



Financial Statements  
September 30, 2023

# Dawson County, Texas

Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	5
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
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).....	55
Budgetary Comparison Schedule – Precinct Fund (Exhibit B-2) .....	56
Budgetary Comparison Schedule – District Court Fund (Exhibit B-3) .....	57
Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System (Exhibit B-4) .....	58
Schedule of Employer Contributions – Texas County and District Retirement System (Exhibit B-5).....	59
Schedule of Changes in Total OPEB Liability and Related Ratios (Exhibit B-6) .....	60
Information about Infrastructure Assets Reported Using the Modified Approach (Exhibit B-7) .....	61
Notes to Required Supplementary Information .....	63
Supplementary Information	
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1) .....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Exhibit C-2) .....	71
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> .....	76
Schedule of Findings and Responses .....	78



## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawson County, Texas ("the County") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dawson County, Texas, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

### ***Correction of Error***

As discussed in Note 15 to the financial statements, certain errors resulting in an understatement of grant revenue amounts recognized as of September 30, 2022, were discovered by management of the County during the current year. Accordingly, a restatement has been made to the General Fund fund balance and governmental activities net position as of October 1, 2022, to correct the error. Our opinions are not modified with respect to that matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information together with the schedule of changes in net pension liability and related ratios, the schedule of employer contributions, the schedule of changes in total OPEB liability and related ratios, and the information about infrastructure assets reported using the modified approach on pages 5-14 and 55-65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
May 17, 2024

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, 2023. Please read it in conjunction with the County's financial statements.

### FINANCIAL HIGHLIGHTS

- Dawson County's total combined net position was \$18.9 million at September 30, 2023. This represents an increase of \$2,286,520 from September 30, 2022. Of this amount, \$7.1 million (unrestricted net position) may be used to meet the County's ongoing obligations.
- During the year, the County's expenses were \$2,286,520 less than the \$14.7 million generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$7.0 million; \$6.9 million is available for spending at the government's discretion.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Statements

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

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

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

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

### **Fund Financial Statements**

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

The County has three types of funds:

- **Governmental funds**—Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on Pages 18 and 20 of the basic financial statements section.

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

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



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

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Dawson County's combined net position was approximately \$18.9 million at September 30, 2023. The portion of the County's net position that reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt is 35%. An additional portion of the County's net position (28%) 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, 2023	September 30, 2022 (as restated)
Current and Other Assets	\$ 12,884,953	\$ 15,169,246
Capital Assets	7,081,323	7,268,982
Total assets	19,966,276	22,438,228
Deferred Outflows of Resources	1,111,495	1,009,746
Current Liabilities	1,039,027	1,616,142
Long Term Liabilities	753,072	1,047,123
Total liabilities	1,792,099	2,663,265
Deferred Inflows of Resources	399,935	4,185,492
Net Position		
Net Investment in Capital Assets	6,522,755	6,509,716
Restricted	5,253,346	4,284,247
Unrestricted	7,109,636	5,805,254
Total net position	\$ 18,885,737	\$ 16,599,217

### Changes in Net Position

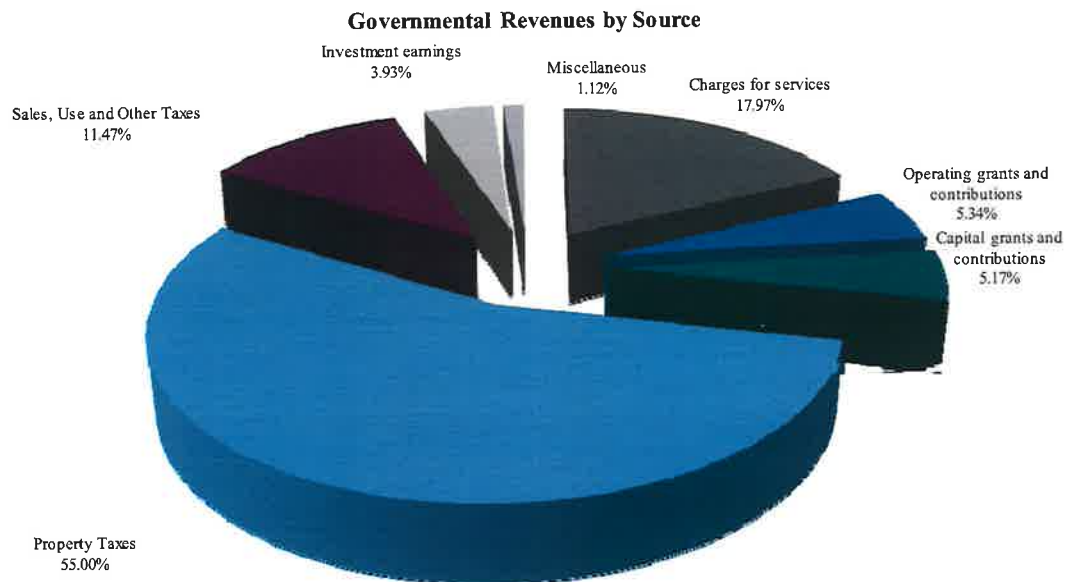
Dawson County's net position increased by \$2,286,520 during the current fiscal year.

	Governmental Activities	
	September 30, 2023	September 30, 2022 (as restated)
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 2,645,815	\$ 2,317,120
Operating grants and contributions	785,724	1,796,995
Capital grants and contributions	761,627	-
General revenues		
Property taxes	8,097,627	6,374,619
Sales and use and other taxes	1,688,110	1,431,657
Investment earnings	578,825	101,503
Miscellaneous revenue	164,619	425,196
<b>Total revenues</b>	<b>14,722,347</b>	<b>12,447,090</b>
<b>Expenses</b>		
General government	1,749,442	2,040,252
Judicial	2,650,175	2,369,312
Elections	123,179	142,937
Financial Administration	391,489	323,119
Tax Administration	391,548	365,517
Facilities Management	1,688	-
Law Enforcement	1,366,750	898,995
Fire protection	207,408	188,173
Corrections	2,022,909	1,595,211
Road and bridge	2,318,843	2,123,717
Sanitation	86,216	87,925
Public transportation	90,158	10,000
Health care	69,689	73,440
Human services	321,419	305,983
Parks and recreation	64,431	27,427
Museums	1,000	1,000
County extension service	186,186	182,825
Libraries	372,473	340,117
Interest on long-term debt	20,824	17,162
<b>Total expenses</b>	<b>12,435,827</b>	<b>11,093,112</b>
<b>Change in Net Position</b>	<b>2,286,520</b>	<b>1,353,978</b>
<b>Beginning Net Position as restated</b>	<b>16,599,217</b>	<b>15,245,239</b>
<b>Ending Net Position</b>	<b>\$ 18,885,737</b>	<b>\$ 16,599,217</b>

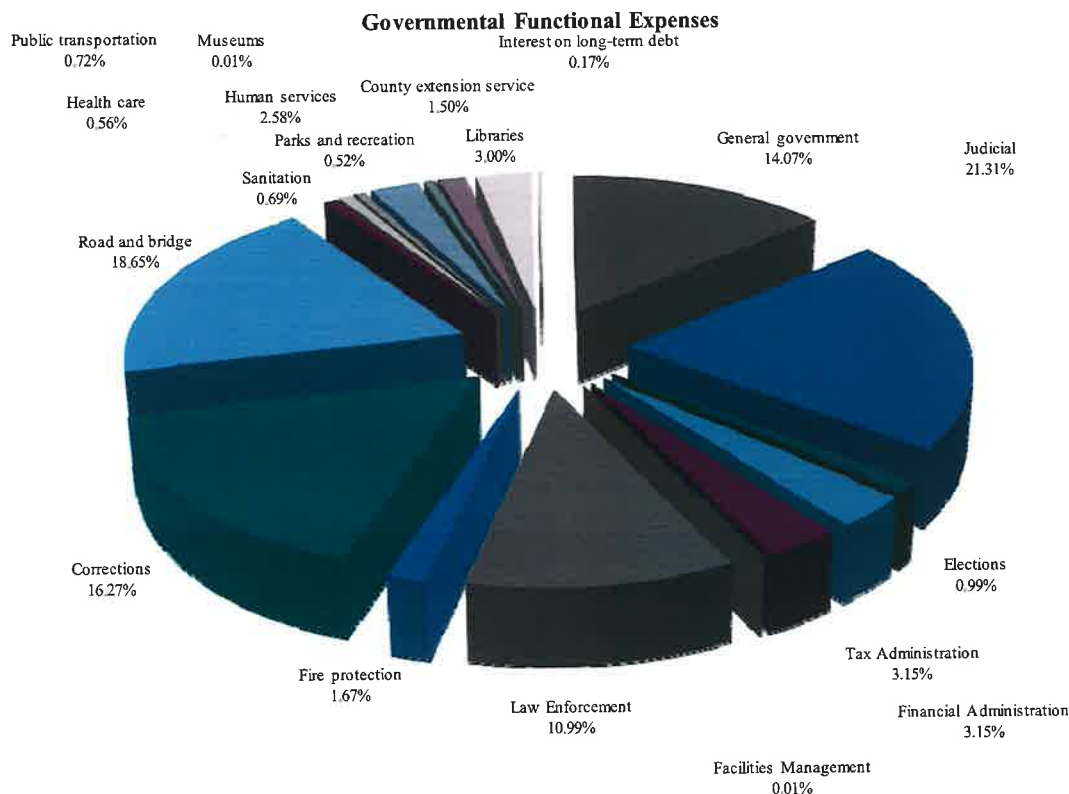
### Governmental Activities

Total revenues for the fiscal year ending September 30, 2023 were \$14.7 million. Approximately 67% of the County's revenue comes from taxes, with approximately 55% from property taxes alone. Property tax revenue as a percentage of total revenue increased by 4% compared to the prior year due to an increase in assessed property values.

Expenditures increased by \$1.3 million from the prior year, primarily due to the increases in judicial, law enforcement, and corrections costs.



The total cost for all programs and services totaled \$12.4 million for the year ended September 30, 2023. Of this amount, the largest operating services areas were judicial which totaled \$2.7 million or 21% of total expenses for the year, and road and bridge which totaled \$2.3 million, or 19% of total expenses for the year. In the prior year, these two operating areas comprised 40.5% of total expenses. Costs related to general government (14%) and corrections (19%) 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 \$10.4 million, an increase of \$1,982,375 or 23% in comparison with the prior year. Approximately 66% of this total amount (\$6.9 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 (\$3.5 million).

