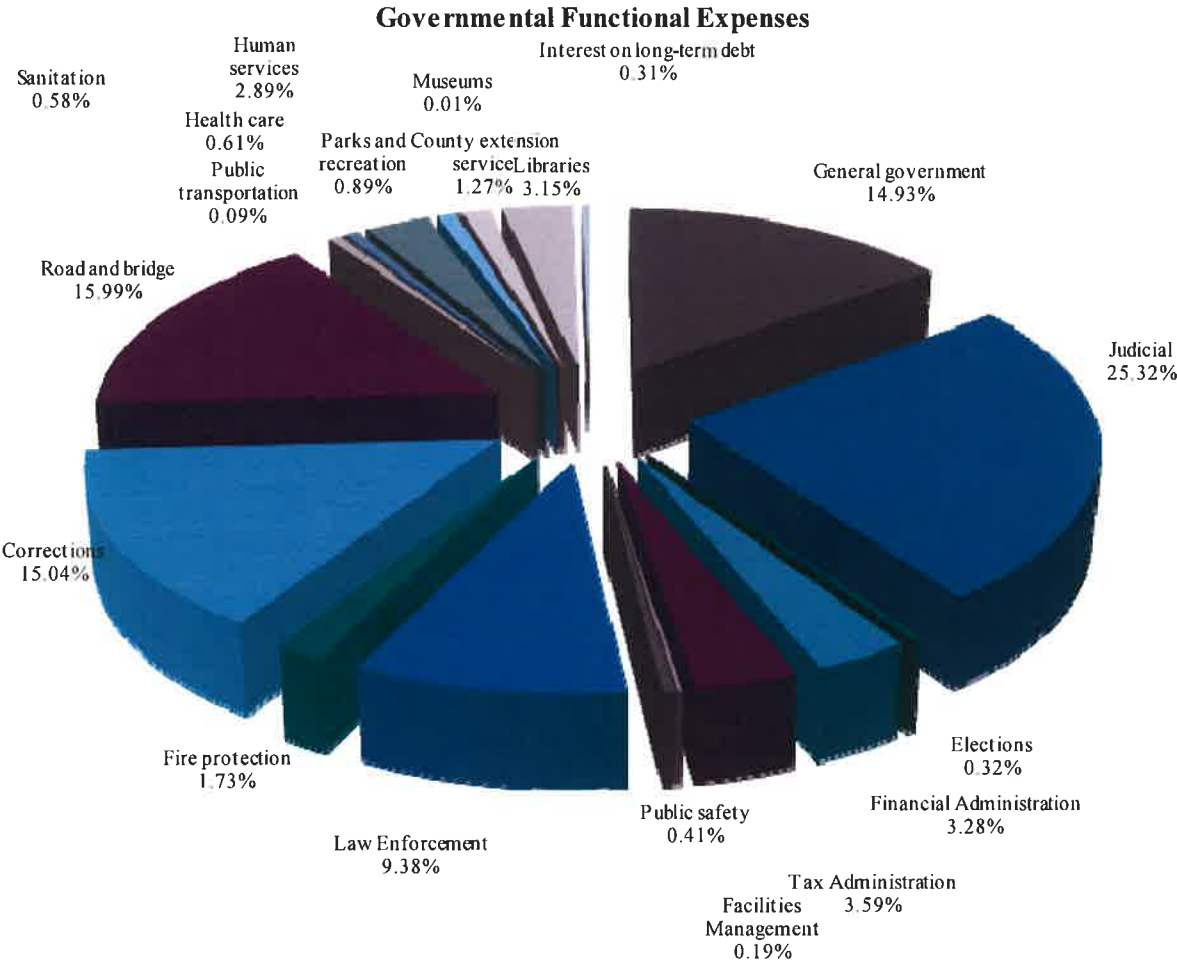
**Governmental Activities**

Total revenues for the fiscal year ending September 30, 2020 were \$11.8 million. Approximately 73% of the County's revenue comes from taxes, with approximately 65% from property taxes alone. Property tax revenue as a percentage of total revenue increased by 6% compared to the prior year due to an increase in property tax rate and an increase in assessed property values.

Expenditures increased by \$324 thousand from the prior year, due to the net effect of increases in public safety, judicial, and general government cost.



The total cost for all programs and services totaled \$11.2 million for the year ended September 30, 2020. Of this amount, the largest operating services areas were judicial which totaled \$2.8 million or 25% of total expenses for the year, and corrections which totaled \$2.8 million, or 15% of total expenses for the year. In the prior year, these two operating areas comprised 33.4% of total expenses. Costs related to road and bridge (14%) and general government (15%) 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 \$6.6 million, an increase of \$388,775 or 6% in comparison with the prior year. Approximately 60% of this total amount (\$4.0 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 (\$2.6 million).

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance was \$3.6 million. Approximately \$3.5 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 44% of total General Fund expenditures. Dawson County's General Fund balance increased by \$23,568 during the current fiscal year.

The Precinct Fund had a fund balance of \$865,919 at the end of the year, which is a decrease of \$63,344 in fund balance from prior year fund balance of \$929,263.

The District Court Fund had a fund balance of \$174,604 at the end of the year, which is an increase of \$10,338 in fund balance from prior year fund balance of \$164,266.

### **Fund Budgetary Highlights**

Over the course of the year, the County's General Fund budget was revised several times. With these adjustments, actual expenditures were \$352,643 below final budgeted amounts. Positive variances from budgeted expenditures resulted from decreases in most expenditure categories. Resources available were \$66,765 less than the final budgeted amount. The revenue decreases were primarily due to loss of revenues during the COVID-19 pandemic.

The County's Precinct Fund budget was revised several times over the course of the year. With these adjustments, actual expenditures were \$142,623 over final budgeted amounts. Positive variances from budgeted expenditures resulted from decreases in road and bridge expenditures. These positive variances were offset by a negative variance in capital outlay. Resources available were \$42,850 less than the final budgeted amount. The revenue decreases were primarily due to loss of revenues during the COVID-19 pandemic.

The County's District Court Fund budget was revised several times over the course of the year. With these adjustments, actual expenditures were \$29,995 under final budgeted amounts. Resources available were \$3,255 more than final budgeted amount.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

As of September 30, 2020, the County had invested \$7.2 million in a broad range of capital assets, including land, buildings, bridges and equipment. This amount represents a net increase (including additions, retirements and adjustments) of \$246,956, or 3.5% over last year.

Major events affecting capital assets during the year were:

- Various equipment and building improvement acquisitions.

More detailed information about the County's capital assets can be found in Note 6 on Page 35 of this report.

	Governmental Activities		Percent Change
	2020	2019	
Land	\$ 140,778	\$ 140,778	0.00%
Buildings and improvements	6,909,685	6,477,316	6.68%
Furniture and fixtures	109,157	89,037	22.60%
Machinery and equipment	6,125,859	6,002,001	2.06%
Transportation equipment	1,170,594	1,186,343	-1.33%
<b>Total</b>	<b>14,456,073</b>	<b>13,895,475</b>	<b>4.03%</b>
Total accumulated depreciation	(7,217,519)	(6,903,877)	4.54%
<b>Net Capital Assets</b>	<b>\$ 7,238,554</b>	<b>\$ 6,991,598</b>	<b>3.53%</b>

**Long-Term Debt**

At the end of the year, the County had \$918,016 of long-term obligations.

	Governmental Activities		Percent Change
	2020	2019	
Capital leases payable	\$ 803,794	\$ 902,404	-11%
Compensated absences	114,222	111,700	2%
<b>Total</b>	<b>\$ 918,016</b>	<b>\$ 1,014,104</b>	<b>-9%</b>

During the year, Dawson County's long-term obligations decreased by \$96,086.

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 \$227 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 8 on Pages 37 and 38 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 2021 budget and tax rates. Some key items that should be noted are as follows:

- Mineral net taxable values used for the 2021 budget preparation decreased by \$105,834,474.00 or 11.77% from 2020. Total values for Dawson County, without adjustments, were down by 11.65%. The Commissioners Court fully reviewed the significances the decline could make on the services for the County and the citizens, and they 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 \$0.970920 cents per \$100 of valuation, an increase of \$0.114299 from the prior year tax rate of \$0.856621. In anticipation of decreased ad valorem revenue and an increase in prices for services and supplies, Dawson County rearranged expenditure budgets to meet future maintenance and operation needs while also maintaining and funding several discretionary services that affect quality of life for Dawson County citizens.
- Sales tax collections were greatly affected by the COVID-19 pandemic, and they took a downward turn by 18.38% in 2020. As restrictions slowly ease across the State of Texas and the County, the forecast is that sales tax collections will gain momentum again.
- The abatement payments from the Mesquite Creek Wind Farm and BNB Lamesa Solar Farm will generate an estimated additional \$50,000 in 2021.
- The base pay for elected officials and employees did not increase, but the Commissioners Court did allow longevity increases for qualified officials and employees. 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 Commissioners Court, in anticipation of the unfunded liability for the TCDRS retirement plan, budgeted for a voluntary contribution of \$75,000.
- In FY2020, the Commissioners Court ordered an analysis and study of the Dawson County Jail. After careful consideration of the study and the recommendations in relation to the costs and net taxable values, the Commissioners Court chose not to pursue any debt for FY2021. Sheriff Matt Hogg and the qualified staff of the Dawson County Jail and Sheriff's Department diligently work to maintain the operations and standards of the jail, and continue to seek support from the Court for any necessary modifications that can be made by cash payment. Dawson County is still debt free.
- In FY2020, the County planned and paid for major repairs and renovations to restrooms in the courthouse, women's building, and fair barn; repairs to the courthouse exterior stairs; necessary repairs to the Dawson County Library; and acquired new equipment and systems. Approved projects or purchases that were not delivered or completed in FY2020 prompted the Court to set aside the funds for these projects, and those monies have been sequestered in capital project funds for FY2021.
- In FY2020, the County declared the necessity to dispose of capital assets that were a maintenance and financial drain on the county. These disposals included the sale of the precinct 1 land and barn, and several county vehicles. But the County also understands the need to maintain the discretionary assets that improve human services and began comprehensive reviews of expenses for cost-shared facilities such as the library, ag barn, and city swimming pool. These reviews become transparent in 2021, and they reflect the value or function that the services have for the citizens, the community, and the Commissioners Court.

