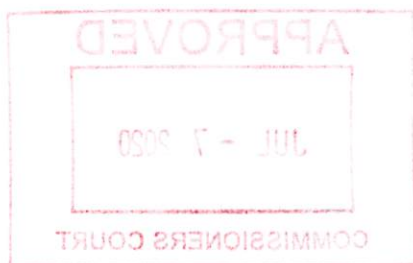


**Dawson County  
Annual Financial Report  
For the Year Ended September 30, 2019**





**DAWSON COUNTY  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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Steve Gary, C.P.A., PC  
James Bowers, C.P.A., PC  
Eric Miller, C.P.A., PC  
Melvin Eaker, C.P.A., PC  
Lindi Stapp, C.P.A., PC



A Partnership of  
Professional Corporations

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Judge O'Brien and the Commissioner's Court  
Dawson County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawson County, Texas (the "County"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, information about infrastructure assets reported using the modified approach, and Texas County and District Retirement System information on pages 3–9 and 40–47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Gary, Bowers & Miller*

Lubbock, Texas  
July 6, 2020



July 6, 2020

Honorable Reed A. Filley, District Judge, 106<sup>th</sup> Judicial District

Honorable Commissioners Court:

Foy O'Brien County Judge

Ricky Minjarez Commissioner, PCT 1

Nicky Goode Commissioner, PCT 3

Tony Hernandez

Russell Cox

Commissioner, PCT 2

Commissioner, PCT 4

### MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, the management of Dawson County, Texas, discusses and analyze the County's financial performance for the fiscal year ended September 30, 2019. Please read it in conjunction with the independent auditor's report on page 1 and the County's basic financial statements which begin on page 10.

### FINANCIAL HIGHLIGHTS

- At the close of the most recent fiscal year, Dawson County's assets exceeded its liabilities by \$12,955,657. Of this amount, \$4,587,508 was unrestricted net assets.
- The County's net position increased by \$185,716 because of this year's operation.
- The County had expenditures of \$10,876,183 as compared to FY 2018 expenditures of \$10,508,648.
- The County had revenues of \$10,988,325 as generated in tax and other revenues for governmental programs (before special items). This compares to last year when revenues were \$11,111,553 a decrease of 1.11%.
- The General Fund ended the year with a fund balance of \$3,557,685 as compared to last year's fund balance of \$3,158,921. This was an estimated increase of over 12%. The fund balance of the General Fund is unreserved and undesignated.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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*What we do in life touches others.*  
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Fund financial statements (starting on page 12) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The fiduciary statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of other county funds or those outside of the County. They show what assets these funds have and to whom they belong.

The notes to the financial statements (starting on page 18) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

The analysis of the County's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies as opposed to the modified accrual basis used in the prior reporting model.

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

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

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

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

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

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the County as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Laws and contracts require the County to establish some funds. The County's administration can establish many other funds to help it control and manage money for particular purposes (e.g. capital projects). All of the funds of the County can be divided into three categories: governmental funds, proprietary funds (for which the county currently has none) and fiduciary funds. Each category uses a different accounting approach.

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

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

Fiduciary funds – The County is the trustee, or fiduciary, for money received in numerous offices. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 16. We report the resources these activities produce that are due to County operating funds as an interfund receivable in those funds and as an interfund payable in the Statement of Fiduciary Net Assets. All other resources within the fiduciary activities are excluded from the County's other financial reports because the County cannot use those assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the County's governmental activities increased from \$12,769,941 to \$12,955,657. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – were \$4,587,508 at September 30, 2019 as compared to \$4,689,718 at September 30, 2018.



Table I  
Dawson County, Texas  
NET POSITION

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Cash and Cash Equivalents	6,889,122	5,891,426
Restricted Assets: Cash	575,541	1,645,223
Capital Assets	6,991,598	6,903,122
<b>Total Assets</b>	<b>14,456,261</b>	<b>14,439,771</b>
<b>Deferred Outflows of Resources</b>	<b>1,826,509</b>	<b>501,915</b>
<b>Liabilities:</b>		
Current Liabilities	861,937	371,473
Noncurrent Liabilities	2,215,531	1,320,455
<b>Total Liabilities</b>	<b>3,077,468</b>	<b>1,691,928</b>
<b>Deferred Inflows of Resources</b>	<b>249,645</b>	<b>479,817</b>
<b>Net Position:</b>		
Invested in Capital Assets, Net of Related Debt	6,089,196	5,968,992
Restricted	2,278,953	2,111,231
Unrestricted Net Position	4,587,508	4,689,718
<b>Total Net Position</b>	<b>12,955,657</b>	<b>12,769,941</b>