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance was \$7.0 million. Approximately \$6.9 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 85% of total General Fund expenditures. Dawson County's General Fund balance increased by \$1,222,233 during the current fiscal year.

The Precinct Fund had a fund balance of \$1,077,893 at the end of the year, which is an increase of \$511,916 in fund balance from prior year fund balance of \$565,977.

The District Court Fund had a fund balance of \$318,894 at the end of the year, which is an increase of \$113,865 in fund balance from prior year fund balance of \$205,029.

### **Fund Budgetary Highlights**

Over the course of the year, the County's General Fund budget was revised. Actual expenditures were \$1,038,817 below final budgeted amounts. Positive variances from budgeted expenditures resulted from decreases in general government, judicial, and corrections expenditures. Resources available were \$1,318,770 greater than the final budgeted amount. The revenue increases were primarily due to increased sales tax revenues.

Over the course of the year, the County's Precinct Fund budget was not revised. Actual expenditures were \$1,719,872 below final budgeted amounts. Positive variances from budgeted expenditures resulted from lower than expected road and bridge expenditures. Resources available were \$82,778 more than the final budgeted amount. The revenue increases were primarily due to higher property tax revenues.

Over the course of the year, the County's District Court Fund budget was revised. Actual expenditures were \$38,920 under final budgeted amounts. Resources available were \$302,417 less than final budgeted amount.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

As of September 30, 2023, the County had invested \$7.1 million in a broad range of capital assets, including land, buildings, bridges and equipment. This amount represents a net decrease (including additions, retirements and adjustments) of \$187,659, or 2.6% from last year.

Major events affecting capital assets during the year were:

- Various equipment and vehicle acquisitions.

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

	Governmental Activities		Percent Change
	2023	2022	
Land	\$ 159,176	\$ 159,176	0.00%
Buildings and improvements	7,261,934	7,084,715	2.50%
Furniture and fixtures	109,157	109,157	0.00%
Machinery and equipment	6,178,142	6,453,313	-4.26%
Transportation equipment	2,491,835	1,782,497	39.79%
Total	16,200,244	15,588,858	3.92%
Total accumulated depreciation	(9,118,921)	(8,319,876)	9.60%
Net Capital Assets	\$ 7,081,323	\$ 7,268,982	-2.58%

#### Long-Term Debt

At the end of the year, the County had \$672,621 of long-term obligations.

	Governmental Activities		Percent Change
	2023	2022	
Finance purchases payable	\$ 558,568	\$ 759,266	-26%
Compensated absences	114,053	119,716	-5%
Total	\$ 672,621	\$ 878,982	-23%

During the year, Dawson County's long-term obligations decreased by \$206,361.

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 \$223 million, which is significantly higher than the County's outstanding general obligation debt.

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

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

Dawson County's elected and appointed officials considered many factors when setting the fiscal year 2024 budget and tax rates. Some key items that should be noted are as follows:

- Mineral net taxable assessed values used for the 2024 budget preparation increased by \$164,412,688 or 18.45% from 2023. The Commissioners Court chose to fully fund the budget above the No-New-Revenue (effective) Tax Rate. The net result was that the combined adopted tax rate was set at \$0.873810 cents per \$100 of valuation, decreased from the prior year tax rate of \$0.900000.
- The Commissioners Court increased the base pay for elected officials by 10,000 and employees by 8%. The budget will allow for approximately the same number of employees with the addition of 12 positions with 10 of those positions being funded with grant funding. The Commissioners Court funded all employee health benefits at the same levels as the previous year. The Commissioners Court made various changes to the Dawson County Personnel Policy Manual so that the policies and procedures in the manual coincide with payroll budgets and benefits.
- The oil industry in the Dawson County area was impacted by the pandemic and the unpredictability in the oil prices. There is the potential for a continued weakness in mineral valuations in this County as world production is driving the cost of oil. There was hope that production would begin on a large-scale basis this next year but that is no longer the case. It is still difficult to accurately predict long-term economic numbers or population numbers for Dawson County based upon worldwide pricing and other economic considerations that drive the price of oil. Possibilities that will help strengthen and expand existing businesses and industries remain a focal point for economic development, along with seeking and pursuing opportunities not directly linked to oil, wind, and agriculture to help create stability and diversification for the local economy.

These factors and others were taken into consideration when preparing the maintenance and operations budgets for the 2024 fiscal year.

## **REQUEST FOR INFORMATION**

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

#### **ACKNOWLEDGMENTS**

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

Respectfully submitted,

*Esmeralda Felan*



Dawson County, Texas  
Statement of Net Position (Exhibit A-1)  
September 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 10,587,398
Receivables (net of allowance for uncollectibles)	
Taxes	671,412
Other	441,314
Prepaid expenses	9,724
Net pension asset	1,175,105
Capital assets	
Land	159,176
Buildings and improvements, net	3,170,806
Furniture and fixtures, net	14,084
Machinery and equipment, net	2,503,110
Transportation equipment, net	1,234,147
Total assets	19,966,276
Deferred outflows of resources	
Deferred outflows - pension	1,037,196
Deferred outflows - OPEB	74,299
Total deferred outflows	1,111,495
Liabilities	
Accounts payable and other current liabilities	382,893
Payroll liabilities	368,412
Unearned revenue	42,136
Noncurrent liabilities	
Due within one year	245,586
Due in more than one year	427,035
Total OPEB liability	326,037
Total liabilities	1,792,099
Deferred inflows of resources	
Deferred inflows - pension	295,327
Deferred inflows - OPEB	104,608
Total deferred inflows	399,935
Net Position	
Net investment in capital assets	6,522,755
Restricted for	
Grant	95,768
Road and bridge	1,118,678
Judicial	318,894
Community improvements	113,215
Enabling legislation	1,664,817
Construction	25,000
Pension	1,916,974
Unrestricted	7,109,636
Total net position	\$ 18,885,737

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental activities				
General government	\$ 1,749,442	\$ 201,819	\$ 281,278	\$ -
Judicial	2,650,175	1,123,675	411,412	-
Elections	123,179	-	208	-
Financial administration	391,489	-	-	-
Tax administration	391,548	512,799	-	-
Facilities management	1,688	48,263	-	-
Law Enforcement	1,366,750	31,394	84,514	761,627
Fire protection	207,408	-	-	-
Corrections	2,022,909	45,089	-	-
Road and bridge	2,318,843	644,255	-	-
Sanitation	86,216	-	-	-
Public transportation	90,158	-	-	-
Health care	69,689	169	-	-
Human services	321,419	30,385	-	-
Parks and recreation	64,431	1,800	752	-
Museums	1,000	-	-	-
County extension service	186,186	-	-	-
Libraries	372,473	6,167	7,560	-
Interest and fees on long-term debt	20,824	-	-	-
Total governmental activities	12,435,827	2,645,815	785,724	761,627
Total primary government	\$ 12,435,827	\$ 2,645,815	\$ 785,724	\$ 761,627

Dawson County, Texas  
Statement of Activities (Exhibit A-2)  
Year Ended September 30, 2023

	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	
	Governmental Activities	Total
	\$ (1,266,345)	\$ (1,266,345)
	(1,115,088)	(1,115,088)
	(122,971)	(122,971)
	(391,489)	(391,489)
	121,251	121,251
	46,575	46,575
	(489,215)	(489,215)
	(207,408)	(207,408)
	(1,977,820)	(1,977,820)
	(1,674,588)	(1,674,588)
	(86,216)	(86,216)
	(90,158)	(90,158)
	(69,520)	(69,520)
	(291,034)	(291,034)
	(61,879)	(61,879)
	(1,000)	(1,000)
	(186,186)	(186,186)
	(358,746)	(358,746)
	(20,824)	(20,824)
	(8,242,661)	(8,242,661)
	(8,242,661)	(8,242,661)
General revenues		
Property taxes, levied for general purposes	8,097,627	8,097,627
Sales and other taxes	1,688,110	1,688,110
Investment earnings	578,825	578,825
Miscellaneous income	164,619	164,619
Total general revenues	10,529,181	10,529,181
Change in net position	2,286,520	2,286,520
Net position at beginning of year	16,288,377	16,288,377
Prior period adjustment	310,840	310,840
Net position at beginning of year, as restated	16,599,217	16,599,217
Net position at end of year	\$ 18,885,737	\$ 18,885,737

	General Fund	Precinct Fund	District Court Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 6,918,812	\$ 1,203,770	\$ 338,931
Receivables (net of allowances for uncollectibles)			
Taxes	606,870	64,542	-
Other	240,553	-	-
Fines and fees	96,736	-	-
Prepaid expenses	-	9,724	-
Due from other funds	79,406	11,685	6,406
Total assets	<u>\$ 7,942,377</u>	<u>\$ 1,289,721</u>	<u>\$ 345,337</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>			
<b>Liabilities</b>			
Accounts payable and other current liabilities	\$ 238,212	\$ 129,774	\$ 7,190
Payroll liabilities	288,909	31,545	19,253
Unearned revenue	24,836	-	-
Due to other funds	-	-	-
Total liabilities	<u>551,957</u>	<u>161,319</u>	<u>26,443</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property tax	319,834	50,509	-
Unavailable revenue - fines and fees	96,736	-	-
Total deferred inflows of resources	<u>416,570</u>	<u>50,509</u>	<u>-</u>
<b>Fund balances</b>			
Nonspendable			
Prepaid items	-	9,724	-
Restricted for			
Grant	-	-	-
Judicial	-	-	318,894
Community improvements	113,215	-	-
Road and bridge	-	1,068,169	-
Enabling legislation	-	-	-
Construction	-	-	-
Committed for			
Public facilities	-	-	-
Unassigned	6,860,635	-	-
Total fund balances	<u>6,973,850</u>	<u>1,077,893</u>	<u>318,894</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,942,377</u>	<u>\$ 1,289,721</u>	<u>\$ 345,337</u>

See Notes to Financial Statements

Dawson County, Texas  
Balance Sheet – Governmental Funds (Exhibit A-3)  
September 30, 2023