- The COVID-19 Pandemic caused a major financial impact on economies, but also created a necessity to preserve the health and safety of officials, employees, and the public. The Court used budgeted capital expenditures to build protective barriers, sneeze guards, and make facility adjustments in FY2020. The Court will continue to make this a priority in FY2021, and the County has applied for the Coronavirus Relief Funding.
- 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 2021 fiscal year.

Revenue amounts available in the maintenance and operations accounts General Fund 010 and Road & Bridge Fund 065 are \$8,314,886, a decrease of 0.64% from the 2020 revenue budget of \$8,367,749. Property taxes, sales tax, and abatement revenue were the major factors for the change.

In correlation, the budgeted expenditures also decreased by 0.64% from \$8,367,749 to \$8,314,886. The budgets for capital expenditures, contingency, and transfers were decreased to offset the functional expenditure budgets and to maintain the integrity of the discretionary services.

#### **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 106<sup>th</sup> 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.

Gratitude is also extended to the Auditor's staff for their hard work, knowledge, and willingness to help the elected officials and employees serving Dawson County. The County Auditor's Office is here to help, and learn, and looks forward to the opportunity of working with everyone in Dawson County.

Respectfully submitted,

*Rhonda Martin*

Dawson County, Texas  
Statement of Net Position (Exhibit A-1)  
September 30, 2020

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 6,906,590
Receivables (net of allowance for uncollectibles)	
Taxes	528,791
Other	126,965
Net pension asset	978,274
Capital assets	
Land	140,778
Buildings and improvements, net	3,464,958
Furniture and fixtures, net	22,455
Machinery and equipment, net	3,313,671
Transportation equipment, net	296,692
Total assets	15,779,174
Deferred outflows of resources	
Deferred outflows - pension	340,326
Deferred outflows - OPEB	91,933
Total deferred outflows	432,259
<b>Liabilities</b>	
Accounts payable and other current liabilities	365,198
Payroll liabilities	173,340
Noncurrent liabilities	
Due within one year	238,548
Due in more than one year	679,468
Total OPEB liability	353,461
Total liabilities	1,810,015
Deferred inflows of resources	
Deferred inflows - pension	787,222
Deferred inflows - OPEB	33,696
Total deferred inflows	820,918
<b>Net Position</b>	
Net investment in capital assets	6,434,760
Restricted for	
Grant	72,534
Road and bridge	865,919
Judicial	606,776
Community improvements	117,376
Other restricted	819,788
Unrestricted	4,663,347
Total net position	\$ 13,580,500

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental activities				
General government	\$ 1,672,167	\$ 137,706	\$ 30,873	\$ -
Judicial	2,836,015	1,362,393	299,829	-
Elections	35,700	-	-	-
Financial Administration	367,457	5,938	-	-
Tax Administration	402,629	227,854	-	-
Facilities Management	20,884	109,778	-	-
Public safety	46,029	-	-	-
Law Enforcement	1,050,773	35,740	7,055	-
Fire protection	194,177	-	-	-
Corrections	1,684,112	51,720	-	-
Road and bridge	1,790,623	604,782	-	-
Sanitation	65,340	-	-	-
Public transportation	10,000	-	-	-
Health care	68,746	27	-	-
Human services	324,082	42,086	-	-
Parks and recreation	99,751	1,700	752	-
Museums	1,000	-	-	-
County extension service	142,458	-	-	-
Libraries	353,181	5,973	7,560	-
Interest and fees on long-term debt	35,000	-	-	-
Total governmental activities	<u>11,200,124</u>	<u>2,585,697</u>	<u>346,069</u>	<u>-</u>
Total primary government	<u>\$ 11,200,124</u>	<u>\$ 2,585,697</u>	<u>\$ 346,069</u>	<u>\$ -</u>

See Notes to Financial Statements

Dawson County, Texas  
Statement of Activities (Exhibit A-2)  
Year Ended September 30, 2020

	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	
	Governmental Activities	Total
	\$ (1,503,588)	\$ (1,503,588)
	(1,173,793)	(1,173,793)
	(35,700)	(35,700)
	(361,519)	(361,519)
	(174,775)	(174,775)
	88,894	88,894
	(46,029)	(46,029)
	(1,007,978)	(1,007,978)
	(194,177)	(194,177)
	(1,632,392)	(1,632,392)
	(1,185,841)	(1,185,841)
	(65,340)	(65,340)
	(10,000)	(10,000)
	(68,719)	(68,719)
	(281,996)	(281,996)
	(97,299)	(97,299)
	(1,000)	(1,000)
	(142,458)	(142,458)
	(339,648)	(339,648)
	(35,000)	(35,000)
	(8,268,358)	(8,268,358)
	(8,268,358)	(8,268,358)
General revenues		
Property taxes, levied for general purposes	7,691,972	7,691,972
Sales and other taxes	906,483	906,483
Gain on sale of assets	13,335	13,335
Investment earnings	96,164	96,164
Miscellaneous income	185,247	185,247
	8,893,201	8,893,201
Total general revenues	8,893,201	8,893,201
Change in net position	624,843	624,843
Net position at beginning of year	12,955,657	12,955,657
Net position at end of year	\$ 13,580,500	\$ 13,580,500

	General Fund	Precinct Fund	District Court Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 3,803,275	\$ 866,090	\$ 196,593
Receivables (net of allowances for uncollectibles)			
Taxes	461,609	67,182	-
Other	3,498	48,647	-
Fines and fees	74,820	-	-
Due from other funds	13,780	-	-
Total assets	<u>\$ 4,356,982</u>	<u>\$ 981,919</u>	<u>\$ 196,593</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>			
<b>Liabilities</b>			
Accounts payable and other current liabilities	\$ 302,166	\$ 33,254	\$ 9,638
Payroll liabilities	121,606	22,336	12,351
Due from other funds	-	-	-
Total liabilities	<u>423,772</u>	<u>55,590</u>	<u>21,989</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property tax	277,137	60,410	-
Unavailable revenue - fines and fees	74,820	-	-
Total deferred inflows of resources	<u>351,957</u>	<u>60,410</u>	<u>-</u>
<b>Fund balances</b>			
Restricted for			
Grant	-	-	-
Judicial	-	-	174,604
Community improvements	107,330	-	-
Road and bridge	-	865,919	-
Other restricted	-	-	-
Assigned for			
Community improvements	-	-	-
Unassigned	3,473,923	-	-
Total fund balances	<u>3,581,253</u>	<u>865,919</u>	<u>174,604</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,356,982</u>	<u>\$ 981,919</u>	<u>\$ 196,593</u>

See Notes to Financial Statements





Dawson County, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit A-4)  
September 30, 2020

Total Fund Balance-Governmental Funds		\$	6,611,441
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.			
Governmental capital assets	14,456,073		
Accumulated depreciation	<u>(7,217,519)</u>		7,238,554
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			
Capital leases payable	(803,794)		
Compensated absences	(114,222)		
Net pension asset	978,274		
Total OPEB liability	<u>(353,461)</u>		(293,203)
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	(787,222)		
Deferred inflow of resources - OPEB	(33,696)		
Deferred outflow of resources - pension	340,326		
Deferred outflow of resources - OPEB	<u>91,933</u>		(388,659)
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	74,820		
Unavailable revenue - property taxes	<u>337,547</u>		<u>412,367</u>
Net Position of Governmental Activities-Statement of Net Position		\$	<u>13,580,500</u>