Table II  
Dawson County, Texas  
CHANGES IN NET POSITION

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>		
Program Revenues:		
Charges for Services	2,704,641	2,822,458
Grants and Contributions	300,323	483,198
Capital Grants	73,574	0
<b>Total, Program Revenues:</b>	<b>3,078,538</b>	<b>3,305,657</b>
<b>General Revenues:</b>		
Property Taxes, General Purposes	6,491,521	6,519,332
Sales Taxes	1,064,538	990,368
Tax Abatement Income	200,650	59,607
Mixed Beverage Tax	5,620	8,620
Penalty and Interest	113,228	105,598
Miscellaneous Revenue	0	0
Investment Earnings	202,043	139,327
Gain on Disposal of Assets	(94,239)	(16,956)
<b>Total General Revenue and Special Items:</b>	<b>7,983,361</b>	<b>7,805,896</b>
<b>Total Revenue</b>	<b>11,061,899</b>	<b>11,111,553</b>

	Table II (Cont.) Dawson County, Texas CHANGES IN NET POSITION	
	Governmental Activities	
Expenses	<u>2019</u>	<u>2018</u>
General Government	1,223,862	1,275,537
Judicial	2,248,412	2,155,135
Elections	26,697	35,703
Financial Administration	390,863	336,914
Tax Administration	367,975	390,953
Facilities Management	1,165,857	910,459
Public Safety	912	340
Law Enforcement	907,394	892,593
Fire Protection	197,357	198,128
Corrections	1,391,196	1,214,556
Roads & Bridges	1,835,132	1,805,976
Sanitation	65,340	143,860
Public Transportation	10,000	102,675
Health Care	133,823	108,011
Human Services	348,290	406,752
Parks & Recreation	66,470	59,325
Museums	1,000	1,000
County Extension Service	141,178	140,310
Libraries	354,425	330,241
<b>Total Expenses</b>	<b>10,876,183</b>	<b>10,508,468</b>
<b>Change in Net Position</b>	<b>185,716</b>	<b>603,085</b>
Net Position at Beginning of Year	12,769,441	12,166,856
<b>Net Position at End of Year</b>	<b>12,955,657</b>	<b>12,769,941</b>

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

1. Mineral and Related taxable values increased slightly. Local Property taxable values were up slightly and sales tax numbers increased. Interest earnings were well up.
2. County personnel numbers remained the same as the previous year.
3. Officials and department heads controlled their spending and stayed within budgets.

The cost of all governmental activities this year was \$10,876,183. However, as shown in the Statement of Activities Exhibit B-1, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$6,491,521 because some of the costs were paid with charges for services of \$2,704,641, grants and contributions of \$300,323, capital grants of \$73,574, and sales tax of \$1,064,538.

## THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as reported on the Statement of Revenues, Expenditures, and changes in Fund Balance, Exhibit C-3) showed a combined fund balance of \$6,222,666 as compared to last year's total of \$5,743,880. Included in this year's total change in fund balance is a increase of \$478,786 in the County's Funds.

For fiscal year 2019, actual revenue on a budgetary basis was \$7,618,398 compared to the original revenue budget of \$7,389,219. Reasons for the actual numbers varying from the budget follow:

- In many revenue categories receipts were higher than budgeted.
- Sales tax revenues were higher
- Interest earnings received were higher than budgeted.
- The county received the 3rd of 10 annual "pilot" payments from the wind farm development and the second from the solar farm phase 1.
- The closing of Spike Dykes Dealership saw a decline in auto registration.

For fiscal year 2019, actual expenditures on a budgetary basis for the General Fund were \$6,799,710, compared to the original expenditure budget of \$7,175,073. The actual expenditures were \$326,990 more than the prior year. The Commissioners' Court revised the County budget several times. These revisions include amendments and supplemental appropriations that were approved during the year to address mid-year situational changes. The primary amendments include:

- Received a donation from the Weaver Foundation in the amount of \$73,574.16 to remodel the Howard College restrooms
- Extended warranties for precinct Caterpillars
- Paid cash, \$289,757.85 from the county Capital Projects Fund to chip seal several county roads
- Purchased new vehicles for the sheriff department and the precinct
- Repairs were made to the Women's Building and the MHMR building
- New phone systems through a new cooperative were put into place at the library, church annex, tax assessor and the sheriff department
- The county experienced a massive turnover in officials in Fiscal Year 2019 when many elected officials, appointed officials, and employees retired. The new officials reworked the administration and operation of their offices and diligently monitored expenses and budgets.

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

## CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At the beginning of fiscal year 2019, the County had \$6,903,122 invested in a broad range of capital assets, including land, buildings and equipment. By the end of fiscal year 2019 that number had increased by \$88,476 and ended the year with \$6,991,598 in Capital Assets. More detailed information about the County's capital assets is presented in Note IV, Item F to the financial statements.

As has been the case for the last few years, the County had no Debt. It does lease various pieces of equipment and at year end had \$1,009,927 in Capital and Operating leases. More detailed information about the County's long-term liabilities is presented in Note IV, Items H and I to the financial statements.