Other Governmental Funds	Total Governmental Funds
\$ 2,125,885	\$ 10,587,398
-	671,412
104,025	344,578
-	96,736
-	9,724
6,528	104,025
<u>\$ 2,236,438</u>	<u>\$ 11,813,873</u>
\$ 7,717	\$ 382,893
28,705	368,412
17,300	42,136
104,025	104,025
<u>157,747</u>	<u>897,466</u>
-	370,343
-	96,736
<u>-</u>	<u>467,079</u>
-	9,724
95,768	95,768
-	318,894
-	113,215
-	1,068,169
1,664,817	1,664,817
25,000	25,000
293,106	293,106
-	6,860,635
<u>2,078,691</u>	<u>10,449,328</u>
<u>\$ 2,236,438</u>	<u>\$ 11,813,873</u>

**Dawson County, Texas**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit A-4)**  
**September 30, 2023**

---

Total Fund Balance - Governmental Funds	\$	10,449,328
---	----	------------

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

Governmental capital assets	16,200,244		
Accumulated depreciation	<u>(9,118,921)</u>		7,081,323

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

Financed purchases payable	(558,568)		
Compensated absences	(114,053)		
Net pension asset	1,175,105		
Total OPEB liability	<u>(326,037)</u>		176,447

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	(295,327)		
Deferred inflow of resources - OPEB	(104,608)		
Deferred outflow of resources - pension	1,037,196		
Deferred outflow of resources - OPEB	<u>74,299</u>		711,560

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	96,736		
Unavailable revenue - property taxes	<u>370,343</u>		<u>467,079</u>

Net Position of Governmental Activities - Statement of Net Position	\$	<u><u>18,885,737</u></u>
---	----	--------------------------

	General Fund	Precinct Fund	District Court Fund
Revenues			
Taxes			
Property taxes	\$ 6,352,103	\$ 1,704,490	\$ -
Other taxes	1,688,110	-	-
License and permits	-	493,942	-
Intergovernmental and grants	27,945	-	478,116
Fines and fees	853,371	4,400	-
Rents and recoveries	4,800	-	-
Investment earnings	511,408	-	-
Miscellaneous	552,904	145,913	4,182
Total revenues	<u>9,990,641</u>	<u>2,348,745</u>	<u>482,298</u>
Expenditures			
Current			
General government	1,558,368	-	-
Judicial	1,237,333	-	686,468
Elections	100,242	-	-
Financial administration	403,034	-	-
Tax administration	391,548	-	-
Law enforcement	1,190,182	-	-
Fire protection	207,408	-	-
Corrections	1,930,698	-	-
Road and bridge	-	1,607,241	-
Sanitation	86,216	-	-
Public transportation	57,158	-	-
Health and welfare			
Health care	61,439	-	-
Human services	82,742	-	-
Culture and recreation			
Parks and recreation	21,733	-	-
Museum	1,000	-	-
County extension services	161,280	-	-
Libraries	369,843	-	-
Debt service			
Debt principal	-	212,827	-
Debt interest and agent fees	-	16,761	-
Capital outlay			
Capital outlay	231,697	-	-
Total expenditures	<u>8,091,921</u>	<u>1,836,829</u>	<u>686,468</u>
Excess (deficiency) of revenues over (under) expenditures	1,898,720	511,916	(204,170)
Other financing sources (uses)			
Transfers in	-	-	318,035
Transfers out	(676,487)	-	-
Proceeds from long-term debt	-	-	-
Total other financing sources (uses)	<u>(676,487)</u>	<u>-</u>	<u>318,035</u>
Net change in fund balance	1,222,233	511,916	113,865
Fund balance at beginning of year	5,440,777	565,977	205,029
Prior period adjustment	310,840	-	-
Fund balance at beginning of year, restated	5,751,617	565,977	205,029
Fund balance at end of year	<u>\$ 6,973,850</u>	<u>\$ 1,077,893</u>	<u>\$ 318,894</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, 2023

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 8,056,593
-	1,688,110
-	493,942
1,558,497	2,064,558
194,410	1,052,181
-	4,800
67,417	578,825
102,151	805,150
<u>1,922,475</u>	<u>14,744,159</u>
131,578	1,689,946
673,062	2,596,863
314	100,556
-	403,034
-	391,548
1,812	1,191,994
-	207,408
27,889	1,958,587
237,745	1,844,986
-	86,216
33,000	90,158
-	61,439
238,677	321,419
-	21,733
-	1,000
-	161,280
-	369,843
29,908	242,735
4,063	20,824
<u>810,555</u>	<u>1,042,252</u>
<u>2,188,603</u>	<u>12,803,821</u>
(266,128)	1,940,338
358,452	676,487
-	(676,487)
<u>42,037</u>	<u>42,037</u>
<u>400,489</u>	<u>42,037</u>
134,361	1,982,375
<u>1,944,330</u>	<u>8,156,113</u>
-	310,840
<u>1,944,330</u>	<u>8,466,953</u>
<u>\$ 2,078,691</u>	<u>\$ 10,449,328</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, 2023

---

Net Change in Fund Balances - Total Governmental Funds		\$ 1,982,375
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements.		
Capital outlay	1,042,252	
Principal payments	<u>242,735</u>	1,284,987
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.		
		(1,046,850)
Proceeds from financed purchases are reported as other financing sources in the fund financial statements but are shown as long term liabilities in the government-wide financial statements.		
		(42,037)
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 decrease. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's share of pension expense must be recognized.		
Change in contributions made after measurement date	(12,851)	
Pension expense	<u>242,421</u>	229,570
Certain expenditures for the OPEB that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to decrease. The County's unrecognized deferred inflows and outflows as of the measurement date must be amortized and the County's share of OPEB expense must be recognized.		
Change in contributions made after measurement date	(1,751)	
OPEB expense	<u>(9,564)</u>	(11,315)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.		
Decrease in office fines and fees receivable	26,154	
Increase in unavailable tax revenues	41,034	
Net book value of assets retired	(183,061)	
Decrease in compensated absences	<u>5,663</u>	(110,210)
Change in Net Position of Governmental Activities - Statement of Activities		<u>\$ 2,286,520</u>

**Dawson County, Texas**  
**Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-7)**  
**September 30, 2023**

	Private Purpose Trust Fund	Custodial Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 1,535,018	\$ 1,150,074
Investments	1,097,512	-
Other receivables	52,976	-
<b>Total assets</b>	<b>\$ 2,685,506</b>	<b>\$ 1,150,074</b>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 7,444
Due to others	3,832	-
<b>Total liabilities</b>	<b>3,832</b>	<b>7,444</b>
<b>Net position</b>		
Restricted for private purpose trust fund	2,681,674	-
Restricted for individuals, organizations, or other governments	-	1,142,630
<b>Total net position</b>	<b>\$ 2,681,674</b>	<b>\$ 1,142,630</b>

**Dawson County, Texas**  
**Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds (Exhibit A-8)**  
**September 30, 2023**

---

	Private Purpose Trust Fund	Custodial Funds
Additions		
Interest earnings	\$ 89,648	\$ -
Rents and royalties	365,084	-
Tax collections from other governments	-	10,118,787
Licenses, fees, fines from other governments	-	2,227,065
Collections for individuals and others	-	5,935
Miscellaneous revenue	11,287	-
	<hr/>	<hr/>
Total Additions	466,019	12,351,787
Deductions		
Distributions to county schools	824,010	-
Ad valorem tax payments - other governments	-	10,054,059
CSCD program costs	-	789,263
Other disbursements	-	1,408,937
	<hr/>	<hr/>
Total Deductions	824,010	12,252,259
	<hr/>	<hr/>
Change in Net Position	(357,991)	99,528
Net position, beginning of year	3,039,665	1,043,102
	<hr/>	<hr/>
Net position, end of year	\$ 2,681,674	\$ 1,142,630
	<hr/>	<hr/>

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

### **Reporting Entity**

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

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

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

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

### **Government-wide and Fund Financial Statements**

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

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

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

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

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

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

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

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

### **Fund Accounting**

The County reports the following major governmental funds:

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

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

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

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

**Governmental Funds**

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

**Fiduciary Funds**

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

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

**Cash and Cash Equivalents**

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

**Property Taxes**

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

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

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

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

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

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

### **Capital Assets**

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

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

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

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



### **Infrastructure Assets**

The County has elected to use the modified approach in accounting for its street network (pavement). The modified approach allows governments to report as expenses in lieu of depreciation, infrastructure expenditures which maintain the asset but do not add to or improve the asset. Additions and improvements to the street network are capitalized. The County uses a pavement rating system to rate street condition and quantify the results of maintenance efforts. The rating system uses a measurement scale that is based on a condition index rating from zero for failed pavement to 10 for pavement in perfect condition. The condition index is used to classify roads and streets in five categories: very good (9-10), good (7-8), fair (5-6), poor (3-4), and very poor (0-2). It is the County's desire to maintain 100% of its street system in good or very good condition. See Exhibit B-7 on pages 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 \$114,053 as of September 30, 2023. They are recorded as expenditures when they are paid but are reflected in the Government-Wide Financial Statements.

### **Use of Estimates**

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

### **Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

### **Long-term Obligations**

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

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources related to its pension and OPEB plans for changes in assumptions and the difference between projected and actual earnings for its pension plan and contributions made to the pension and OPEB plans after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for the differences between expected and actual experience related to its pension plan, OPEB plan, and for unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **Pensions**

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

## **OPEB**

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

## **Note 2 - Fair Value Measurements**

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

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

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

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

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

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

The following table sets forth by level, within the fair value hierarchy, the County's assets at fair value as of September 30, 2023:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Quoted Prices Significant Unobservable Inputs (Level 3)
<b>Private purpose trust fund</b>				
Oil and gas properties	\$ 1,097,512	\$ -	\$ -	\$ 1,097,512

### Note 3 - Deposits and Investments

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

#### A. Deposits

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

At September 30, 2023, the carrying amount of cash held by the County (including custodial funds) was:

	Amortized Cost
Total cash in First United Bank	\$ 13,272,490
	<u>\$ 13,272,490</u>

**B. Investments**

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

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

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

**C. Investment Accounting Policy**

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

**Custodial Credit Risk – Deposits**

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is for the safekeeping bank to provide minimum collateral of 110% of the County deposits. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2023 were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