	General Fund	Precinct Fund	District Court Fund
<b>Revenues</b>			
Taxes			
Property taxes	\$ 6,285,228	\$ 1,370,173	\$ -
Other taxes	906,483	-	-
License and permits	50	447,509	-
Intergovernmental and grants	28,955	-	560,683
Fines and fees	619,596	6,200	-
Rents and recoveries	4,700	-	-
Investment earnings	90,821	-	-
Miscellaneous	374,168	151,073	3,265
Total revenues	<u>8,310,001</u>	<u>1,974,955</u>	<u>563,948</u>
<b>Expenditures</b>			
Current			
General government	1,380,725	-	-
Judicial	1,595,964	-	556,536
Elections	30,305	-	-
Financial administration	359,295	-	-
Tax administration	402,629	-	-
Law enforcement	988,062	-	-
Fire protection	194,177	-	-
Corrections	1,593,918	-	-
Road and bridge	-	1,244,902	-
Sanitation	65,340	-	-
Public transportation	10,000	-	-
Health and welfare			
Health care	60,000	-	-
Human services	93,916	-	-
Culture and recreation			
Parks and recreation	49,626	-	-
Museum	1,000	-	-
County extension services	125,143	-	-
Libraries	351,343	-	-
Debt service			
Debt principal	-	431,958	-
Debt interest and agent fees	-	35,000	-
Capital outlay			
Capital outlay	526,204	402,155	-
Total expenditures	<u>7,827,647</u>	<u>2,114,015</u>	<u>556,536</u>
Excess (deficiency) of revenues over (under) expenditures	482,354	(139,060)	7,412
<b>Other financing sources (uses)</b>			
Transfers in	15,126	-	2,926
Transfers out	(473,912)	(325,275)	-
Proceeds from capital leases	-	353,555	-
Sale of property	-	47,436	-
Total other financing sources (uses)	<u>(458,786)</u>	<u>75,716</u>	<u>2,926</u>
Net change in fund balance	23,568	(63,344)	10,338
Fund balance at beginning of year	<u>3,557,685</u>	<u>929,263</u>	<u>164,266</u>
Fund balance at end of year	<u>\$ 3,581,253</u>	<u>\$ 865,919</u>	<u>\$ 174,604</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, 2020

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 7,655,401
-	906,483
-	447,559
640,879	1,230,517
225,424	851,220
-	4,700
5,343	96,164
<u>58,775</u>	<u>587,281</u>
<u>930,421</u>	<u>11,779,325</u>
190,444	1,571,169
588,353	2,740,853
-	30,305
-	359,295
-	402,629
4,634	992,696
-	194,177
21,831	1,615,749
-	1,244,902
-	65,340
-	10,000
-	60,000
230,166	324,082
-	49,626
-	1,000
-	125,143
-	351,343
20,205	452,163
-	35,000
<u>237,710</u>	<u>1,166,069</u>
<u>1,293,343</u>	<u>11,791,541</u>
(362,922)	(12,216)
796,261	814,313
(15,126)	(814,313)
-	353,555
-	<u>47,436</u>
<u>781,135</u>	<u>400,991</u>
418,213	388,775
<u>1,571,452</u>	<u>6,222,666</u>
<u>\$ 1,989,665</u>	<u>\$ 6,611,441</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, 2020

---

Net Change in Fund Balances -Total Governmental Funds		\$ 388,775
<p>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.</p>		
Capital outlay and value of assets traded in	1,166,069	
Principal payments	452,163	1,618,232
<p>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.</p>		
		(885,012)
<p>Proceeds from capital leases are reported as other financing sources in the fund financial statements but are shown as long term liabilities in the government-wide financial statements.</p>		
		(353,555)
<p>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.</p>		
Change in contributions made after measurement date	27,002	
Pension expense	(166,980)	(139,978)
<p>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.</p>		
Change in contributions made after measurement date	16,827	
OPEB expense	(16,130)	697
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.</p>		
Decrease in office fines and fees receivable	(4,264)	
Increase in unavailable tax revenues	36,571	
Net book value of assets retired	(34,101)	
Decrease in compensated absences	(2,522)	(4,316)
Change in Net Position of Governmental Activities-Statement of Activities		\$ 624,843

Dawson County, Texas  
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-7)  
September 30, 2020

---

	Private Purpose Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 2,283,507	\$ 1,059,168
Investments	1,237,391	-
Total assets	\$ 3,520,898	\$ 1,059,168
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 8,558
Due to others	1,118	1,050,610
Total liabilities	1,118	1,059,168
<b>Net position</b>		
Restricted for community improvement	3,519,780	-
Total net position	\$ 3,519,780	\$ -

Dawson County, Texas  
Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds (Exhibit A-8)  
September 30, 2020

---

	Private Purpose Trust Fund
<b>Additions</b>	
Interest earnings	\$ 24,928
Rents and royalties	249,901
Miscellaneous revenue	38,764
Total Additions	313,593
<b>Deductions</b>	
Ad valorem taxes	32,815
Transfers to county schools	37,969
Loss on mineral interests	139,858
Total Deductions	210,642
Change in Net Assets	102,951
Net position, beginning of year	3,416,829
Net position, end of year	\$ 3,519,780

## **Note 1 - Summary of Significant Accounting Policies**

### **Reporting Entity**

The County of county governments and their 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 agency 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. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.



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 unearned revenue 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 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.

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

### **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.

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.

Agency 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. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations.

**Cash and Cash Equivalents**

Highly liquid investments are considered to be cash equivalents if they have a maturity of six 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 fair 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 61 and 62 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 \$114,222 as of September 30, 2020. 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 TCDRS'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 - Stewardship, Compliance and Accountability**

The County Judge and the County Auditor submit an annual budget to the Commissioners Court in accordance with the laws of the State of Texas. The budget is presented to the Commissioners Court for review, budget workshops are held with the various County department officials, and public hearings are held to address priorities and the allocation of resources. Prior to October 1, the Commissioners Court adopts the annual fiscal year budgets for all County operating funds. Once approved, the Commissioners Court may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

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.

### **Note 3 - 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.

### **Note 4 - 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. Investments**

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, 2020, the carrying amount of the County's deposits (cash) was:

	<u>Amortized Cost</u>	<u>Maturity</u>	<u>Credit Quality Rating</u>
Total cash in			
First United Bank	<u>\$ 6,906,590</u>	N/A	N/A
	<u><u>\$ 6,906,590</u></u>		

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 sales of comparable properties within the same geographical location.

The following table sets forth by level, within the fair value hierarchy, the County's assets at fair value as of September 30, 2020:

	<u>Fair Value</u>	<u>Input Level</u>
<b>Permanent School Fund (private purpose trust fund)</b>		
Oil and gas properties	\$ 1,237,391	Level 2



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.

#### **B. 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, 2020 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 5 - 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
<b>Governmental Funds</b>					
General fund	\$ 529,100	\$ 153,414	\$ -	\$ 3,498	\$ 686,012
Precinct fund	115,345	-	4,619,948	48,647	4,783,940
Gross receivables	644,445	153,414	4,619,948	52,145	5,469,952
Less: allowance for uncollectibles	(269,068)	-	(4,545,128)	-	(4,814,196)
Total governmental funds	<u>375,377</u>	<u>153,414</u>	<u>74,820</u>	<u>52,145</u>	<u>655,756</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 337,547</u>	<u>\$ -</u>	<u>\$ 74,820</u>	<u>\$ -</u>	<u>\$ 412,367</u>

**Note 6 - Capital Assets**

Capital asset activity for the period ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental activities</b>				
<b>Non-depreciable assets</b>				
Land	\$ 140,778	\$ -	\$ -	\$ 140,778
Total non-depreciable assets	140,778	-	-	140,778
<b>Depreciable assets</b>				
Buildings and improvements	6,477,316	494,383	(62,014)	6,909,685
Furniture and fixtures	89,037	20,120	-	109,157
Machinery and equipment	6,002,001	570,441	(446,583)	6,125,859
Transportation equipment	1,186,343	81,125	(96,874)	1,170,594
Total depreciable assets	<u>13,754,697</u>	<u>1,166,069</u>	<u>(605,471)</u>	<u>14,315,295</u>
Total at historic cost	<u>13,895,475</u>	<u>1,166,069</u>	<u>(605,471)</u>	<u>14,456,073</u>
<b>Less accumulated depreciation</b>				
Buildings and improvements	3,281,455	191,652	(28,380)	3,444,727
Furniture and fixtures	85,228	1,474	-	86,702
Machinery and equipment	2,682,427	577,381	(447,620)	2,812,188
Transportation equipment	854,767	114,505	(95,370)	873,902
Total accumulated depreciation	<u>6,903,877</u>	<u>885,012</u>	<u>(571,370)</u>	<u>7,217,519</u>
Governmental activities capital assets, net	<u>\$ 6,991,598</u>	<u>\$ 281,057</u>	<u>\$ (34,101)</u>	<u>\$ 7,238,554</u>

Depreciation was charged to functions as follows:

General government	\$	73,559
Judicial		65,402
Elections		5,395
Facilities management		12,296
Law enforcement		58,077
Corrections		79,737
Road and bridge		520,053
Health care		8,746
Parks and recreation		43,742
County extension service		17,321
Libraries		684
		684
	\$	885,012

**Note 7 - Interfund Balances and Activity**

**Due to and From Other Funds**

Balances due to and due from other funds at September 30, 2020, consisted of the following:

Due to general fund from:

Nonmajor special revenue funds	\$	13,780
Due from other funds		13,780

**Transfers to and From Other Funds**

Transfers to and from other funds at September 30, 2020, consisted of the following:

District Court fund	\$	2,926
Nonmajor special revenue funds		470,986
		473,912

Transfers from Precinct fund to:

Nonmajor special revenue funds	\$	325,275
		325,275

Transfers from nonmajor special revenue funds to:

General fund	\$	15,126
		15,126

Transfers from nonmajor special revenue funds to:

Transfers from the general fund provide additional funding for special projects and the District Court. Transfers from the precinct fund provide funding for ongoing road maintenance. Transfers from nonmajor special revenue funds were to release funds to appropriate agencies and departments.