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

The County's elected and appointed officials considered many factors when setting the fiscal year 2019 budget and tax rates. Some key items that should be noted are as follows:

1. Mineral taxable values increased slightly (3.41%) although nowhere near previous levels. The continuing weakness in the valuations led to a decision by the court to fully fund the budget while remaining at or below the effective tax rate. The net result was that the adopted tax rate was set at \$0.856621 cents per \$100 of valuation, an decrease in the tax rate of just 3.43 cents from the prior year.
2. Sales tax collections increased significantly last year and are forecast to continue that trend. On a positive note, the Mesquite Creek Wind Farm is operational and the county has started receiving annual payments for each megawatt (MW) of generation. The two solar farms in operation will also provide pilot payments equal to about half what the county will get from the wind farm. In addition, a third solar farm is under development in the northeast portion of the county that should help fund future budgets.
3. The budget will allow for approximately the same number of employees in 2019. The Commissioners Court funded all employee benefits at the same levels as last. The Road and Bridge combined precinct's performance is again exceeding expectations.

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 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 business and industry 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 our local economy.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. Although many of the County's services are considered essential, the County Courthouse was closed to the public, certain other services transitioned to online only and because the County's major revenue sources, including businesses that collect sales taxes, are directly impacted by these events, it is probable that this matter will negatively impact the County. However, the ultimate financial impact and duration cannot be estimated at this time.

## 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.

Respectfully submitted,

*Rhonda Martin*

Dawson County Auditor

**DAWSON COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	<u>Primary Government Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 6,889,122
Receivables (net of allowance for uncollectibles)	557,042
Due from Agency Funds	18,499
Capital Assets	
Land	140,778
Buildings, net	3,195,861
Machinery and Equipment, net	3,654,959
<b>Total Assets</b>	<u>\$ 14,456,261</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 1,826,509</u>
<b>Liabilities</b>	
Accounts Payable	\$ 861,937
Long-Term Liabilities	
Due Within One Year	366,909
Due in More Than One Year	647,193
Net Pension Liability	921,502
OPEB Liability	279,927
<b>Total Liabilities</b>	<u>\$ 3,077,468</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 249,645</u>
<b>Net Position</b>	
Invested in Capital Assets, Net of Related Debt	\$ 6,089,196
Restricted for:	
Federal or State Grants	951
Judicial	594,555
Road & Bridge	929,263
Community Improvement	55,842
Other Purposes	698,342
Unrestricted Net Position	4,587,508
<b>Total Net Position</b>	<u><u>\$ 12,955,657</u></u>

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

**DAWSON COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General Government	\$ 1,223,862	\$ 26,690	\$ 25,821	\$ -	\$ (1,171,351)
Judicial	2,248,412	1,412,062	266,190	-	(570,160)
Elections	26,697	2,922	-	-	(23,775)
Financial Administration	390,863	6,780	-	-	(384,083)
Tax Administration	367,975	299,452	-	-	(68,523)
Facilities Management	1,165,857	103,957	-	73,574	(988,326)
Public Safety	912	-	-	-	(912)
Law Enforcement	907,394	45,117	-	-	(862,277)
Fire Protection	197,357	-	-	-	(197,357)
Corrections	1,391,196	51,302	-	-	(1,339,894)
Road and Bridges	1,835,132	706,644	-	-	(1,128,488)
Sanitation	65,340	-	-	-	(65,340)
Public Transportation	10,000	-	-	-	(10,000)
Health Care	133,823	119	-	-	(133,704)
Human Services	348,290	34,872	-	-	(313,418)
Parks & Recreation	66,470	5,100	752	-	(60,618)
Museums	1,000	-	-	-	(1,000)
County Extension Service	141,178	-	-	-	(141,178)
Libraries	354,425	9,624	7,560	-	(337,241)
<b>Total Primary Government:</b>	<u>\$ 10,876,183</u>	<u>\$ 2,704,641</u>	<u>\$ 300,323</u>	<u>\$ 73,574</u>	<u>\$ (7,797,645)</u>
<b>General Revenue:</b>					
<b>Taxes:</b>					
Property Taxes, Levied for General Purposes					\$ 6,491,521
Sales Taxes					1,064,538
Tax Abatement Income & Unclaimed Capital Credits					200,650
Mixed Beverage Tax					5,620
Penalty and Interest					113,228
Investment Earnings					202,043
Gain (Loss) on Disposal of Assets					(94,239)
<b>Total General Revenues and Special Items</b>					<u>\$ 7,983,361</u>
Change in Net Position					\$ 185,716
<b>Net Position - Beginning</b>					<u>\$ 12,769,941</u>
<b>Net Position - Ending</b>					<u>\$ 12,955,657</u>