#### **Interest Rate Risk**

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

#### **Credit Risk**

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

#### **Concentration of Credit Risk**

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

**Note 4 - Receivables**

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

	Property Taxes	Sales Tax	Fines and Fees	Other Receivables	Total Receivables
Governmental Funds					
General fund	\$ 779,829	\$234,593	\$6,643,747	\$ 240,553	\$ 7,898,722
Precinct fund	173,598	-	-	-	173,598
Nonmajor governmental funds	-	-	-	104,025	104,025
Gross receivables	953,427	234,593	6,643,747	344,578	8,176,345
Less: allowance for uncollectibles	(516,608)	-	(6,547,011)	-	(7,063,619)
Total governmental funds	<u>436,819</u>	<u>234,593</u>	<u>96,736</u>	<u>344,578</u>	<u>1,112,726</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 370,343</u>	<u>\$ -</u>	<u>\$ 96,736</u>	<u>\$ -</u>	<u>\$ 467,079</u>

**Note 5 - Capital Assets**

Capital asset activity for the period ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	\$ 159,176	\$ -	\$ -	\$ 159,176
Total non-depreciable assets	159,176	-	-	159,176
Depreciable assets				
Buildings and improvements	7,084,715	177,219	-	7,261,934
Furniture and fixtures	109,157	-	-	109,157
Machinery and equipment	6,453,313	-	(275,171)	6,178,142
Transportation equipment	1,782,497	865,033	(155,695)	2,491,835
Total depreciable assets	<u>15,429,682</u>	<u>1,042,252</u>	<u>(430,866)</u>	<u>16,041,068</u>
Total at historic cost	<u>15,588,858</u>	<u>1,042,252</u>	<u>(430,866)</u>	<u>16,200,244</u>
Less accumulated depreciation				
Buildings and improvements	3,872,392	218,736	-	4,091,128
Furniture and fixtures	93,061	2,012	-	95,073
Machinery and equipment	3,317,394	535,175	(177,537)	3,675,032
Transportation equipment	1,037,029	290,927	(70,268)	1,257,688
Total accumulated depreciation	<u>8,319,876</u>	<u>1,046,850</u>	<u>(247,805)</u>	<u>9,118,921</u>
Governmental activities capital assets, net	<u>\$ 7,268,982</u>	<u>\$ (4,598)</u>	<u>\$ (183,061)</u>	<u>\$ 7,081,323</u>

Depreciation was charged to functions as follows:

General government	\$ 84,559
Judicial	102,030
Elections	24,699
Facilities management	14,184
Law enforcement	154,828
Corrections	64,322
Road and bridge	513,559
Health care	8,250
Parks and recreation	51,337
County extension service	24,825
Libraries	4,257
	<u>\$ 1,046,850</u>

#### **Note 6 - Interfund Balances and Activity**

##### **Due to and From Other Funds**

Balances due to and due from other funds at September 30, 2023, consisted of the following:

Due to general fund from:	
Nonmajor special revenue funds	\$ 79,406
Due from other funds	<u>\$ 79,406</u>
Due to road and bridge fund from:	
Nonmajor special revenue funds	\$ 11,685
Due from other funds	<u>\$ 11,685</u>
Due to district court fund from:	
Nonmajor special revenue funds	\$ 6,406
Due from other funds	<u>\$ 6,406</u>
Due to nonmajor special revenue funds from:	
Nonmajor special revenue funds	\$ 6,528
Due from other funds	<u>\$ 6,528</u>

##### **Transfers to and From Other Funds**

Transfers to and from other funds at September 30, 2023, consisted of the following:



Transfers from General fund to:

District Court fund	\$ 318,035
Nonmajor special revenue funds	358,452
	<u>\$ 676,487</u>

Transfers from the general fund provide additional funding for District Court and special projects.

## Note 7 - Long-Term Obligations

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

### A. Financed Purchases Payable

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

The original cost of the road graders and vehicles is \$1,502,709 and \$123,648, respectively. Accumulated depreciation at fiscal year-end is \$526,471 and carrying value is \$1,099,886. The related expense is recorded as depreciation expense. Debt service requirements for the finance contracts are funded from Precinct and other governmental funds.

The following table summarizes the annual debt requirements of the financed purchases payable at September 30, 2023, to maturity:

Year Ending September 30	Total Principal	Total Interest	Total Requirements
2024	\$ 245,586	\$ 12,834	\$ 258,420
2025	214,571	6,196	220,767
2026	98,411	1,240	99,651
Total	<u>\$ 558,568</u>	<u>\$ 20,270</u>	<u>\$ 578,838</u>

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2023, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Financed Purchases					
Caterpillar Financial Services	\$ 61,790	\$ -	\$ (43,134)	\$ 18,656	\$ 18,656
Caterpillar Financial Services	206,787	-	(64,997)	141,790	79,144
Caterpillar Financial Services	146,050	-	(37,619)	108,431	38,571
Caterpillar Financial Services	149,879	-	(38,606)	111,273	39,582
Caterpillar Financial Services	132,338	-	(28,471)	103,867	38,521
Vehicle finance purchase	62,422	-	(20,044)	42,378	20,798
Vehicle finance purchase	-	42,037	(9,864)	32,173	10,314
Total financed purchases	759,266	42,037	(242,735)	558,568	245,586
Compensated absences	119,716	111,497	(117,160)	114,053	-
Total Governmental Activities	\$ 878,982	\$ 153,534	\$ (359,895)	\$ 672,621	\$ 245,586

#### Note 8 - Compensated Absences

Accumulated unpaid annual leave amounts are not accrued in governmental funds using the modified accrual basis of accounting but are reflected in the government-wide financial statements. At September 30, 2023, accrued employee benefits recorded as general long-term debt were for annual vacation pay, holiday pay, and comp pay and amounted to \$114,053.

#### Note 9 - Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2023, the County purchased commercial insurance to cover these risks. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

##### Health Care Coverage

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

##### Cafeteria Plan

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

## **Note 10 - Retirement Plan**

### **Plan Description**

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

### **Benefits Provided**

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

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

### Membership

County membership in the TCDRS plan at December 31, 2022 consisted of the following:

Inactive Employees' Accounts	
Receiving benefits	78
Entitled to but not yet receiving benefits	114
	<hr/>
Total	192
Active Employees' Accounts	124

### 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	2022	2023
Member	7.00%	7.00%
Employer	7.43%	6.31%
Employer contributions	\$ 344,108	\$ 361,523
Member contributions	337,447	382,741

### Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2022
Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.5 years
Asset valuation method	5 year smoothed market
Discount rate	7.60%
Long-term expected investment rate of return*	7.50%
Salary increases*	4.70%, average
Payroll growth rate	3.00%

\*Includes inflation of 2.50%

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

Disability rates for males and females were as follows:

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

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

Service retirement rates for males and females were as follows:

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

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

There were no changes in methods or assumptions reflected in the December 31, 2022 actuarial valuation.

#### Discount Rate

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

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation <sup>a</sup>	Geometric Real Rate of Return <sup>b</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities – Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities – Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>c</sup>	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>d</sup>	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index <sup>e</sup>	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

<sup>a</sup> Target asset allocation adopted at the March 2023 TCDRS Board meeting.

<sup>b</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

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

<sup>d</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

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



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

At September 30, 2023, the County reported a net pension asset of \$1,175,105 for its net pension asset measured at December 31, 2022. For the year ended September 30, 2023, the County recognized pension expense of \$133,310.

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

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

Changes in the net pension liability/(asset) for the year ended December 31, 2022 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, 2021	\$ 27,139,628	\$ 32,073,858	\$ (4,934,230)
Changes for the year			
Service cost	589,375	-	589,375
Interest on total pension liability <sup>f</sup>	2,048,103	-	2,048,103
Effect of plan changes <sup>g</sup>	-	-	-
Effect of economic/demographic gains or losses	(66,957)	-	(66,957)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(146,015)	(146,015)	-
Benefit payments	(1,443,641)	(1,443,641)	-
Administrative expenses	-	(17,169)	17,169
Member contributions	-	353,986	(353,986)
Net investment income	-	(1,806,884)	1,806,884
Employer contributions	-	375,731	(375,731)
Other <sup>h</sup>	-	(94,268)	94,268
Balances as of December 31, 2022	<u>\$ 28,120,493</u>	<u>\$ 29,295,598</u>	<u>\$ (1,175,105)</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 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 31,377,671	\$ 28,120,493	\$ 25,338,668
Fiduciary net position	29,295,598	29,295,598	29,295,598
Net pension liability / (asset)	<u>\$ 2,082,073</u>	<u>\$ (1,175,105)</u>	<u>\$ (3,956,930)</u>

At September 30, 2023, 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	\$ 231,405	\$ -
Changes of assumptions	63,922	325,409
Net difference between projected and actual earnings	-	459,788
Contributions paid to TCDRS subsequent to the measurement date	-	251,999
Total	<u>\$ 295,327</u>	<u>\$ 1,037,196</u>

\$251,999 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, 2024. 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	
2024	\$ (279,448)
2025	(133,238)
2026	60,903
2027	841,653
2028	-
Thereafter	-
Total	<u>\$ 489,870</u>

#### **Note 11 - Fund Balance**

The County classifies governmental fund balance in the following categories:

*Nonspendable fund balance* includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2023, the County had \$9,724 in nonspendable fund balance for prepaid items.

*Restricted fund balance* includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance restricted for specific programs included grant, judicial, community improvements, road and bridge, enabling legislation, and bond agreement and totaled \$95,768, \$318,894, \$113,215, \$1,068,169, \$1,664,817, and \$25,000, respectively, as of September 30, 2023.

*Committed fund balance* is established, rescinded, and modified by a resolution from the Commissioners Court and can be used only for the specified purposes determined by the Court's resolution. Fund balance committed for public facilities totaled \$293,106 at September 30, 2023.

*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, 2023, the County had no assigned fund balance.

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

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

The County aims to maintain the following minimum fund balances:

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

## Note 12 - Postemployment Healthcare Benefits

### Plan Description

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

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

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

### Contributions

Contributions made to the retiree GTL program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. Benefit terms are established under the TCDRS Act. The county's contribution rate for the GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000. Total contributions paid by the County equaled \$21,666 for the year ended December 31, 2022.

### 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	64
Entitled to but not yet receiving benefits	40
	<hr/>
Total	104
Active Employees' Accounts	124

### Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2022
Actuarial cost method	Individual entry-age percent of salary
Amortization method	Straight-Line amortization over Expected Working Life
Discount rate	3.72%

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

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

Disability rates for males and females were as follows:

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

Service retirement rates for males and females were as follows:

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

The actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2022, were based on results of an actuarial experience study for the period January 1, 2017 – December 31, 2020 as conducted by TCDRS.

#### Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.72% (based on the daily rate closest to but not later than the measurement date of the 20 Year Bond GO Index published by bondbuyer.com). The discount rate was 2.06% 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, 2023, the County reported a total OPEB liability of \$326,037 measured at December 31, 2022. For the year ended September 30, 2023, the County recognized OPEB expense of \$20,689.

There was a change in the discount rate from 2.06% as of December 31, 2021, to 3.72% as of December 31, 2022.

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, 2022 are as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balances at December 31, 2021	\$ 416,111
Changes for the year	
Service cost	13,821
Interest on the total OPEB liability	8,743
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	7,817
Changes of assumptions	(109,330)
Benefit payments	(11,125)
Balances as of December 31, 2022	<u>\$ 326,037</u>



At September 30, 2023, 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	\$ 8,218	\$ 9,365
Changes of assumptions	96,390	51,357
Contributions subsequent to the measurement date	-	13,577
<b>Total</b>	<b>\$ 104,608</b>	<b>\$ 74,299</b>

\$13,577 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, 2024. 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	
2024	\$ (1,869)
2025	1,334
2026	(9,514)
2027	(16,919)
2028	(16,918)
Thereafter	-
<b>Total</b>	<b>\$ (43,886)</b>

#### Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 3.72%, 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 (2.72%) or 1 percentage point higher (4.72%) than the current rate.

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$ 386,284	\$ 326,037	\$ 278,834

#### **Note 13 - Other Retirement and Miscellaneous Benefits**

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

#### **Note 14 - Tax Abatements**

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

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

For fiscal year ended September 30, 2023, the County abated property taxes totaling \$882,828 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 2023 amounted to \$560,115 for improvements valued at \$64,100,290.

##### **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 2023 amounted to \$322,713 for improvements valued at \$36,931,760.

#### **Note 15 - Restatement of Prior Year Balances**

During the year ended September 30, 2023, the County identified certain understatements of prior year grant revenues that were not reflected in previous year audited financial statements, resulting in an understatement of General Fund fund balance and governmental activities net position as of September 30, 2022. As a result, the County has restated beginning fund balance of General Fund and beginning net position of governmental activities as of October 1, 2022 to reflect these corrections.

The following table describes the effects of the prior period adjustment on beginning balances. The change in fund balance for year ended September 30, 2022 for the general fund would have been an increase of \$1,300,710 and the change in net position for the year ended September 30, 2022 would have been an increase of \$1,664,818 had the activity been recorded in the previous year.

	General Fund	Governmental Activities
	<u>                    </u>	<u>                    </u>
Fund balance / net position at October 1, 2022 as previously reported	\$ 5,440,777	\$ 16,288,377
To recognize grant revenue earned in a prior period	178,450	178,450
To record grant receivable relating to prior period expenditures	<u>132,390</u>	<u>132,390</u>
Fund balance / net position at October 1, 2022 as restated	<u>\$ 5,751,617</u>	<u>\$ 16,599,217</u>



Required Supplementary Information  
September 30, 2023

## Dawson County, Texas

**Dawson County, Texas**  
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)  
 Year Ended September 30, 2023

	Budget Amounts			Variance
	Original	Final	Actual	from Final
	Budget	Budget		Budget
Revenues				
Taxes				
Property taxes	\$ 6,403,268	\$ 6,403,268	\$ 6,352,103	\$ (51,165)
Other taxes	925,000	925,000	1,688,110	763,110
License and permits	5	5	-	(5)
Intergovernmental and grants	18,012	18,012	27,945	9,933
Fines and fees	848,380	848,380	853,371	4,991
Rents and recoveries	12,320	12,320	4,800	(7,520)
Investment earnings	100,740	100,740	511,408	410,668
Miscellaneous	344,146	364,146	552,904	188,758
Total revenues	8,651,871	8,671,871	9,990,641	1,318,770
Expenditures				
Current				
General government	1,506,464	1,652,115	1,558,368	93,747
Judicial	1,804,422	1,818,180	1,237,333	580,847
Elections	108,326	108,326	100,242	8,084
Financial administration	445,215	419,848	403,034	16,814
Tax administration	380,733	380,733	391,548	(10,815)
Law enforcement	1,219,446	1,256,598	1,190,182	66,416
Fire protection	240,728	240,728	207,408	33,320
Corrections	1,783,401	2,133,583	1,930,698	202,885
Sanitation	86,216	86,216	86,216	-
Public transportation	47,843	47,843	57,158	(9,315)
Health care	66,315	66,315	61,439	4,876
Human services	100,591	100,743	82,742	18,001
Parks and recreation	17,592	19,186	21,733	(2,547)
Museum	1,500	1,500	1,000	500
County extension	143,978	162,152	161,280	872
Libraries	379,771	382,068	369,843	12,225
Capital outlay				
Capital outlay	225,920	254,604	231,697	22,907
Total expenditures	8,558,461	9,130,738	8,091,921	1,038,817
Excess revenues over expenditures	93,410	(458,867)	1,898,720	2,357,587
Other financing sources				
Transfers, net	(191,303)	(191,303)	(676,487)	(485,184)
Total other financing uses	(191,303)	(191,303)	(676,487)	(485,184)
Net change in fund balance	(97,893)	(650,170)	1,222,233	1,872,403
Fund balance at beginning of year, restated	5,751,617	5,751,617	5,751,617	-
Fund balance at end of year	\$ 5,653,724	\$ 5,101,447	\$ 6,973,850	\$ 1,872,403

**Dawson County, Texas**  
**Budgetary Comparison Schedule – Precinct Fund (Exhibit B-2)**  
**Year Ended September 30, 2023**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes				
Property taxes	\$ 1,625,547	\$ 1,625,547	\$ 1,704,490	\$ 78,943
Licenses and permits	495,000	495,000	493,942	(1,058)
Fines and fees	10	10	4,400	4,390
Other revenue	145,410	145,410	145,913	503
Total revenues	2,265,967	2,265,967	2,348,745	82,778
Expenditures				
Current				
Road and bridge	3,327,113	3,327,113	1,607,241	1,719,872
Debt service				
Principal	253,239	253,239	212,827	40,412
Interest	16,761	16,761	16,761	-
Capital outlay				
Capital outlay	-	-	-	-
Total expenditures	3,597,113	3,597,113	1,836,829	1,760,284
(Deficiency) of revenues (under) expenditures	(1,331,146)	(1,331,146)	511,916	1,843,062
Other financing sources				
Transfers, net	5	5	-	(5)
Total other financing sources	5	5	-	(5)
Net change in fund balance	(1,331,141)	(1,331,141)	511,916	1,843,057
Fund balance at beginning of year	565,977	565,977	565,977	-
Fund balance at end of year	\$ (765,164)	\$ (765,164)	\$ 1,077,893	\$ 1,843,057

Dawson County, Texas  
 Budgetary Comparison Schedule – District Court Fund (Exhibit B-3)  
 Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental and grants	\$ 784,710	\$ 784,710	\$ 478,116	\$ (306,594)
Other revenue	5	5	4,182	4,177
Total revenues	784,715	784,715	482,298	(302,417)
Expenditures				
Current				
Judicial	649,534	725,388	686,468	38,920
Total expenditures	649,534	725,388	686,468	38,920
Excess (deficiency) of revenues over (under) expenditures	135,181	59,327	(204,170)	(263,497)
Other financing sources				
Transfers, net	5	5	318,035	318,030
Total other financing sources	5	5	318,035	318,030
Net change in fund balance	135,186	59,332	113,865	54,533
Fund balance at beginning of year	205,029	205,029	205,029	-
Fund balance at end of year	\$ 340,215	\$ 264,361	\$ 318,894	\$ 54,533

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Total Pension Liability				
Service cost	\$ 589,375	\$ 629,854	\$ 539,661	\$ 462,764
Interest on total pension liability	2,048,103	1,985,704	1,946,294	1,867,256
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	(127,844)	1,301,636	-
Effect of economic/demographic (gains) or losses	(66,957)	(172,813)	(348,526)	(38,254)
Benefit payments/refund of contributions	(1,589,656)	(1,321,986)	(1,532,190)	(1,258,892)
Net change in total pension liability	980,865	992,915	1,906,875	1,032,874
Total pension liability, beginning	27,139,628	26,146,713	24,239,838	23,206,964
Total pension liability, ending (a)	<u>\$ 28,120,493</u>	<u>\$ 27,139,628</u>	<u>\$ 26,146,713</u>	<u>\$ 24,239,838</u>
Fiduciary Net Position				
Employer contributions	\$ 375,731	\$ 293,405	\$ 378,448	\$ 260,646
Member contributions	353,986	325,489	338,232	309,755
Investment income (loss) net of investment expenses	(1,806,884)	5,842,022	2,603,534	3,660,417
Benefit payments/refund of contributions	(1,589,656)	(1,321,986)	(1,532,190)	(1,258,892)
Administrative expenses	(17,169)	(17,352)	(19,731)	(19,217)
Other	(94,268)	(12,494)	(21,631)	(20,059)
Net change in fiduciary net position	(2,778,260)	5,109,084	1,746,662	2,932,650
Fiduciary net position, beginning	32,073,858	26,964,774	25,218,112	22,285,462
Fiduciary net position, ending (b)	<u>\$ 29,295,598</u>	<u>\$ 32,073,858</u>	<u>\$ 26,964,774</u>	<u>\$ 25,218,112</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (1,175,105)</u>	<u>\$ (4,934,230)</u>	<u>\$ (818,061)</u>	<u>\$ (978,274)</u>
Fiduciary net position as a percentage of total pension liability	104.18%	118.18%	103.13%	104.04%
Pensionable covered payroll	\$ 5,038,683	\$ 4,621,265	\$ 4,831,892	\$ 4,425,069
Net pension liability as a percentage of covered payroll	-23.32%	-106.77%	-16.93%	-22.11%

See Notes to Required Supplementary Information



Dawson County, Texas

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

(Exhibit B-4)