**Note 8 - Long-Term Obligations**

The County's long-term debt consists of capital leases payable. Other long-term debt consists of the accrued liability for employee vested compensated absences.

**A. Capital Leases Payable**

The County has entered into lease agreements as lessee to finance the acquisition of six road graders. These leases qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the date of their inception. The leases carry interest rate ranging from 2.99% to 5.05%. Leases have a term of 60 months and mature in the next five years. Additionally, the County has entered into a capital lease agreement as lessee to finance the acquisition of a phone system. The agreement carries an interest rate of 5.78% and matures in fiscal year 2021.

The original cost of the road grades and phone system is \$1,601,804 with accumulated depreciation of \$282,487 for a carrying value of \$1,319,317. The related expense is recorded as depreciation expense. Debt service requirements for the leases are funded from the road and bridge fund.

The following table summarizes the annual debt requirements of the capital leases payable at September 30, 2020, to maturity:

Year Ending September 30	Total Principal	Total Interest	Total Requirements
2021	\$ 238,548	\$ 27,960	\$ 266,508
2022	221,653	18,369	240,022
2023	195,072	9,524	204,596
2024	92,031	3,138	95,169
2025	56,490	705	57,195
Total	<u>\$ 803,794</u>	<u>\$ 59,696</u>	<u>\$ 863,490</u>

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2020, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Capital leases					
Caterpillar Financial Services	\$ 123,331	\$ -	\$ (43,404)	\$ 79,927	\$ 45,038
Caterpillar Financial Services	135,144	-	(135,144)	-	-
Caterpillar Financial Services	130,814	-	(130,814)	-	-
Caterpillar Financial Services	154,337	-	(35,720)	118,617	37,564
Caterpillar Financial Services	145,321	-	(33,632)	111,689	35,370
Caterpillar Financial Services	178,575	-	(36,827)	141,748	38,846
Caterpillar Financial Services	-	353,555	(16,419)	337,136	67,052
Phone System	34,882	-	(20,205)	14,677	14,678
Total capital leases	<u>902,404</u>	<u>353,555</u>	<u>(452,165)</u>	<u>803,794</u>	<u>238,548</u>
Compensated absences	<u>111,700</u>	<u>122,576</u>	<u>(120,054)</u>	<u>114,222</u>	<u>-</u>
Total Governmental Activities	<u>\$ 1,014,104</u>	<u>\$ 476,131</u>	<u>\$ (572,219)</u>	<u>\$ 918,016</u>	<u>\$ 238,548</u>

**Note 9 - 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, 2020, accrued employee benefits recorded as general long-term debt were for annual vacation pay, holiday pay, and comp pay and amounted to \$114,222.

**Note 10 - Commitments Under Noncapitalized Leases**

The County uses several copiers under operating lease agreements. The minimum future rental payments as of September 30, 2020 are as follows:

Year Ending September 30	Lease Payments
2021	\$ 17,007
2022	3,619
Total	<u>\$ 20,626</u>

**Note 11 - 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 2020, 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. Coverage includes a \$600 annual deductible or \$1,800 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 is \$2,400 per person or \$7,200 per family.

### **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 12 - 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 800 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 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, 2019 consisted of the following:

Inactive Employees' Accounts	
Receiving benefits	68
Entitled to but not yet receiving benefits	99
Total	167
Active Employees' Accounts	116

**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	2019	2020
Member	7.00%	7.00%
Employer	5.89%	6.28%
Employer contributions	\$ 250,684	\$ 287,721
Member contributions	\$ 319,052	\$ 325,347

**Actuarial Assumptions**

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Actuarial cost method	Entry age normal
Amortization method	Level
Remaining amortization period	17.2 years
Asset valuation method	5 year smoothed market
Discount rate	8.10%
Long-term expected investment rate of return*	8.00%
Salary increases*	4.90%, average
Payroll growth rate	3.25%

*\*Includes inflation of 2.75%*

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
28-29	-	0.00008
30	-	0.00009
31-32	-	0.00010
33	-	0.00011
34	-	0.00014
35	0.00001	0.00018
36	0.00001	0.00022
37	0.00002	0.00028
38	0.00002	0.00033
39	0.00002	0.00038
40	0.00002	0.00042
41	0.00003	0.00047
42	0.00003	0.00053
43	0.00004	0.00058
44	0.00004	0.00063
45	0.00004	0.00069
46	0.00005	0.00076
47	0.00006	0.00084
48	0.00007	0.00095
49	0.00009	0.00109
50	0.00010	0.00125
51	0.00012	0.00142
52	0.00013	0.00162
53	0.00015	0.00183
54	0.00018	0.00203
55	0.00018	0.00222
56	0.00018	0.00238
57	0.00018	0.00250
58	0.00018	0.00259
59	0.00018	0.00270
60 and above	0.00018	-

Mortality rates for depositing members were based on 90% of the RP-2014 Active Employee Mortality Table for males and females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Service retirees, beneficiaries, and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the MP-2014 Disabled Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014.

Service retirement rates for males and females were as follows:

Age	Male and Female
40-44	0.045
45-49	0.090
50	0.010
51-53	0.090
54-57	0.100
58-61	0.120
62	0.200
63-64	0.150
65-66	0.250
67	0.220
68-69	0.200
70-74	0.220

The actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2013 - 2016. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2017 and first used in the December 31, 2017 actuarial valuation.

There were no changes in assumptions or methods reflected in the December 31, 2019 actuarial valuation.

**Discount Rate**

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

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 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, 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 April 2020 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 30-year time horizon; the most recent analysis was performed in 2017 based on the period January 1, 2013 – December 31, 2016. 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 <sup>a</sup>	Geometric Real Rate of Return (Expected minus Inflation) <sup>b</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index <sup>c</sup>	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities – Developed	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities – Emerging	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>d</sup>	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>e</sup>	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

<sup>a</sup> Target asset allocation adopted at the June 2020 TCDRS Board meeting.

<sup>b</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

<sup>c</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

<sup>d</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>e</sup> Includes vintage years 2007 – 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, 2020, the County reported a net pension asset of \$978,274 for its net pension asset measured at December 31, 2019. For the year ended September 30, 2020, the County recognized pension expense of \$427,626.

There were no changes of assumptions or other inputs that 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, 2019 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, 2018	\$ 23,206,964	\$ 22,285,462	\$ 921,502
Changes for the year			
Service cost	462,764	-	462,764
Interest on total pension liability <sup>f</sup>	1,867,256	-	1,867,256
Effect of plan changes <sup>g</sup>	-	-	-
Effect of economic/demographic gains or losses	(38,254)	-	(38,254)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(82,985)	(82,985)	-
Benefit payments	(1,175,907)	(1,175,907)	-
Administrative expenses	-	(19,217)	19,217
Member contributions	-	309,755	(309,755)
Net investment income	-	3,660,417	(3,660,417)
Employer contributions	-	260,646	(260,646)
Other <sup>h</sup>	-	(20,059)	20,059
Balances as of December 31, 2019	<u>\$ 24,239,838</u>	<u>\$ 25,218,112</u>	<u>\$ (978,274)</u>

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

<sup>g</sup>No plan changes valued.

<sup>h</sup>Relates 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 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease (7.10%)	Discount Rate (8.10%)	1% Increase (9.10%)
Total pension liability	\$ 27,049,138	\$ 24,239,838	\$ 21,845,009
Fiduciary net position	25,218,112	25,218,112	25,218,112
 Net pension liability / (asset)	 \$ 1,831,026	 \$ (978,274)	 \$ (3,373,103)

At December 31, 2019, 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	\$ 147,791	\$ 12,500
Changes of assumptions	-	102,984
Net difference between projected and actual earnings	639,431	-
Contributions paid to TCDRS subsequent to the measurement date	-	224,842
 Total	 \$ 787,222	 \$ 340,326

\$224,842 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, 2021. 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	
2021	\$ (148,253)
2022	(173,715)
2023	34,719
2024	(384,489)
2025	-
Thereafter	-
 Total	 \$ (671,738)

**Note 13 - 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, 2020, the County had no nonspendable fund balance.

*Restricted fund balance* includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Special revenue fund balance restricted for specific programs included grant, judicial, community improvements, road and bridge, and other and totaled \$72,534, \$606,776, \$117,376, \$865,919, and \$833,568, respectively, as of September 30, 2020.

*Committed fund balance* is established and modified by a resolution from the Commissioners Court and can be used only for the specified purposes determined by the Court's resolution. At September 30, 2020, the County had no committed fund balance.

*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, 2020, the County had \$161,443 in fund balance assigned for community improvements.

*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 14 - 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 \$20,780 for the year ended December 31, 2019.