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

**DAWSON COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>Precinct</u>	<u>District Court Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 3,575,976	\$ 1,169,186	\$ 180,012	\$ 1,963,948	\$ 6,889,122
Taxes Receivable	661,245	105,569	-	-	766,814
Allowance for Uncollectible Taxes	(237,156)	(51,700)	-	-	(288,856)
Receivables (Net)	79,084	-	-	-	79,084
Due from Agency Funds	18,499	-	-	-	18,499
<b>Total Assets</b>	<u>\$ 4,097,648</u>	<u>\$ 1,223,055</u>	<u>\$ 180,012</u>	<u>\$ 1,963,948</u>	<u>\$ 7,464,663</u>
<b>Liabilities and Fund Balances</b>					
Liabilities					
Accounts Payable	\$ 213,772	\$ 239,923	\$ 15,746	\$ 392,496	\$ 861,937
<b>Total Liabilities</b>	<u>\$ 213,772</u>	<u>\$ 239,923</u>	<u>\$ 15,746</u>	<u>\$ 392,496</u>	<u>\$ 861,937</u>
Deferred Inflows of Resources	\$ 326,191	\$ 53,869	\$ -	\$ -	\$ 380,060
<b>Fund Balances</b>					
Restricted Fund Balance:					
Grant Restriction	\$ -	\$ -	\$ -	\$ 951	\$ 951
Judicial	-	-	164,266	430,289	594,555
Road & Bridge	-	929,263	-	-	929,263
Community Improvement	50,547	-	-	5,295	55,842
Other Restricted Fund Balance	-	-	-	698,342	698,342
Assigned Fund Balance:					
Community Improvement	-	-	-	153,963	153,963
Unassigned Fund Balance	3,507,138	-	-	282,612	3,789,750
<b>Total Fund Balances</b>	<u>\$ 3,557,685</u>	<u>\$ 929,263</u>	<u>\$ 164,266</u>	<u>\$ 1,571,452</u>	<u>\$ 6,222,666</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 4,097,648</u>	<u>\$ 1,223,055</u>	<u>\$ 180,012</u>	<u>\$ 1,963,948</u>	<u>\$ 7,464,663</u>

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



**DAWSON COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 6,222,666</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$13,422,311 and the accumulated depreciation was \$6,519,189. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	5,873,008
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Current year capital outlays and long-term debt principal payments are expenditures in the fund statements, but they are increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays and debt principal payments is to increase (decrease) net position.	976,201
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The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(855,997)
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Deferred Inflows of Resources related to pensions are not financial uses, and Deferred Outflows of Resources related to pensions are not financial resources, and therefore, are not reported in the funds. This is the amount by which Deferred Outflows of Resources exceeds Deferred Inflows of Resources.	1,576,864
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	(837,085)
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<b>Net Position of Governmental Activities</b>	<b>\$ 12,955,657</b>
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The notes to the financial statements are an integral part of this statement.

**DAWSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>Precinct</u>	<u>District Court Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes:					
Property Taxes	\$ 5,215,678	\$ 1,344,699	\$ -	\$ -	\$ 6,560,377
General Sales and Use Taxes	1,064,538	-	-	-	1,064,538
Mixed Beverage Tax	5,620	-	-	-	5,620
Licenses and Permits	-	469,252	-	-	469,252
Intergovernmental Revenue and Grants	76,342	-	546,336	375,392	998,070
Charges for Services	589,027	-	-	201,307	790,334
Fines	228,337	-	-	22,798	251,135
Forfeits	-	-	-	20,419	20,419
Investment Earnings	189,729	-	-	12,314	202,043
Rents and Royalties	3,000	-	-	-	3,000
Contributions from Private Sources	-	-	-	1,986	1,986
Other Revenue	246,127	237,392	9,894	252,932	746,345
<b>Total Revenues</b>	<u>\$ 7,618,398</u>	<u>\$ 2,051,343</u>	<u>\$ 556,230</u>	<u>\$ 887,148</u>	<u>\$ 11,113,119</u>
<b>Expenditures</b>					
General Government	\$ 689,392	\$ -	\$ -	\$ 520,523	\$ 1,209,915
Judicial	1,473,469	-	581,771	37,327	2,092,567
Elections	20,847	-	-	455	21,302
Financial Administration	366,129	-	-	-	366,129
Tax Administration	354,058	-	-	-	354,058
Facilities Management	628,006	-	-	519,135	1,147,141
Public Safety	-	-	-	912	912
Law Enforcement	901,184	-	-	126	901,310
Fire Protection	197,357	-	-	-	197,357
Corrections	1,298,684	-	-	14,459	1,313,143
Road and Bridges	88,101	1,889,935	-	-	1,978,036
Sanitation	65,340	-	-	-	65,340
Public Transportation	10,000	-	-	-	10,000
Health and Welfare:					
Health Care	142,079	-	-	-	142,079
Human Services	60,000	-	-	269,346	329,346
Culture and Recreation:					
Parks and Recreation	47,003	-	-	-	47,003
Museums	1,000	-	-	-	1,000
County Extension Service	119,043	-	-	-	119,043
Libraries	338,018	-	-	1,000	339,018
<b>Total Expenditures</b>	<u>\$ 6,799,710</u>	<u>\$ 1,889,935</u>	<u>\$ 581,771</u>	<u>\$ 1,363,283</u>	<u>\$ 10,634,699</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 818,688</u>	<u>\$ 161,408</u>	<u>\$ (25,541)</u>	<u>\$ (476,135)</u>	<u>\$ 478,420</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Real or Personal Property	\$ -	\$ 367	\$ -	\$ -	\$ 367
Transfers In	263	-	-	567,945	568,208
Transfers Out	(420,187)	(139,758)	-	(8,263)	(568,208)
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (419,924)</u>	<u>\$ (139,391)</u>	<u>\$ -</u>	<u>\$ 559,682</u>	<u>\$ 367</u>
<b>Net Change in Fund Balances</b>	<u>\$ 398,764</u>	<u>\$ 22,017</u>	<u>\$ (25,541)</u>	<u>\$ 83,547</u>	<u>\$ 478,787</u>
<b>Fund Balance, Beginning of Year</b>	<u>\$ 3,158,921</u>	<u>\$ 907,246</u>	<u>\$ 189,807</u>	<u>\$ 1,487,905</u>	<u>\$ 5,743,879</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,557,685</u>	<u>\$ 929,263</u>	<u>\$ 164,266</u>	<u>\$ 1,571,452</u>	<u>\$ 6,222,666</u>