September 30, 2023

Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 520,168	\$ 515,742	\$ 552,869	\$ 496,229	\$ 484,715
1,789,362	1,658,559	1,535,283	1,435,047	1,343,391
-	-	-	(68,605)	-
-	257,457	-	221,435	-
(195,312)	31,249	(97,994)	(172,630)	(144,220)
(937,705)	(770,697)	(657,360)	(597,467)	(666,989)
1,176,513	1,692,310	1,332,798	1,314,009	1,016,897
22,030,451	20,338,141	19,005,343	17,691,334	16,674,438
<u>\$ 23,206,964</u>	<u>\$ 22,030,451</u>	<u>\$ 20,338,141</u>	<u>\$ 19,005,343</u>	<u>\$ 17,691,335</u>
\$ 250,684	\$ 231,844	\$ 248,689	\$ 1,757,925	\$ 1,961,194
319,052	308,538	305,945	302,987	290,172
(434,732)	2,972,664	1,410,052	(43,475)	1,035,828
(937,705)	(770,697)	(657,360)	(597,467)	(666,989)
(17,900)	(15,372)	(15,339)	(13,198)	(12,553)
(8,644)	(3,231)	120,242	26,695	(63,295)
(829,245)	2,723,746	1,412,229	1,433,467	2,544,357
23,114,707	20,390,961	18,978,733	17,545,264	15,000,908
<u>\$ 22,285,462</u>	<u>\$ 23,114,707</u>	<u>\$ 20,390,962</u>	<u>\$ 18,978,731</u>	<u>\$ 17,545,265</u>
<u>\$ 921,502</u>	<u>\$ (1,084,256)</u>	<u>\$ (52,821)</u>	<u>\$ 26,612</u>	<u>\$ 146,070</u>
96.03%	104.92%	100.26%	99.86%	99.17%
\$ 4,557,883	\$ 4,407,683	\$ 4,370,683	\$ 4,328,392	\$ 4,009,149
20.22%	-24.60%	-1.21%	0.61%	3.64%

See Notes to Required Supplementary Information

**Dawson County, Texas**

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

September 30, 2023

---

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 490,166	\$ 490,166	\$ -	\$ 3,965,752	12.4%
2015	523,194	1,961,194	(1,438,000)	4,009,149	48.9%
2016	421,585	1,757,925	(1,336,340)	4,328,392	40.6%
2017	248,689	248,689	-	4,370,637	5.7%
2018	231,844	231,844	-	4,407,683	5.3%
2019	250,684	250,684	-	4,457,883	5.6%
2020	287,721	287,721	-	4,647,840	6.2%
2021	290,944	365,944	(75,000)	4,616,798	7.9%
2022	344,108	344,108	-	4,820,676	7.1%
2023	361,523	361,523	-	5,467,722	6.6%

---

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Total OPEB Liability				
Service cost	\$ 13,821	\$ 13,001	\$ 11,312	\$ 6,201
Interest on total OPEB liability	8,743	8,756	9,804	11,543
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(109,330)	6,645	42,907	72,523
Effect of economic/demographic (gains) or losses	7,817	(6,915)	1,847	(7,440)
Benefit payments	(11,125)	(10,695)	(14,012)	(9,293)
Net change in total OPEB liability	(90,074)	10,792	51,858	73,534
Total OPEB liability, beginning	416,111	405,319	353,461	279,927
Total OPEB liability, ending	<u>\$ 326,037</u>	<u>\$ 416,111</u>	<u>\$ 405,319</u>	<u>\$ 353,461</u>
Covered-employee payroll	\$ 5,038,683	\$ 4,621,265	\$ 4,831,892	\$ 4,425,069
Total OPEB liability as a percentage of covered-employee payroll	6.47%	9.00%	8.39%	7.99%

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.

Dawson County, Texas  
Schedule of Changes in Total OPEB Liability and Related Ratios (Exhibit B-6)  
September 30, 2023

---

Year Ended December 31, 2018	Year Ended December 31, 2017
\$ 9,148	\$ 8,344
10,139	10,716
-	-
(31,702)	12,169
11,573	(11,135)
(9,572)	(9,697)
(10,414)	10,397
290,341	279,944
<u>\$ 279,927</u>	<u>\$ 290,341</u>
\$4,557,883	\$4,407,683
6.14%	6.59%

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

## Measurement Scale

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

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

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

#### Established Condition Level

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

#### Assessed Conditions

The following table reports the percentage of pavement meeting the "very good," "good," and "fair" condition ratings, as assessed in 2023. 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	2023	2022	2021
Very Good	0%	0%	0%
Good	0%	80%	80%
Fair	85%	20%	20%
Poor	10%	0%	0%
Very Poor	5%	0%	0%

The County has performed maintenance and repairs to 100% of the County's paved roads over the past seven years. Because of this extensive maintenance and repair, all County paved roads are considered to be in the "Fair," "Good," or "Very Good" categories. Expenditures to improve County infrastructure assets are as follows for the fiscal years ended:

September 30, 2014	\$ 408,819
September 30, 2015	-
September 30, 2016	-
September 30, 2017	225,120
September 30, 2018	264,994
September 30, 2019	289,758
September 30, 2020	-
September 30, 2021	265,460
September 30, 2022	222,408
September 30, 2023	1,031,022

## **Note 1 - Budgetary Information**

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

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

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

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

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

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

The General Fund had a negative budget variance in tax administration, public transportation, and parks and recreation. Tax administration shows a budget variance of \$10,815 due to higher than expected appraisal district costs. Public transportation shows a budget variance of \$9,315 due to higher than expected airport appropriations. Parks and recreation shows a budget variance of \$2,547 due to higher than normal fair barn and grounds utilities costs.

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

### **Assumptions**

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

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.5 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7%, average, over career including inflation
Investment rate of return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at services retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

### **Changes of Assumptions**

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



**Changes of Benefit Terms**

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

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

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

**Note 3 - Total OPEB Liability**

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

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Individual entry-age normal
Amortization method	Straight-line
Remaining amortization period	Does not apply
Inflation	Does not apply
Discount rate	3.72%
Salary increases	Does not apply
Retirement Age	Members are assumed to retire at the later of age 60 or their earliest retirement eligibility date.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

**Changes in Assumptions**

There was a change in the discount rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022.

**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, 2023

## Dawson County, Texas

	021	022	023	024	025
	Law Library	Child Welfare	Appellate Judicial	Family Protection	Court Reporter Service
Assets					
Cash and cash equivalents	\$ 22,356	\$ 10,907	\$ 1,060	\$ 3,727	\$ 25,905
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 22,356</u>	<u>\$ 10,907</u>	<u>\$ 1,060</u>	<u>\$ 3,727</u>	<u>\$ 25,905</u>
Liabilities					
Accounts payable	\$ 222	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Payroll liabilities	-	-	-	-	-
Total liabilities	222	-	-	-	-
Fund balance					
Restricted for					
Grant	-	-	-	-	-
Enabling legislation	22,134	10,907	1,060	3,727	25,905
Construction	-	-	-	-	-
Committed for					
Public facilities	-	-	-	-	-
Total fund balance	<u>22,134</u>	<u>10,907</u>	<u>1,060</u>	<u>3,727</u>	<u>25,905</u>
Total liabilities and fund balance	<u>\$ 22,356</u>	<u>\$ 10,907</u>	<u>\$ 1,060</u>	<u>\$ 3,727</u>	<u>\$ 25,905</u>

**Dawson County, Texas**  
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)  
September 30, 2023

026 Unclaimed Property	027 Criminal Justice Planning	030 Sheriff Forfeiture	035 Courthouse Security	040 Hot Check Collection	041 County Attorney Forfeiture	042 County Attorney Pretrial Diversion
\$ 58,194	\$ 9,774	\$ 9,811	\$ 22,004	\$ 2,834	\$ 8,508	\$ 4,908
-	-	-	-	-	-	-
-	-	-	-	-	-	26
<u>\$ 58,194</u>	<u>\$ 9,774</u>	<u>\$ 9,811</u>	<u>\$ 22,004</u>	<u>\$ 2,834</u>	<u>\$ 8,508</u>	<u>\$ 4,934</u>
\$ -	\$ -	\$ -	\$ 45	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	160
-	-	-	45	-	-	160
-	-	-	-	-	-	-
58,194	9,774	9,811	21,959	2,834	8,508	4,774
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>58,194</u>	<u>9,774</u>	<u>9,811</u>	<u>21,959</u>	<u>2,834</u>	<u>8,508</u>	<u>4,774</u>
<u>\$ 58,194</u>	<u>\$ 9,774</u>	<u>\$ 9,811</u>	<u>\$ 22,004</u>	<u>\$ 2,834</u>	<u>\$ 8,508</u>	<u>\$ 4,934</u>

	044	045	052	055	056
	District Clerk Records	County Records Management and PR	VOCA Grant	Inmate Phones	Jail Commissary
Assets					
Cash and cash equivalents	\$ 11,776	\$ 131,521	\$ 242	\$ 99,083	\$ 31,188
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 11,776</u>	<u>\$ 131,521</u>	<u>\$ 242</u>	<u>\$ 99,083</u>	<u>\$ 31,188</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Payroll liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Restricted for					
Grant	-	-	242	-	-
Enabling legislation	11,776	131,521	-	99,083	31,188
Construction	-	-	-	-	-
Committed for					
Public facilities	-	-	-	-	-
Total fund balance	<u>11,776</u>	<u>131,521</u>	<u>242</u>	<u>99,083</u>	<u>31,188</u>
Total liabilities and fund balance	<u>\$ 11,776</u>	<u>\$ 131,521</u>	<u>\$ 242</u>	<u>\$ 99,083</u>	<u>\$ 31,188</u>

078 County Clerk Vital Statistics Records	079 County Clerk Archive	080 COVID CARES	091 Records Management	092 District Attorney	095 District Attorney Chapter 59 Forfeiture	096 District Attorney Hot Check
\$ 2,429	\$ 493,431	\$ 10,701	\$ 159,793	\$ 368,840	\$ 45,079	\$ 359
-	-	-	-	-	-	-
-	-	-	-	2,868	-	-
\$ 2,429	\$ 493,431	\$ 10,701	\$ 159,793	\$ 371,708	\$ 45,079	\$ 359
\$ -	\$ -	\$ -	\$ -	\$ 5,842	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	19,057	-	-
-	-	-	-	24,899	-	-
-	-	10,701	-	-	-	-
2,429	493,431	-	159,793	346,809	45,079	359
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,429	493,431	10,701	159,793	346,809	45,079	359
\$ 2,429	\$ 493,431	\$ 10,701	\$ 159,793	\$ 371,708	\$ 45,079	\$ 359