**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	55
Entitled to but not yet receiving benefits	41
	96
Total	96
Active Employees' Accounts	116



**Actuarial Assumptions**

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Actuarial cost method	Individual entry-age normal
Amortization method	Level as a percentage of payroll
Discount rate	2.74%

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 90% of the RP-2014 Active Employee Mortality Table for males and females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Service retirees, beneficiaries, and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the MP-2014 Disabled Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014.

Disability rates for males and females were as follows:

Ordinary Disability		
Age	Male	Female
25	0.000%	0.000%
30	0.009	0.009
35	0.018	0.018
40	0.042	0.042
45	0.069	0.069
50	0.125	0.125
55	0.222	0.222
60	0.000	0.000

Duty Disability		
Age	Male	Female
25	0.000%	0.000%
30	0.000	0.000
35	0.001	0.001
40	0.002	0.002
45	0.004	0.004
50	0.010	0.010
55	0.018	0.018
60	0.018	0.018

Service retirement rates for males and females were as follows:

Age	Male and Female
40-44	4.5%
45-49	9.0
50	10.0
51-53	9.0
54-57	10.0
58-61	12.0
62	20.0
63-64	15.0
65-66	25.0
67	22.0
68-69	20.0
70-74	22.0
75	100.0

The actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2019, were based on results of an actuarial experience study for the period January 1, 2013 – December 31, 2016 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 2.74% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 4.10% 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, 2020, the County reported a total OPEB liability of \$353,461 measured at December 31, 2019. For the year ended September 30, 2020, the County recognized OPEB expense of \$25,383.

There was a change in the discount rate from 4.10% as of December 31, 2018, to 2.74% as of December 31, 2019.

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, 2019 are as follows:

	Total OPEB Liability
Changes in Total OPEB Liability	
Balances at December 31, 2018	\$ 279,927
Changes for the year	
Service cost	6,201
Interest on the total OPEB liability	11,543
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	(7,440)
Changes of assumptions	72,523
Benefit payments	(9,293)
Balances as of December 31, 2019	\$ 353,461

At December 31, 2019 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	\$ 12,562	\$ 7,715
Changes of assumptions	21,134	67,391
Contributions subsequent to the measurement date	-	16,827
	\$ 33,696	\$ 91,933
Total		

\$16,827 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, 2021. 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
2021	\$ 7,639
2022	7,639
2023	7,639
2024	7,645
2025	10,848
Thereafter	-
Total	\$ 41,410

**Discount Rate Sensitivity Analysis**

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.74%, 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 (1.74%) or 1 percentage point higher (3.74%) than the current rate.

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ 426,192	\$ 353,461	\$ 297,760

**Note 15 - 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 16 - 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, 2020, the County abated property taxes totaling \$2,098,384 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 2020 amounted to \$1,416,430 for improvements valued at \$165,350,780.

**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 2020 amounted to \$681,954 for improvements valued at \$79,609,810.

**Note 17 - Coronavirus Pandemic**

During the year ended September 30, 2020, the County has been impacted by the effects of the world-wide coronavirus pandemic. The County continues to closely monitor its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation.



Required Supplementary Information  
September 30, 2020

## Dawson County, Texas

Dawson County, Texas  
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)  
 Year Ended September 30, 2020

	Budget Amounts		Actual	Variance from Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 6,215,000	\$ 6,215,000	\$ 6,285,228	\$ 70,228
Other taxes	920,000	920,000	906,483	(13,517)
License and permits	205	205	50	(155)
Intergovernmental and grants	11,005	18,060	28,955	10,895
Fines and fees	835,820	837,625	619,596	(218,029)
Rents and recoveries	7,250	7,250	4,700	(2,550)
Investment earnings	100,740	100,857	90,821	(10,036)
Miscellaneous	277,729	277,769	374,168	96,399
<b>Total revenues</b>	<b>8,367,749</b>	<b>8,376,766</b>	<b>8,310,001</b>	<b>(66,765)</b>
<b>Expenditures</b>				
Current				
General government	1,675,590	1,535,370	1,380,725	154,645
Judicial	1,624,893	1,639,578	1,595,964	43,614
Elections	29,885	30,305	30,305	-
Financial administration	402,556	402,556	359,295	43,261
Tax administration	403,776	403,776	402,629	1,147
Law enforcement	1,006,706	1,014,307	988,062	26,245
Fire protection	226,126	226,126	194,177	31,949
Corrections	1,488,653	1,644,868	1,593,918	50,950
Sanitation	65,340	65,340	65,340	-
Public transportation	10,005	10,005	10,000	5
Health care	66,021	66,021	60,000	6,021
Human services	103,026	103,026	93,916	9,110
Parks and recreation	50,299	50,299	49,626	673
Museum	1,000	1,000	1,000	-
County extension	140,544	140,544	125,143	15,401
Libraries	354,741	369,867	351,343	18,524
Capital outlay	365,785	477,302	526,204	(48,902)
<b>Total expenditures</b>	<b>8,014,946</b>	<b>8,180,290</b>	<b>7,827,647</b>	<b>352,643</b>
Excess revenues over expenditures	352,803	196,476	482,354	285,878
<b>Other financing sources</b>				
Transfers, net	(352,803)	(458,586)	(458,786)	(200)
Sale of property	-	-	-	-
<b>Total other financing uses</b>	<b>(352,803)</b>	<b>(458,586)</b>	<b>(458,786)</b>	<b>(200)</b>
Net change in fund balance	-	(262,110)	23,568	285,678
Fund balance at beginning of year	3,557,685	3,557,685	3,557,685	-
Fund balance at end of year	<u>\$ 3,557,685</u>	<u>\$ 3,295,575</u>	<u>\$ 3,581,253</u>	<u>\$ 285,678</u>

Dawson County, Texas  
 Budgetary Comparison Schedule – Precinct Fund (Exhibit B-2)  
 Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes				
Property taxes	\$ 1,360,000	\$ 1,360,000	\$ 1,370,173	\$ 10,173
Licenses and permits	495,000	495,000	447,509	(47,491)
Fines and fees	-	5,400	6,200	800
Other revenue	157,405	157,405	151,073	(6,332)
Total revenues	<u>2,012,405</u>	<u>2,017,805</u>	<u>1,974,955</u>	<u>(42,850)</u>
Expenditures				
Current				
Road and bridge	1,492,400	1,439,708	1,244,902	194,806
Debt service				
Principal	235,000	445,084	431,958	13,126
Interest	35,000	35,000	35,000	-
Capital outlay				
Capital outlay	250,005	48,600	402,155	(353,555)
Total expenditures	<u>2,012,405</u>	<u>1,968,392</u>	<u>2,114,015</u>	<u>(145,623)</u>
Excess (deficiency) of revenues over (under) expenditures	-	49,413	(139,060)	(188,473)
Other financing sources				
Transfers, net	-	(325,275)	(325,275)	-
Proceeds from capital leases	-	-	353,555	353,555
Sale of fixed assets	-	-	47,436	47,436
Total other financing sources	<u>-</u>	<u>(325,275)</u>	<u>75,716</u>	<u>400,991</u>
Net change in fund balance	-	(275,862)	(63,344)	212,518
Fund balance at beginning of year	929,263	929,263	929,263	-
Fund balance at end of year	<u>\$ 929,263</u>	<u>\$ 653,401</u>	<u>\$ 865,919</u>	<u>\$ 212,518</u>



Dawson County, Texas  
 Budgetary Comparison Schedule – District Court Fund (Exhibit B-3)  
 Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Intergovernmental and grants	\$ 560,688	\$ 560,688	\$ 560,683	\$ (5)
Other revenue	5	5	3,265	3,260
<b>Total revenues</b>	<b>560,693</b>	<b>560,693</b>	<b>563,948</b>	<b>3,255</b>
<b>Expenditures</b>				
<b>Current</b>				
Judicial	579,605	582,531	556,536	25,995
<b>Total expenditures</b>	<b>579,605</b>	<b>582,531</b>	<b>556,536</b>	<b>25,995</b>
Excess (deficiency) of revenues over (under) expenditures	(18,912)	(21,838)	7,412	29,250
<b>Other financing sources</b>				
Transfers, net	-	2,926	2,926	-
<b>Total other financing sources</b>	<b>-</b>	<b>2,926</b>	<b>2,926</b>	<b>-</b>
Net change in fund balance	(18,912)	(18,912)	10,338	29,250
Fund balance at beginning of year	164,266	164,266	164,266	-
Fund balance at end of year	<u>\$ 145,354</u>	<u>\$ 145,354</u>	<u>\$ 174,604</u>	<u>\$ 29,250</u>