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

**DAWSON COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 478,787</b>
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Amounts reported for governmental activities in the statement of activities  
are different because:

Current year capital outlays and long-term debt principal payments are expenditures in the fund statements, but they are increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the fiscal year September 30, 2019, capital outlays and debt principal payments is to increase (decrease) net position.	976,201
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Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(855,997)
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Certain expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the government funds. Certain contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	(440,578)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of resources as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	27,303
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<b>Change in Net Position of Governmental Activities</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;"><b>\$ 185,716</b></td> </tr> </table>	<b>\$ 185,716</b>
<b>\$ 185,716</b>		

**DAWSON COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2019**

	<b>Private Purpose Trust Fund</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 21,611	\$ 263,173
Investments	3,435,100	-
Receivables (Net)	-	78,709
<b>Total Assets</b>	<b>\$ 3,456,711</b>	<b>\$ 341,882</b>
<b>Liabilities</b>		
Due to Others	\$ -	\$ 131,369
Intergovernmental Payable	39,882	131,804
<b>Total Liabilities</b>	<b>\$ 39,882</b>	<b>\$ 263,173</b>
<b>Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ 78,709</b>
<b>Net Position</b>		
Restricted for Community Improvement	\$ 3,416,829	\$ -
<b>Total Net Position</b>	<b>\$ 3,416,829</b>	<b>\$ -</b>

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

**DAWSON COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Private Purpose Trust Fund</b>
<b>Additions</b>	
Investment Earnings	\$ 116,815
Rents and Royalties	323,667
<b>Total Additions</b>	<u>\$ 440,482</u>
<b>Deductions</b>	
Ad Valorem Taxes	\$ 34,102
Transfers to County Schools	239,903
<b>Total Deductions</b>	<u>\$ 274,005</u>
<b>Change in Net Assets</b>	\$ 166,477
<b>Total Net Position, Beginning of Year</b>	<u>\$ 3,250,352</u>
<b>Total Net Position, End of Year</b>	<u><u>\$ 3,416,829</u></u>

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

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

The Commissioners' Court (the "Court") consists of four County Commissioners and the County Judge who are elected by the public. The Court has the primary accountability for fiscal matters, and is therefore, a financial reporting entity. As required by accounting principles generally accepted in the United States of America, these financial statements present Dawson County, Texas.

**B. 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 Dawson County, Texas, with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The County currently has no business-type activities. The *primary government* would be reported separately from certain legally separate *component units* for which the primary government is financially accountable. However, there are currently no component units.

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

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

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

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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

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

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

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

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

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

**D. FUND ACCOUNTING**

The County reports the following major governmental funds:

**The General Fund** – The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. For this presentation, the General Fund and Road and Bridge Fund have been combined. These funds are operated and maintained separately by the Commissioners' Court decision, but there are not any outside requirements for the self-imposed separation, and the funds can be used for general County operations.

**Other Major Governmental Funds** – The Precinct Fund is the County's Special Revenue Fund designated to receive and expend the farm to market taxes and lateral road monies that are used for precinct road operations. The District Court Fund is designated to receive and expend monies related to the operation of the district court which is headquartered by Dawson County.



**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

**Other Governmental Funds:**

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

**Fiduciary Funds:**

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

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

**E. OTHER ACCOUNTING POLICIES**

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Land is not depreciated.

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

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

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

**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 E-4 on pages 43 and 44 for additional information.

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

**Compensated Absences** – The County has a policy of paying for unused vacation, compensatory and holiday time. Sick time is allowed to accumulate to a maximum of 480 hours, but the County does not pay for unused sick time. The liability for these items has been estimated at approximately \$111,700 as of September 30, 2019. They are recorded as expenditures when they are paid but are reflected in the Government-Wide Financial Statements.