	101 Homeland and Security Grant	104 HAVA Grant	105 County Judicial Support	106 Gates Library	107 Equipment Grant
<b>Assets</b>					
Cash and cash equivalents	\$ 5	\$ 124	\$ 18,233	\$ 260	\$ 18,768
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<u>\$ 5</u>	<u>\$ 124</u>	<u>\$ 18,233</u>	<u>\$ 260</u>	<u>\$ 18,768</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	17,300
Payroll liabilities	-	-	-	-	-
<b>Total liabilities</b>	-	-	-	-	17,300
<b>Fund balance</b>					
Restricted for					
Grant	5	124	-	-	1,468
Enabling legislation	-	-	18,233	260	-
Construction	-	-	-	-	-
Committed for					
Public facilities	-	-	-	-	-
<b>Total fund balance</b>	<u>5</u>	<u>124</u>	<u>18,233</u>	<u>260</u>	<u>1,468</u>
<b>Total liabilities and fund balance</b>	<u>\$ 5</u>	<u>\$ 124</u>	<u>\$ 18,233</u>	<u>\$ 260</u>	<u>\$ 18,768</u>

Dawson County, Texas  
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)  
September 30, 2023

108 Unclaimed Capital Credits	113 Information Technology	117 Airport Grant	118 Dawson County Cemetery	119 Chapter 19	120 Guardianship HB 1295	122 Election	124 District Clerk Technology
\$ 36,369	\$ 31,806	\$ 333	\$ 217,166	\$ 1,364	\$ 11,258	\$ 4,194	\$ 12,719
-	-	-	-	-	-	-	-
-	-	-	3,634	-	-	-	-
<u>\$ 36,369</u>	<u>\$ 31,806</u>	<u>\$ 333</u>	<u>\$ 220,800</u>	<u>\$ 1,364</u>	<u>\$ 11,258</u>	<u>\$ 4,194</u>	<u>\$ 12,719</u>
\$ -	\$ -	\$ -	\$ 1,608	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	9,488	-	-	-	-
-	-	-	11,096	-	-	-	-
-	-	333	-	1,364	-	-	-
36,369	31,806	-	-	-	11,258	4,194	12,719
-	-	-	-	-	-	-	-
-	-	-	209,704	-	-	-	-
<u>36,369</u>	<u>31,806</u>	<u>333</u>	<u>209,704</u>	<u>1,364</u>	<u>11,258</u>	<u>4,194</u>	<u>12,719</u>
<u>\$ 36,369</u>	<u>\$ 31,806</u>	<u>\$ 333</u>	<u>\$ 220,800</u>	<u>\$ 1,364</u>	<u>\$ 11,258</u>	<u>\$ 4,194</u>	<u>\$ 12,719</u>



	129	131	132	133	135
	CTIF	Weaver	Disaster	American	Appellate
	Grant	Foundation	Relief	Rescue	Judicial
		Fund	Fund	Fund	System
Assets					
Cash and cash equivalents	\$ 69,184	\$ -	\$ 83,402	\$ 12,347	\$ 315
Accounts receivable, net	-	104,025	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 69,184</u>	<u>\$ 104,025</u>	<u>\$ 83,402</u>	<u>\$ 12,347</u>	<u>\$ 315</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	104,025	-	-	-
Unearned revenue	-	-	-	-	-
Payroll liabilities	-	-	-	-	-
Total liabilities	-	104,025	-	-	-
Fund balance					
Restricted for					
Grant	69,184	-	-	12,347	-
Enabling legislation	-	-	-	-	315
Construction	-	-	-	-	-
Committed for					
Public facilities	-	-	83,402	-	-
Total fund balance	<u>69,184</u>	<u>-</u>	<u>83,402</u>	<u>12,347</u>	<u>315</u>
Total liabilities and fund balance	<u>\$ 69,184</u>	<u>\$ 104,025</u>	<u>\$ 83,402</u>	<u>\$ 12,347</u>	<u>\$ 315</u>

Dawson County, Texas  
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)  
September 30, 2023

136 Court Facility Fee Fund	137 County RM&P Fund	138 Language Access Fund	139 County Jury Fund	143 County Dispute	146 Court Initiated Guardianship	147 Judicial Edu. & Support Fund
\$ 4,760	\$ 8,558	\$ 1,779	\$ 2,416	\$ 2,135	\$ 1,420	\$ 9,250
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 4,760	\$ 8,558	\$ 1,779	\$ 2,416	\$ 2,135	\$ 1,420	\$ 9,250
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,760	8,558	1,779	2,416	2,135	1,420	9,250
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,760	8,558	1,779	2,416	2,135	1,420	9,250
\$ 4,760	\$ 8,558	\$ 1,779	\$ 2,416	\$ 2,135	\$ 1,420	\$ 9,250

	148 Public Probate Administrator	149 Annual or Final Account Report	153 Approving Bond Proposed Order	157 State Consolidated Fees	158 Admin Certification Seal Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 710	\$ 425	\$ 100	\$ 1,752	\$ 165
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<u>\$ 710</u>	<u>\$ 425</u>	<u>\$ 100</u>	<u>\$ 1,752</u>	<u>\$ 165</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Payroll liabilities	-	-	-	-	-
<b>Total liabilities</b>	-	-	-	-	-
<b>Fund balance</b>					
Restricted for					
Grant	-	-	-	-	-
Enabling legislation	710	425	100	1,752	165
Construction	-	-	-	-	-
Committed for					
Public facilities	-	-	-	-	-
<b>Total fund balance</b>	<u>710</u>	<u>425</u>	<u>100</u>	<u>1,752</u>	<u>165</u>
<b>Total liabilities and fund balance</b>	<u>\$ 710</u>	<u>\$ 425</u>	<u>\$ 100</u>	<u>\$ 1,752</u>	<u>\$ 165</u>

Dawson County, Texas  
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)  
September 30, 2023

172 Opioid Abatement Fund	Total Special Revenue Funds	130 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 15,138	\$ 2,100,885	\$ 25,000	\$ 2,125,885
-	104,025	-	104,025
-	6,528	-	6,528
<u>\$ 15,138</u>	<u>\$ 2,211,438</u>	<u>\$ 25,000</u>	<u>\$ 2,236,438</u>
\$ -	\$ 7,717	\$ -	\$ 7,717
-	104,025	-	104,025
-	17,300	-	17,300
-	28,705	-	28,705
-	157,747	-	157,747
-	95,768	-	95,768
15,138	1,664,817	-	1,664,817
-	-	25,000	25,000
-	293,106	-	293,106
<u>15,138</u>	<u>2,053,691</u>	<u>25,000</u>	<u>2,078,691</u>
<u>\$ 15,138</u>	<u>\$ 2,211,438</u>	<u>\$ 25,000</u>	<u>\$ 2,236,438</u>

	021	022	023	024	025
	Law Library	Child Welfare	Appellate Judicial	Family Protection	Court Reporter Service
Revenues					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	5,005	-	20	-	3,656
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	5,005	-	20	-	3,656
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	444	-	-	-	-
Elections	-	-	-	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	-
Road and bridge	-	-	-	-	-
Public Transportation	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
Total expenditures	444	-	-	-	-
Excess (deficit) of revenues over expenditures	4,561	-	20	-	3,656
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	4,561	-	20	-	3,656
Fund balances at beginning of year	17,573	10,907	1,040	3,727	22,249
Fund balances at end of year	\$ 22,134	\$ 10,907	\$ 1,060	\$ 3,727	\$ 25,905

Dawson County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue

Funds (Exhibit C-2)

Year Ended September 30, 2023

026 Unclaimed Property	027 Criminal Justice Planning	030 Sheriff Forfeiture	035 Courthouse Security	040 Hot Check Collection	041 County Attorney Forfeiture	042 County Attorney Pretrial Diversion
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	224	-	8,048	762	-	1,900
-	-	481	-	126	61	-
-	-	-	-	-	-	-
-	224	481	8,048	888	61	1,900
-	-	-	-	-	-	-
-	258	-	4,950	-	3,528	7,451
-	-	-	-	-	-	-
-	-	1,812	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	258	1,812	4,950	-	3,528	7,451
-	-	-	-	-	-	-
-	(34)	(1,331)	3,098	888	(3,467)	(5,551)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(34)	(1,331)	3,098	888	(3,467)	(5,551)
58,194	9,808	11,142	18,861	1,946	11,975	10,325
<u>\$ 58,194</u>	<u>\$ 9,774</u>	<u>\$ 9,811</u>	<u>\$ 21,959</u>	<u>\$ 2,834</u>	<u>\$ 8,508</u>	<u>\$ 4,774</u>

	044	045	052	055	056
	District Clerk Records	County Records Management and PR	VOCA Grant	Inmate Phones	Jail Commissary
Revenues					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	90	45,058	-	21,564	9,911
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	90	45,058	-	21,564	9,911
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	-	11,187	-	-	-
Elections	-	-	-	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	11,283	16,606
Road and bridge	-	-	-	-	-
Public Transportation	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
Total expenditures	-	11,187	-	11,283	16,606
Excess (deficit) of revenues over expenditures	90	33,871	-	10,281	(6,695)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	90	33,871	-	10,281	(6,695)
Fund balances at beginning of year	11,686	97,650	242	88,802	37,883
Fund balances at end of year	\$ 11,776	\$ 131,521	\$ 242	\$ 99,083	\$ 31,188

Dawson County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue

Funds (Exhibit C-2)

Year Ended September 30, 2023

078 County Clerk Vital Statistics Records	079 County Clerk Archive	080 COVID CARES	091 Records Management	092 District Attorney	095 District Attorney Chapter 59 Forfeiture	096 District Attorney Hot Check
\$ -	\$ -	\$ -	\$ -	\$ 467,387	\$ -	\$ -
1,293	43,950	-	60	3,126	-	-
-	-	8,759	-	15,451	-	17
-	-	-	-	55,016	47,100	-
1,293	43,950	8,759	60	540,980	47,100	17
6,274	1,595	-	17,833	-	-	-
-	-	-	-	644,017	897	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	29,908	-
-	-	-	-	-	4,063	-
-	-	-	-	5,827	42,037	-
6,274	1,595	-	17,833	649,844	76,905	-
(4,981)	42,355	8,759	(17,773)	(108,864)	(29,805)	17
-	-	-	-	165,452	-	-
-	-	-	-	-	42,037	-
-	-	-	-	-	-	-
-	-	-	-	165,452	42,037	-
(4,981)	42,355	8,759	(17,773)	56,588	12,232	17
7,410	451,076	1,942	177,566	290,221	32,847	342
\$ 2,429	\$ 493,431	\$ 10,701	\$ 159,793	\$ 346,809	\$ 45,079	\$ 359