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
<b>Total Pension Liability</b>				
Service cost	\$ 462,764	\$ 520,168	\$ 515,742	\$ 552,869
Interest on total pension liability	1,867,256	1,789,362	1,658,559	1,535,283
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	-	257,457	-
Effect of economic/demographic (gains) or losses	(38,254)	(195,312)	31,249	(97,994)
Benefit payments/refund of contributions	(1,258,892)	(937,705)	(770,697)	(657,360)
<b>Net change in total pension liability</b>	<b>1,032,874</b>	<b>1,176,513</b>	<b>1,692,310</b>	<b>1,332,798</b>
<b>Total pension liability, beginning</b>	<b>23,206,964</b>	<b>22,030,451</b>	<b>20,338,141</b>	<b>19,005,343</b>
<b>Total pension liability, ending (a)</b>	<b>\$ 24,239,838</b>	<b>\$ 23,206,964</b>	<b>\$ 22,030,451</b>	<b>\$ 20,338,141</b>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 260,646	\$ 250,684	\$ 231,844	\$ 248,689
Member contributions	309,755	319,052	308,538	305,945
Investment income (loss) net of investment expenses	3,660,417	(434,732)	2,972,664	1,410,052
Benefit payments/refund of contributions	(1,258,892)	(937,705)	(770,697)	(657,360)
Administrative expenses	(19,217)	(17,900)	(15,372)	(15,339)
Other	(20,059)	(8,644)	(3,231)	120,242
<b>Net change in fiduciary net position</b>	<b>2,932,650</b>	<b>(829,245)</b>	<b>2,723,746</b>	<b>1,412,229</b>
<b>Fiduciary net position, beginning</b>	<b>22,285,462</b>	<b>23,114,707</b>	<b>20,390,961</b>	<b>18,978,733</b>
<b>Fiduciary net position, ending (b)</b>	<b>\$ 25,218,112</b>	<b>\$ 22,285,462</b>	<b>\$ 23,114,707</b>	<b>\$ 20,390,962</b>
<b>Net pension liability / (asset), ending = (a) - (b)</b>	<b>\$ (978,274)</b>	<b>\$ 921,502</b>	<b>\$ (1,084,256)</b>	<b>\$ (52,821)</b>
<b>Fiduciary net position as a percentage of total pension liability</b>	<b>104.04%</b>	<b>96.03%</b>	<b>104.92%</b>	<b>100.26%</b>
<b>Pensionable covered payroll</b>	<b>\$ 4,425,069</b>	<b>\$ 4,557,883</b>	<b>\$ 4,407,683</b>	<b>\$ 4,370,683</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>-22.11%</b>	<b>20.22%</b>	<b>-24.60%</b>	<b>-1.21%</b>

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, 2020

Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 496,229	\$ 484,715
1,435,047	1,343,391
(68,605)	-
221,435	-
(172,630)	(144,220)
<u>(597,467)</u>	<u>(666,989)</u>
1,314,009	1,016,897
<u>17,691,334</u>	<u>16,674,438</u>
<u><u>\$ 19,005,343</u></u>	<u><u>\$ 17,691,335</u></u>
\$ 1,757,925	\$ 1,961,194
302,987	290,172
(43,475)	1,035,828
(597,467)	(666,989)
(13,198)	(12,553)
26,695	(63,295)
<u>1,433,467</u>	<u>2,544,357</u>
<u>17,545,264</u>	<u>15,000,908</u>
<u><u>\$ 18,978,731</u></u>	<u><u>\$ 17,545,265</u></u>
<u><u>\$ 26,612</u></u>	<u><u>\$ 146,070</u></u>
99.86%	99.17%
\$ 4,328,392	\$ 4,009,149
0.61%	3.64%

**Dawson County, Texas**  
**Schedule of Employer Contributions – Texas County and District Retirement System (Exhibit B-5)**  
**September 30, 2020**

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2011	\$ 443,535	\$ 443,535	\$ -	\$ 3,520,120	12.6%
2012	431,524	431,524	-	3,697,744	11.7%
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%

Dawson County, Texas  
Schedule of Changes in Total OPEB Liability and Related Ratios (Exhibit B-6)  
September 30, 2020

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total OPEB Liability			
Service cost	\$ 6,201	\$ 9,148	\$ 8,344
Interest on total OPEB liability	11,543	10,139	10,716
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	72,523	(31,702)	12,169
Effect of economic/demographic (gains) or losses	(7,440)	11,573	(11,135)
Benefit payments	(9,293)	(9,572)	(9,697)
Net change in total OPEB liability	73,534	(10,414)	10,397
Total OPEB liability, beginning	279,927	290,341	279,944
Total OPEB liability, ending	<u>\$ 353,461</u>	<u>\$ 279,927</u>	<u>\$ 290,341</u>
Covered-employee payroll	\$ 4,425,069	\$ 4,557,883	\$ 4,407,683
Total OPEB liability as a percentage of covered-employee payroll	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 2020.

**Assessed Conditions**

The following table reports the percentage of pavement meeting the "very good," "good," and "fair" condition ratings, as assessed in 2020. 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	2020
Fair	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	-

There were no expenditures in FY20 due to delays in the normal improvement program caused by the COVID-19 pandemic.

**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 on or about September 1. The County maintains its legal level of budgetary control at the department level. Amendments to the 2020 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.

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

The General Fund had a negative budget variance in capital outlay. Capital outlay shows a budget variance of \$48,902 because the related capital outlay was budgeted in various functions, whereas capital outlay is reported on a separate line item in the financial statements.

The Precinct Fund had a negative budget variance in capital outlay. Capital outlay shows a budget variance of \$353,555 because the related capital outlay was budgeted in various functions, whereas capital outlay is reported on a separate line item in the financial statements.



**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	17.2 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9%, average, over career including inflation
Investment rate of return	8.00%, 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

**Changes of Benefit Terms**

There were no changes in 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	2.74%
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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. 90% of the RP-2014 Employee Annuitant Table for active males and females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
-----------	---

**Changes in Assumption**

There was a change in the discount rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019.

**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, 2020

## Dawson County, Texas

	Law Library	Child Welfare	Appellate Judicial	Family Protection	Court Reporter Service
<b>Assets</b>					
Cash and cash equivalents	\$ 9,115	\$ 10,597	\$ 1,245	\$ 3,247	\$ 17,886
Investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 9,115</b>	<b>\$ 10,597</b>	<b>\$ 1,245</b>	<b>\$ 3,247</b>	<b>\$ 17,886</b>
<b>Liabilities</b>					
Accounts payable	\$ 144	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Payroll liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Restricted for					
Grant	-	-	-	-	-
Judicial	-	10,597	1,245	3,247	17,886
Community improvement	8,971	-	-	-	-
Other Restricted	-	-	-	-	-
Assigned for					
Community improvement	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>8,971</b>	<b>10,597</b>	<b>1,245</b>	<b>3,247</b>	<b>17,886</b>
<b>Total liabilities and fund balance</b>	<b>\$ 9,115</b>	<b>\$ 10,597</b>	<b>\$ 1,245</b>	<b>\$ 3,247</b>	<b>\$ 17,886</b>

Dawson County, Texas  
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)  
 September 30, 2020

Unclaimed Property	Criminal Justice Planning	Sheriff Forfeiture	K-9	Courthouse Security	Hot Check Collection	County Attorney Fortfeiture
\$ 58,154	\$ 15,342	\$ 21	\$ 300	\$ 13,319	\$ 652	\$ 8,985
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 58,154</u>	<u>\$ 15,342</u>	<u>\$ 21</u>	<u>\$ 300</u>	<u>\$ 13,319</u>	<u>\$ 652</u>	<u>\$ 8,985</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	15,342	-	-	13,319	-	8,985
-	-	-	300	-	-	-
-	-	-	-	-	-	-
58,154	-	21	-	-	652	-
<u>58,154</u>	<u>15,342</u>	<u>21</u>	<u>300</u>	<u>13,319</u>	<u>652</u>	<u>8,985</u>
<u>\$ 58,154</u>	<u>\$ 15,342</u>	<u>\$ 21</u>	<u>\$ 300</u>	<u>\$ 13,319</u>	<u>\$ 652</u>	<u>\$ 8,985</u>

	County Attorney Pretial Diversion	District Clerk Records	County Records Management and PR	VOCA Grant	Inmate Phones
<b>Assets</b>					
Cash and cash equivalents	\$ 13,783	\$ 10,665	\$ 49,716	\$ 242	\$ 72,179
Investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 13,783</b>	<b>\$ 10,665</b>	<b>\$ 49,716</b>	<b>\$ 242</b>	<b>\$ 72,179</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Payroll liabilities	135	-	-	-	-
<b>Total liabilities</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Restricted for					
Grant	-	-	-	242	-
Judicial	13,648	10,665	-	-	-
Community improvement	-	-	-	-	-
Other Restricted	-	-	49,716	-	72,179
Assigned for					
Community improvement	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>13,648</b>	<b>10,665</b>	<b>49,716</b>	<b>242</b>	<b>72,179</b>
<b>Total liabilities and fund balance</b>	<b>\$ 13,783</b>	<b>\$ 10,665</b>	<b>\$ 49,716</b>	<b>\$ 242</b>	<b>\$ 72,179</b>

Dawson County, Texas  
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)  
 September 30, 2020