**Deferred Inflows of Resources** – Deferred Inflows of Resources in all fund statements represents the delinquent property taxes and fines expected to be collected in some future period and the differences between expected and actual experience related to the County's pension plan as discussed in note J. However, on the Statement of Net Assets, the deferred inflows of resources was created by the implementation of GASB 68 and GASB 75 and represents the differences between expected and actual experience related to pension and other post-employment benefits assets and liabilities. As of September 30, 2019, the County reported a balance of \$249,645 in deferred inflow of resources.

**Deferred Outflows of Resources** -- Deferred Outflow of Resources is defined as the current consumption of net assets that is applicable to a future reporting. The implementation of GASB 68 and GASB 75 created the County's deferred outflow of resources. This is the current year's employer pension and OPEB contribution, but deferred for future consumption. As of September 30, 2019, the County reported a balance of \$1,826,509 in deferred outflow of resources.

**Net Position and Fund Balance –**

**Government-Wide Financial Statements:**

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

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

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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

**Governmental Fund Financial Statements:**

In the fund financial statements, governmental funds report fund balances as Nonspendable, Restricted, Committed, Assigned or Unassigned. These are discussed further in Note F below.

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

**F. FUND BALANCE CLASSIFICATION**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified Fixed Assets as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year. Since Fixed Assets are not included in fund financial statements, the Nonspendable classification does not appear on the balance sheet.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The County has restricted resources.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commissioners (the highest level of decision-making authority). These amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The County does not currently have committed funds.
- **Assigned:** This classification includes amounts that are constrained by the County Commissioners' intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Commissioners or through the County Commissioners delegating this responsibility to another individual through the budgetary process. This classification is used in the Clean Up Cemetery Fund.

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

- **Unassigned:** This classification includes the residual fund balance for the General Fund except for a portion of the General Fund Fund Balance that is classified as Restricted.

The County would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

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

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

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

Capital Assets at the Beginning of the Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Adjustments to Changes in Net Position
Land	\$ 140,778	\$ -	\$ 140,778	
Buildings	6,354,567	3,102,703	3,251,864	
Furniture and Equipment	6,926,966	3,416,486	3,510,480	
Change in Net Position				\$ 6,903,122
Long-Term Liabilities at the Beginning of the Year			Payable at the Beginning of the Year	
Compensation Payable			\$ 95,984	
Capital Leases Payable			934,130	
Change in Net Position				\$ (1,030,114)
Net Adjustment to Net Position				\$ 5,873,008

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

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

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

The details of this adjustment are as follows:

	Amount	Adjustments to Net Position	Adjustments to Changes in Net Position
<u>Current Year Capital Activity</u>			
Land	\$ -		
Buildings and Improvements	122,749		
Furniture and Equipment	916,329		
Basis in Assets Retired	(94,605)		
Total Capital Outlay	<u>\$ 944,473</u>	\$ 944,473	\$ 944,473
<u>Debt Principal Activity</u>			
Capital Lease Payments	\$ 230,895		
Capital Lease Proceeds	(199,167)		
Total Principal Payments	<u>\$ 31,728</u>	31,728	31,728
Total Adjustment to Net Position		<u>\$ 976,201</u>	<u>\$ 976,201</u>

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

	Amount	Adjustments to Net Position	Adjustments to Changes in Net Position
<u>GASB 68 Pension Adjustments</u>			
Certain contributions to the pension plan in the current fiscal year are not included on the statement of activities	\$ (434,110)		\$ (434,110)
Changes in the net OPEB liability are reported as OPEB expense	(6,468)		(6,468)
Deferred Inflows of Resources, Balance at End of Year	(249,645)	\$ (249,645)	
Deferred Outflows of Resources, Balance at End of Year	1,826,509	1,826,509	
Total		<u>\$ 1,576,864</u>	<u>\$ (440,578)</u>
<u>Adjustments to Revenue</u>			
Uncollected Taxes (assumed collectible) from Current Year Levy	\$ 44,372	\$ 44,372	\$ 44,372
Uncollected Taxes (assumed collectible) from Prior Year	256,604	256,604	
Uncollected Fees of Office from Prior Year	80,437	80,437	
Uncollected Fee of Office, Current Year Decrease	(1,353)	(1,353)	(1,353)

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

Adjustments for Pensions and OPEB			
Net Pension Asset(Liability), Balance End of Year	(921,502)	(921,502)	
Net Other Post-Employment Benefit Liability, Balance End of Year	(279,927)	(279,927)	
Reclassify Certain Expenditures:			
Increase in Compensated Absences	(15,716)	(15,716)	(15,716)
Total		<u>\$ (837,085)</u>	<u>\$ 27,303</u>

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

**A. BUDGETARY DATA**

The Commissioners' Court adopts an "appropriated budget" for the General Fund and Special Revenue Funds. The budgets are prepared on the modified accrual basis to comply with the Constitution of the State of Texas. The adopted and final amended budgeted revenues and expenditures for the General Fund, the Precinct Fund, and the District Court Fund are presented in Exhibit E-1 through E-3.