	101 Homeland and Security Grant	104 HAVA Grant	105 County Judicial Support	106 Gates Library	107 Equipment Grant
Revenues					
Intergovernmental and grants	\$ -	\$ 208	\$ -	\$ -	\$ -
Fines and fees	-	-	82	-	-
Investment earnings	-	8	-	-	869
Other revenues	-	-	-	-	-
Total revenues	-	216	82	-	869
Expenditures					
Current					
General government	-	336	-	-	-
Judicial	-	-	-	-	-
Elections	-	-	-	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	-
Road and bridge	-	-	-	-	-
Public Transportation	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
Total expenditures	-	336	-	-	-
Excess (deficit) of revenues over expenditures	-	(120)	82	-	869
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	(120)	82	-	869
Fund balances at beginning of year	5	244	18,151	260	599
Fund balances at end of year	\$ 5	\$ 124	\$ 18,233	\$ 260	\$ 1,468

**Dawson County, Texas**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue  
Funds (Exhibit C-2)  
Year Ended September 30, 2023

108 Unclaimed Capital Credits	113 Information Technology	117 Airport Grant	118 Dawson County Cemetery	119 Chapter 19	120 Guardianship HB 1295	122 Election	124 District Clerk Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	30,350	-	-	-	951
-	-	-	5,528	-	-	-	-
-	-	-	35	-	-	-	-
-	-	-	35,913	-	-	-	951
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	33,000	-	-	-	-	-
-	-	-	230,971	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,064	-	-	-	-
-	-	33,000	232,035	-	-	-	-
-	-	(33,000)	(196,122)	-	-	-	951
-	-	-	193,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	193,000	-	-	-	-
-	-	(33,000)	(3,122)	-	-	-	951
36,369	31,806	33,333	212,826	1,364	11,258	4,194	11,768
<u>\$ 36,369</u>	<u>\$ 31,806</u>	<u>\$ 333</u>	<u>\$ 209,704</u>	<u>\$ 1,364</u>	<u>\$ 11,258</u>	<u>\$ 4,194</u>	<u>\$ 12,719</u>

	129	131	132	133	135
	CTIF	Weaver	Disaster	American	Appellate
	Grant	Foundation	Relief	Rescue	Judicial
		Fund	Fund	Fund	System
Revenues					
Intergovernmental and grants	\$ 237,745	\$ 104,025	\$ -	\$ 734,406	\$ -
Fines and fees	-	-	-	-	135
Investment earnings	-	-	-	35,705	-
Other revenues	-	-	-	-	-
Total revenues	237,745	104,025	-	770,111	135
Expenditures					
Current					
General government	-	-	-	105,540	-
Judicial	-	-	-	-	-
Elections	-	-	-	314	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	-
Road and bridge	237,745	-	-	-	-
Public Transportation	-	-	-	-	-
Human services	-	-	-	7,706	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	104,025	-	657,602	-
Total expenditures	237,745	104,025	-	771,162	-
Excess (deficit) of revenues over expenditures	-	-	-	(1,051)	135
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	-	-	(1,051)	135
Fund balances at beginning of year	69,184	-	83,402	13,398	180
Fund balances at end of year	\$ 69,184	\$ -	\$ 83,402	\$ 12,347	\$ 315

**Dawson County, Texas**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue  
Funds (Exhibit C-2)  
Year Ended September 30, 2023

136 Court Facility Fee Fund	137 County RM&P Fund	138 Language Access Fund	139 County Jury Fund	143 County Dispute Resolution	146 Court Initiated Guardianship	147 Judicial Edu. & Support Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,760	4,980	1,032	1,403	1,340	700	5,345
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,760	4,980	1,032	1,403	1,340	700	5,345
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,760	4,980	1,032	1,403	1,340	700	5,345
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,760	4,980	1,032	1,403	1,340	700	5,345
2,000	3,578	747	1,013	795	720	3,905
\$ 4,760	\$ 8,558	\$ 1,779	\$ 2,416	\$ 2,135	\$ 1,420	\$ 9,250

	148 Public Probate Administrator	149 Annual or Final Account Report	153 Approving Bond Proposed Order	157 State Consolidated Fees Fund	158 Admin Certification Seal Fund
Revenues					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	350	210	40	-	65
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	350	210	40	-	65
Expenditures					
Current					
General government	-	-	-	-	-
Judicial	-	-	-	330	-
Elections	-	-	-	-	-
Law enforcement	-	-	-	-	-
Corrections	-	-	-	-	-
Road and bridge	-	-	-	-	-
Public Transportation	-	-	-	-	-
Human services	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay					
Capital outlay	-	-	-	-	-
	-	-	-	330	-
Excess (deficit) of revenues over expenditures	350	210	40	(330)	65
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Proceeds on long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	350	210	40	(330)	65
Fund balances at beginning of year	360	215	60	2,082	100
Fund balances at end of year	\$ 710	\$ 425	\$ 100	\$ 1,752	\$ 165

**Dawson County, Texas**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue  
Funds (Exhibit C-2)  
Year Ended September 30, 2023

	172 Opioid Abatement Fund	Total Special Revenue Funds	130 Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Intergovernmental and grants	\$ 14,726	\$ 1,558,497	\$ -	\$ 1,558,497
Fines and fees	-	194,410	-	194,410
Investment earnings	412	67,417	-	67,417
Other revenues	-	102,151	-	102,151
<b>Total revenues</b>	<b>15,138</b>	<b>1,922,475</b>	<b>-</b>	<b>1,922,475</b>
<b>Expenditures</b>				
Current				
General government	-	131,578	-	131,578
Judicial	-	673,062	-	673,062
Elections	-	314	-	314
Law enforcement	-	1,812	-	1,812
Corrections	-	27,889	-	27,889
Road and bridge	-	237,745	-	237,745
Public Transportation	-	33,000	-	33,000
Human services	-	238,677	-	238,677
Debt service				
Principal	-	29,908	-	29,908
Interest	-	4,063	-	4,063
Capital outlay				
Capital outlay	-	810,555	-	810,555
	-	2,188,603	-	2,188,603
<b>Excess (deficit) of revenues over expenditures</b>	<b>15,138</b>	<b>(266,128)</b>	<b>-</b>	<b>(266,128)</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	358,452	-	358,452
Proceeds on long-term debt	-	42,037	-	42,037
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>400,489</b>	<b>-</b>	<b>400,489</b>
<b>Net change in fund balance</b>	<b>15,138</b>	<b>134,361</b>	<b>-</b>	<b>134,361</b>
<b>Fund balances at beginning of year</b>	<b>-</b>	<b>1,919,330</b>	<b>25,000</b>	<b>1,944,330</b>
<b>Fund balances at end of year</b>	<b>\$ 15,138</b>	<b>\$ 2,053,691</b>	<b>\$ 25,000</b>	<b>\$ 2,078,691</b>



Governmental Reporting Section  
September 30, 2023

## 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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 17, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2023-001 that we consider to be a material weakness.



## **Report on Compliance and Other Matters**

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

## **Dawson County, Texas's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Abilene, Texas  
May 17, 2024

---

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

---

**FINANCIAL STATEMENTS**

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

---

**Section II – Financial Statement Findings**

---

<b><u>Finding 2023-001:</u></b>	Preparation of Financial Statements, Restatement, and Material Audit Adjustments
Type of Finding:	Material Weakness
Criteria:	Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.
Condition:	The internal control structure of the County has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains deficiencies which resulted in certain material entries recorded that were detected as a result of audit procedures. Further, Eide Bailly assists in the preparation of multiple cash-to-accrual entries as an approved nonattest service. Additionally, the County recorded adjustments to restate beginning fund balances and net position, which if not recorded, would have resulted in misstatement of the County's financial statements in accordance with generally accepted accounting principles.
Cause:	The County does not prepare and has not developed an internal control system to provide for the timely preparation of the financial statements and related disclosures in a timely manner.

Effect:	The preparation of financial statements may result in financial statements and related information included in financial statement disclosures not being available or accurate for management purposes as timely and accurate as it would be if the financial statements were prepared by the County.
Recommendation:	Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Commissioners to review on a routine basis, similar to many smaller governmental entities. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
Views of Responsible Officials:	Management agrees with the noted finding. Refer to Corrective Action Plan.

**Management's Response to Auditor's Findings:  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
September 30, 2023**

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



Esmeralda Felan, Dawson County Auditor  
P.O. Box 1268  
Lamesa, Tx 79331

### **Summary Schedule of Prior Audit Findings**

#### **Finding 2022-001**

Initial Fiscal Year Finding Occurred: 2021

**Finding Summary:** Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement. The County does not have an internal control system designed to provide for the timely preparation of the financial statements and related financial statement disclosures. There were material entries recorded that were detected as a result of audit procedures. Further, Eide Bailly assists in the preparation of multiple cash-to-accrual entries as an approved nonattest service.

**Status:** Refer to Finding 2023-001.

#### **Finding 2022-002**

Initial Fiscal Year Finding Occurred: 2022

**Finding Summary:** Per the U.S. Department of Treasury SLFRF Compliance and Reporting Guidance, the County is required to submit annual Project and Expenditure Reports. The annual report for the period March 3, 2021 – March 31, 2022 was due during the year under audit. In response to conflicting guidance, the County considered the prior period SLFRF funds unspent for annual reporting purposes. The County reported no expenditures for the period included in the annual report, omitting expenditures incurred in the prior fiscal year. The annual report was not reviewed by an individual other than the preparer.

**Status:** Corrected in current year.



Esmeralda Felan, Dawson County Auditor  
P.O. Box 1268  
Lamesa, Tx 79331

### **Corrective Action Plan**

#### **Finding 2023-001**

##### **Finding Summary:**

Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

The internal control structure of the County has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains deficiencies which resulted in certain material entries recorded that were detected as a result of audit procedures. Further, Eide Bailly assists in the preparation of multiple cash-to-accrual entries as an approved nonattest service. Additionally, the County recorded adjustments to restate beginning fund balances and net position, which if not recorded, would have resulted in misstatement of the County's financial statements in accordance with generally accepted accounting principles.

**Responsible Individuals:** Esmeralda Felan, County Auditor

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

**Anticipated Completion Date:** Ongoing