Jail Commissary	County Clerk Vital Statistics Records	County Clerk Archive	Records Management	District Attorney	District Attorney Chapter 59 Forfeiture	District Attorney Hot Check
\$ 45,391	\$ 5,839	\$ 388,137	\$ 232,634	\$ 313,922	\$ 19,072	\$ 262
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 45,391</u>	<u>\$ 5,839</u>	<u>\$ 388,137</u>	<u>\$ 232,634</u>	<u>\$ 313,922</u>	<u>\$ 19,072</u>	<u>\$ 262</u>
\$ -	\$ -	\$ 13,134	\$ -	\$ 3,750	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	12,092	-	-
-	-	13,134	-	15,842	-	-
-	-	-	-	-	-	-
-	5,839	-	-	298,080	-	-
-	-	-	-	-	-	-
45,391	-	375,003	232,634	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	19,072	262
<u>45,391</u>	<u>5,839</u>	<u>375,003</u>	<u>232,634</u>	<u>298,080</u>	<u>19,072</u>	<u>262</u>
<u>\$ 45,391</u>	<u>\$ 5,839</u>	<u>\$ 388,137</u>	<u>\$ 232,634</u>	<u>\$ 313,922</u>	<u>\$ 19,072</u>	<u>\$ 262</u>

	Homeland and Security Grant	County Judicial Support	Gates Library	USDA Grant	Unclaimed Capital Credits
<b>Assets</b>					
Cash and cash equivalents	\$ 5	\$ 18,897	\$ 260	\$ 405	\$ 20,664
Investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 5</b>	<b>\$ 18,897</b>	<b>\$ 260</b>	<b>\$ 405</b>	<b>\$ 20,664</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 1,977	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Payroll liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,977</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Restricted for					
Grant	-	-	260	405	-
Judicial	5	16,920	-	-	-
Community improvement	-	-	-	-	-
Other Restricted	-	-	-	-	20,664
Assigned for					
Community improvement	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>5</b>	<b>16,920</b>	<b>260</b>	<b>405</b>	<b>20,664</b>
<b>Total liabilities and fund balance</b>	<b>\$ 5</b>	<b>\$ 18,897</b>	<b>\$ 260</b>	<b>\$ 405</b>	<b>\$ 20,664</b>



Dawson County, Texas  
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)  
 September 30, 2020

Employee Wellness	NCIC Technology	OXY	Information Technology	Clean up Cemetery	Clean up Lamesa	Airport Grant	Dawson County Cemetery
\$ 729	\$ 450	\$ 366	\$ 30,306	\$ 3,546	\$ 800	\$ 1,075	\$ 149,830
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 729</u>	<u>\$ 450</u>	<u>\$ 366</u>	<u>\$ 30,306</u>	<u>\$ 3,546</u>	<u>\$ 800</u>	<u>\$ 1,075</u>	<u>\$ 149,830</u>
-	-	-	-	-	-	-	\$ 413
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,820
-	-	-	-	-	-	-	5,233
-	450	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,075	-
-	-	-	-	3,546	800	-	144,597
729	-	366	30,306	-	-	-	-
<u>729</u>	<u>450</u>	<u>366</u>	<u>30,306</u>	<u>3,546</u>	<u>800</u>	<u>1,075</u>	<u>144,597</u>
<u>\$ 729</u>	<u>\$ 450</u>	<u>\$ 366</u>	<u>\$ 30,306</u>	<u>\$ 3,546</u>	<u>\$ 800</u>	<u>\$ 1,075</u>	<u>\$ 149,830</u>

	Chapter 19	Guardianship HB 1295	Election	911	District Clerk Technology
<b>Assets</b>					
Cash and cash equivalents	\$ 824	\$ 23,758	\$ 2,468	\$ 10,631	\$ 16,394
Investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 824</b>	<b>\$ 23,758</b>	<b>\$ 2,468</b>	<b>\$ 10,631</b>	<b>\$ 16,394</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	13,780	-	-	-
Payroll liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>13,780</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Restricted for					
Grant	-	-	-	-	-
Judicial	-	-	-	-	16,394
Community improvement	-	-	-	-	-
Other Restricted	824	9,978	2,468	10,631	-
Assigned for					
Community improvement	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>824</b>	<b>9,978</b>	<b>2,468</b>	<b>10,631</b>	<b>16,394</b>
<b>Total liabilities</b>	<b>\$ 824</b>	<b>\$ 23,758</b>	<b>\$ 2,468</b>	<b>\$ 10,631</b>	<b>\$ 16,394</b>

Dawson County, Texas  
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)  
 September 30, 2020

Capital Repair	Certz Grant	Total Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 384,842	\$ 71,177	\$ 2,028,132	\$ 12,500	\$ 2,040,632
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 384,842</u>	<u>\$ 71,177</u>	<u>\$ 2,028,132</u>	<u>\$ 12,500</u>	<u>\$ 2,040,632</u>
\$ 722	\$ -	\$ 20,140	\$ -	\$ 20,140
-	-	13,780	-	13,780
-	-	17,047	-	17,047
722	-	50,967	-	50,967
-	71,177	72,534	-	72,534
-	-	432,172	-	432,172
-	-	10,046	-	10,046
-	-	819,788	-	819,788
-	-	148,943	12,500	161,443
384,120	-	493,682	-	493,682
<u>384,120</u>	<u>71,177</u>	<u>1,977,165</u>	<u>12,500</u>	<u>1,989,665</u>
<u>\$ 384,842</u>	<u>\$ 71,177</u>	<u>\$ 2,028,132</u>	<u>\$ 12,500</u>	<u>\$ 2,040,632</u>

	Law Library	Child Welfare	Appellate Judicial	Family Protection	Court Reporter Service
<b>Revenues</b>					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	5,040	-	715	405	2,647
Investment earnings	-	-	-	-	-
Other revenues	-	686	-	-	-
<b>Total revenues</b>	<b>5,040</b>	<b>686</b>	<b>715</b>	<b>405</b>	<b>2,647</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	-	-	-
Judicial	289	-	490	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	-
Human services	-	-	-	-	-
<b>Debt service</b>					
Principal	-	-	-	-	-
<b>Capital outlay</b>					
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>289</b>	<b>-</b>	<b>490</b>	<b>-</b>	<b>-</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>4,751</b>	<b>686</b>	<b>225</b>	<b>405</b>	<b>2,647</b>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>4,751</b>	<b>686</b>	<b>225</b>	<b>405</b>	<b>2,647</b>
<b>Fund balances at beginning of year</b>	<b>4,220</b>	<b>9,911</b>	<b>1,020</b>	<b>2,842</b>	<b>15,239</b>
<b>Fund balances at end of year</b>	<b>\$ 8,971</b>	<b>\$ 10,597</b>	<b>\$ 1,245</b>	<b>\$ 3,247</b>	<b>\$ 17,886</b>

Dawson County, Texas  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue  
Funds (Exhibit C-2)  
Year Ended September 30, 2020

Unclaimed Property	Criminal Justice Planning	Sheriff Forfeiture	K-9	Courthouse Security	Hot Check Collection	County Attorney Forfeiture
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,759	-	-	8,936	792	-
-	-	-	-	-	33	9
62	-	-	-	-	-	4,037
62	2,759	-	-	8,936	825	4,046
-	-	-	-	-	-	-
-	284	-	-	824	3,675	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	95,985	-	-
-	284	-	-	96,809	3,675	-
62	2,475	-	-	(87,873)	(2,850)	4,046
-	-	-	-	-	-	-
-	-	-	-	-	-	-
62	2,475	-	-	(87,873)	(2,850)	4,046
58,092	12,867	21	300	101,192	3,502	4,939
<u>\$ 58,154</u>	<u>\$ 15,342</u>	<u>\$ 21</u>	<u>\$ 300</u>	<u>\$ 13,319</u>	<u>\$ 652</u>	<u>\$ 8,985</u>

	County Attorney Pretrial Diversion	District Clerk Records	County Records Management and PR	VOCA Grant	Inmate Phones
<b>Revenues</b>					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	3,250	739	1,976	-	32,359
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>3,250</b>	<b>739</b>	<b>1,976</b>	<b>-</b>	<b>32,359</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	-	-	-
Judicial	8,921	-	-	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	12,012
Human services	-	-	-	-	-
<b>Debt service</b>					
Principal	-	-	-	-	-
<b>Capital outlay</b>					
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>8,921</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,012</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(5,671)</b>	<b>739</b>	<b>1,976</b>	<b>-</b>	<b>20,347</b>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(5,671)</b>	<b>739</b>	<b>1,976</b>	<b>-</b>	<b>20,347</b>
<b>Fund balances at beginning of year</b>	<b>19,319</b>	<b>9,926</b>	<b>47,740</b>	<b>242</b>	<b>51,832</b>
<b>Fund balances at end of year</b>	<b>\$ 13,648</b>	<b>\$ 10,665</b>	<b>\$ 49,716</b>	<b>\$ 242</b>	<b>\$ 72,179</b>

Dawson County, Texas  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue  
Funds (Exhibit C-2)  
Year Ended September 30, 2020

Jail Commissary	County Clerk Vital Statistics Records	County Clerk Archive	Records Management	District Attorney	District Attorney Chapter 59 Forfeiture	District Attorney Hot Check
\$ -	\$ -	\$ -	\$ -	\$ 640,879	\$ -	\$ -
10,327	5,203	51,680	49,957	4,396	-	-
-	-	-	-	3,018	-	2
-	-	-	-	3,821	22,308	-
10,327	5,203	51,680	49,957	652,114	22,308	2
-	549	505	10,847	-	-	-
-	-	-	-	550,127	23,743	-
-	-	-	-	-	-	-
9,819	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	13,134	-	25,579	-	-
9,819	549	13,639	10,847	575,706	23,743	-
508	4,654	38,041	39,110	76,408	(1,435)	2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
508	4,654	38,041	39,110	76,408	(1,435)	2
44,883	1,185	336,962	193,524	221,672	20,507	260
<u>\$ 45,391</u>	<u>\$ 5,839</u>	<u>\$ 375,003</u>	<u>\$ 232,634</u>	<u>\$ 298,080</u>	<u>\$ 19,072</u>	<u>\$ 262</u>

	Homeland and Security Grant	County Judicial Support	Gates Library	USDA Grant
<b>Revenues</b>				
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -
Fines and fees	-	631	-	-
Investment earnings	-	-	-	14
Other revenues	-	-	-	-
<b>Total revenues</b>	-	631	-	14
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Judicial	-	-	-	-
Law enforcement	-	-	-	-
Corrections	-	-	-	-
Human services	-	-	-	-
<b>Debt service</b>				
Principal	-	-	-	-
<b>Capital outlay</b>				
Capital outlay	-	-	-	30,910
<b>Total expenditures</b>	-	-	-	30,910
<b>Excess (deficit) of revenues over expenditures</b>	-	631	-	(30,896)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	31,301
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	31,301
<b>Net change in fund balance</b>	-	631	-	405
<b>Fund balances at beginning of year</b>	5	16,289	260	-
<b>Fund balances at end of year</b>	<u>\$ 5</u>	<u>\$ 16,920</u>	<u>\$ 260</u>	<u>\$ 405</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, 2020**

Employee Wellness	NCIC Technology	OXY	Information Technology	Clean Up Cemetery	Clean Up Lamesa	Airport Grant	Dawson County Cemetery
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	41,100
-	-	-	-	-	-	-	2,187
729	-	5,000	-	448	-	-	300
729	-	5,000	-	448	-	-	43,587
-	-	-	19,694	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,634	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	230,166
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	21,887
-	-	4,634	19,694	-	-	-	252,053
729	-	366	(19,694)	448	-	-	(208,466)
-	-	-	50,000	-	-	-	202,998
-	-	-	-	-	-	-	-
-	-	-	50,000	-	-	-	202,998
729	-	366	30,306	448	-	-	(5,468)
-	450	-	-	3,098	800	1,075	150,065
<u>\$ 729</u>	<u>\$ 450</u>	<u>\$ 366</u>	<u>\$ 30,306</u>	<u>\$ 3,546</u>	<u>\$ 800</u>	<u>\$ 1,075</u>	<u>\$ 144,597</u>

	Chapter 19	Guardianship HB 1295	Election	911	District Clerk Technology
<b>Revenues</b>					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	-	-	-	-	2,512
Investment earnings	-	80	-	-	-
Other revenues	-	720	-	-	-
<b>Total revenues</b>	-	800	-	-	2,512
<b>Expenditures</b>					
Current					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	-	-	-	-	-
<b>Excess (deficit) of revenues over expenditures</b>	-	800	-	-	2,512
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-	-
<b>Net change in fund balance</b>	-	800	-	-	2,512
<b>Fund balances at beginning of year</b>	824	9,178	2,468	10,631	13,882
<b>Fund balances at end of year</b>	\$ 824	\$ 9,978	\$ 2,468	\$ 10,631	\$ 16,394

Dawson County, Texas  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue  
Funds (Exhibit C-2)  
Year Ended September 30, 2020

Capital Repair	Certz Grant	Total Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 640,879	\$ -	\$ 640,879
-	-	225,424	-	225,424
-	-	5,343	-	5,343
-	-	58,775	-	58,775
-	-	930,421	-	930,421
113,470	-	190,444	-	190,444
-	-	588,353	-	588,353
-	-	4,634	-	4,634
-	-	21,831	-	21,831
-	-	230,166	-	230,166
20,205	-	20,205	-	20,205
50,215	-	237,710	-	237,710
183,890	-	1,293,343	-	1,293,343
(183,890)	-	(362,922)	-	(362,922)
367,780	71,177	783,761	12,500	796,261
-	-	(15,126)	-	(15,126)
367,780	71,177	768,635	12,500	781,135
183,890	71,177	405,713	12,500	418,213
200,230	-	1,571,452	-	1,571,452
<u>\$ 384,120</u>	<u>\$ 71,177</u>	<u>\$ 1,977,165</u>	<u>\$ 12,500</u>	<u>\$ 1,989,665</u>

	Criminal Justice Division	Title IV-E Juvenile Placement	Adult Probation Fund	Juvenile Probation Fund	Tax Assessor Collector	County Attorney Trust
<b>Assets</b>						
Cash and cash equivalents	\$ 3,443	\$ 2,191	\$ 284,995	\$ 144,771	\$ 242,022	\$ 93
<b>Total assets</b>	<b>\$ 3,443</b>	<b>\$ 2,191</b>	<b>\$ 284,995</b>	<b>\$ 144,771</b>	<b>\$ 242,022</b>	<b>\$ 93</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 3,249	\$ 5,309	\$ -	\$ -
Due to others	3,443	2,191	281,746	139,462	242,022	93
<b>Total liabilities</b>	<b>\$ 3,443</b>	<b>\$ 2,191</b>	<b>\$ 284,995</b>	<b>\$ 144,771</b>	<b>\$ 242,022</b>	<b>\$ 93</b>

Dawson County, Texas  
 Combining Statement of Fiduciary Assets and Liabilities – Agency Funds (Exhibit C-3)  
 September 30, 2020

County Clerk Trust	District Clerk	Justice of the Peace	District Attorney Ch. 59	Oil and Gas Mineral Lease	Oil and Gas Mineral Lease	District Attorney Seizure	MRP
\$ 3,654	\$ 6,242	\$ 900	\$140,538	\$ 998	\$ 4,071	\$ 1,538	\$ 9,981
<u>\$ 3,654</u>	<u>\$ 6,242</u>	<u>\$ 900</u>	<u>\$140,538</u>	<u>\$ 998</u>	<u>\$ 4,071</u>	<u>\$ 1,538</u>	<u>\$ 9,981</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>3,654</u>	<u>6,242</u>	<u>900</u>	<u>140,538</u>	<u>998</u>	<u>4,071</u>	<u>1,538</u>	<u>9,981</u>
<u>\$ 3,654</u>	<u>\$ 6,242</u>	<u>\$ 900</u>	<u>\$140,538</u>	<u>\$ 998</u>	<u>\$ 4,071</u>	<u>\$ 1,538</u>	<u>\$ 9,981</u>

Dawson County, Texas  
 Combining Statement of Fiduciary Assets and Liabilities – Agency Funds (Exhibit C-3)  
 September 30, 2020

---

	<u>TJPC</u>	<u>CSCD</u>	<u>Sheriff Fee Account</u>	<u>Total Agency Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 150,405	\$ 6,349	\$ 56,977	\$ 1,059,168
<b>Total assets</b>	<b>\$ 150,405</b>	<b>\$ 6,349</b>	<b>\$ 56,977</b>	<b>\$ 1,059,168</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,558
Due to others	150,405	6,349	56,977	1,050,610
<b>Total liabilities</b>	<b>\$ 150,405</b>	<b>\$ 6,349</b>	<b>\$ 56,977</b>	<b>\$ 1,059,168</b>



Governmental Reporting Section  
September 30, 2020

## 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, 2020, 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, 2021.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.



**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**

Dawson County, Texas's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

Abilene, Texas  
March 10, 2021

**Section I - Summary of Auditor's Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

**Section II – Financial Statement Findings**

<b><u>Finding 2020-001:</u></b>	Review of Cash Receipts and Journal Entries
Type of Finding:	Significant Deficiency
Criteria:	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.
Condition:	During our review of the internal control system of the County, we identified manual journal entries and various cash receipt transactions that did not have a documented evidence of review.
Cause:	An internal control process has not been established to require the documentation of review of manual journal entries and certain cash receipt transactions.
Effect:	The lack of a documented review process increases the risk of misstatement to the financial statements, either due to error or fraud.
Recommendation:	The County should design and implement an internal control system that requires documentation of the review of manual journal entries and cash receipt transactions.
Views of Responsible Officials:	Management agrees with the noted finding. Refer to Corrective Action Plan.

*County of Dawson*

*Rhonda Martin, County Auditor  
P.O. Box 1268  
Lamesa, Texas 79331*



Management's Response to Auditor's Findings:  
Corrective Action Plan  
September 30, 2020

Prepared by Management of  
**Dawson County, Texas**

RECEIVED

MAR 10 2021

DAWSON COUNTY AUDITOR

Phone: 806-872-5631

*What we do in life touches others.*  
Email: [rgmartin@co.dawson.tx.us](mailto:rgmartin@co.dawson.tx.us)

Fax: 806-872-7174

**Review of Cash Receipts and Journal Entries**

*Finding 2020-001*

*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.

*Responsible Individuals:*

Rhonda Martin

*Corrective Action Plan:*

The County will enhance its procedures to ensure that documentation of the review and approval of all manual journal entries and cash receipts is documented.

*Anticipated Completion Date:*

Fiscal year 2021