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

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

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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

**A. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act.

Policies Governing Deposits and Investments

In compliance with the Public Fund Investment Act, the County has adopted a deposit and investment policy. That policy is updated as necessary and addresses the following risk:

Custodial Credit Risk – Cash and investment deposits: This is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The County’s policy regarding types of deposits allowed and collateral requirements states that all deposits must be insured by FDIC or secured in another manner provided by law. All deposits of the County are held at First United Bank of Lamesa. At September 30, 2019, the total amount on deposit was \$9,786,816. Collateral for deposits consists of numerous security bonds, held in the name of First United Bank and marked as pledged to Dawson County, with a market value of \$10,439,324 as of September 30, 2019, however, only \$9,786,816 of the collateral is applicable due to the amount actually on deposit. Securities collateralizing deposits include bonds of independent school districts, other than those in Dawson County, Fannie Mae securities, and water and sewer bonds of other governments. Investments are selected by the bank and it is the bank’s responsibility to select investments of adequate ratings.

Cash deposits held at financial institutions can be categorized according to three levels of risk. These levels of risk are:

Category 1	Deposits that are insured or collateralized with securities held by the entity or by its agent in the entity’s name.
Category 2	Deposits that are collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name.
Category 3	Deposits that are not collateralized.

Based on the three levels of risk, all of the County’s cash deposits are classified as category 2. The County’s deposits were covered by depository insurance or pledged securities held by the pledging financial institution’s trust department or agent at all times during the year.



**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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

**B. PROPERTY TAXES**

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

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

The tax rate for the fiscal year ended September 30, 2019, (2018 tax levy) was \$0.703302 per \$100 assessed value for County General Fund operations and \$0.153319 for farm-market lateral maintenance and operations for a total rate of \$0.856621. The County is subject to a tax rate rollback if the total amount of property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceding year by 8 percent.

**C. DELINQUENT TAXES RECEIVABLE**

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

**D. OTHER ACCOUNTS RECEIVABLE**

County accounts receivable at September 30, 2019 were:

County Clerk fines	\$ 40,390
District Clerk fines	183,430
Justice of the Peace fines	<u>303,407</u>
	527,227
Allowance for doubtful collection	<u>(448,143)</u>
Net receivables	<u>\$ 79,084</u>

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**E. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at September 30, 2019, consisted of the following individual fund balances:

	Due from Other Funds	Due to Other Funds
General Fund:		
Agency Fund	\$ 18,499	
Total General Fund	<u>\$ 18,499</u>	
Agency Fund		\$ 18,499
Total		<u>\$ 18,499</u>

The interfund transfers reflected on the Statements of Revenues and Expenditures were for routine purposes. Transfers were eliminated on the Statement of Activities.

**F. CAPITAL ASSET ACTIVITY**

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

Capital asset activity for the County for the year ended September 30, 2019 was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirement	Ending Balance
Governmental Activities:				
Land	\$ 140,778	\$ -	\$ -	\$ 140,778
Buildings and Improvements	6,354,567	122,749	-	6,477,316
Machinery and Equipment	6,926,966	916,329	565,914	7,277,381
Totals at Historical Cost	<u>\$ 13,422,311</u>	<u>\$ 1,039,078</u>	<u>\$ 565,914</u>	<u>\$ 13,895,475</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	3,102,703	178,752	-	3,281,455
Machinery and Equipment	3,416,486	677,245	471,309	3,622,422
Total Accumulated Depreciation	<u>\$ 6,519,189</u>	<u>\$ 855,997</u>	<u>\$ 471,309</u>	<u>\$ 6,903,877</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,903,122</u>	<u>\$ 183,081</u>	<u>\$ 94,605</u>	<u>\$ 6,991,598</u>

Capital assets purchased through capital leases are included in the above amounts. This includes ending balances in Equipment of \$2,939,748 and Accumulated Depreciation on Equipment of \$918,636.

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Depreciation expense was charged to governmental functions as follows:

General Government	66,028
Justice System	75,113
Elections	5,395
Facilities Management	10,656
Law Enforcement	56,276
Corrections	66,110
Roads and Bridges	513,603
Health Care	7,858
Parks and Recreation	36,608
County Extension Service	17,821
Libraries	529
Total Depreciation Expense	<u>\$ 855,997</u>

**G. LONG-TERM LIABILITIES**

A summary of changes in general long-term debt for the year ended September 30, 2019, is as follows:

Description	Interest Rate Payable	Interest Current Year	Payable Amounts Outstanding 10/01/18	Issued	Retired	Payable Amounts Outstanding 9/30/19	Due Within One Year
Compensated Absences							
Various Funds	None	None	\$ 95,984	\$ 15,716	\$ -	\$ 111,700	\$ 111,700
Capital Lease Precinct	5.05%	8,730	188,300	-	33,963	154,337	35,718
Capital Lease Precinct	5.05%	8,220	177,300	-	31,979	145,321	33,632
Capital Lease Precinct	3.70%	5,406	165,160	-	41,830	123,330	43,404
Capital Lease Precinct	3.70%	5,832	176,987	-	41,843	135,144	43,417
Capital Lease Precinct	3.70%	5,656	171,296	-	40,483	130,813	42,006
Capital Lease General Fund	None	-	55,087	-	20,205	34,882	20,205
Capital Lease Precinct	5.35%	5,942	-	199,167	20,592	178,575	36,827
Total		\$ 39,786	\$ 1,030,114	\$ 214,883	\$ 230,895	\$1,014,102	\$ 366,909

Interest charged to expense in the Precinct Fund for the current fiscal year was \$39,786.

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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

The County has entered into lease agreements as lessee to finance the acquisition of five road graders. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is a schedule of the capital lease commitments as of September 30, 2019:

	Present Value of Minimum Lease Payments	Interest	Total Minimum Lease Payments
Caterpillar – 140 M2 Grader – Super Precinct	\$ 130,814	\$ 7,595	\$ 138,409
Caterpillar – 140 M2 Grader – Super Precinct	154,337	16,436	170,773
Caterpillar – 140 M2 Grader – Super Precinct	123,331	6,571	129,902
Caterpillar – 140 M2 Grader – Super Precinct	135,144	7,843	142,987
Caterpillar – 140 M2 Grader – Super Precinct	145,321	15,476	160,797
Caterpillar – 140 M2 Grader – Super Precinct	178,575	22,324	200,899
Phone System – General Fund	34,882	-	34,882
Total	<u>\$ 902,404</u>	<u>\$ 76,245</u>	<u>\$ 978,649</u>

These total minimum lease payments are payable as follows:

<u>Year Ending September 30,</u>	Principal	Interest	Total
2020	\$ 255,210	\$ 34,435	\$ 289,645
2021	260,134	23,983	284,117
2022	244,464	13,089	257,553
2023	123,893	4,487	128,380
2024	18,703	251	18,954
Total Capital Lease Payments	<u>\$ 902,404</u>	<u>\$ 76,245</u>	<u>\$ 978,649</u>

**I. COMMITMENTS UNDER NONCAPITALIZED LEASES**

The future minimum rental commitments under operating (non-capitalized) lease agreements were for several copiers. The minimum future rental payments as of September 30, 2019, were as follows:

<u>Year Ending September 30,</u>	
2020	\$ 13,680
2021	12,579
2022	509
Total Minimum Rental	<u>\$ 31,278</u>
Rental Expenditures in Fiscal Year 2019	\$ 16,708

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**J. EMPLOYEE RETIREMENT BENEFITS**

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

**Texas County and District Retirement System Plan**

**Plan Description**

The County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County & District Retirement System (TCDRS). The board of trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of approximately 800 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years of service, 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.

**Benefits Provided**

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 contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**Contribution Policy**

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the District based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

The County continued using an elected rate of 5.5% for the months of the accounting year in 2018, and 5.5 for the months of the accounting year in 2019.

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The contribution rate payable by the employee members for the calendar years 2019 and 2018 is 7%, as adopted by the governing body of the County. The employee contribution rate and the District's contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

**Net Pension Liability**

The County's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:* The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	12/31/2018
Actuarial Cost Method	Entry Age
Asset Valuation Method	
Smoothing Period	5 years
Recognition method	Non-asymptotic
Corridor	None
Funding Valuation	
TCDRS System-wide economic assumptions	
Real Rate of Return	5.25%
Inflation	2.75%
Long Term Investment Return	8.00%
District specific economic assumptions	
Growth in Membership	0.00%
Payroll Growth	3.25%
Discount Rate	8.10%
Long-term expected rate of return	8.00%

Annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3% and a merit, promotion, and longevity component that on average approximates 1.6% per year for a career employee.

Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations or the funding valuation.

Mortality rates for depositing members were based on the 90% of the RP-2014 Active Employee Mortality Table for males and 90% for females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.

Changes in assumptions and methods reflected in the Schedule of Employer Contributions included adjustments inflation and mortality assumptions.

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Changes in plan provisions reflected in the Schedule of Employer Contributions included new annuity purchase rates for benefits earned after 2018.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016, except where required to be different by GASB 68.

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 valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30 year time horizon; the most recent analysis was performed January 1, 2013, to December 31, 2016. The target allocation and best estimates of arithmetic real rates of returns for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
US Equities	10.50%	5.40%
Private Equity	18.00%	8.40%
Global Equities	2.50%	5.70%
International Equities-Developed	10.00%	5.40%
International Equities-Emerging	7.00%	5.90%
Investment-Grade Bonds	3.00%	1.60%
Strategic Credit	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	13.00%	3.90%

*Discount Rate:* The discount rate used to measure the total pension liability was 8.10 percent. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

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



**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Changes in Net Pension Liability**

	<b>Increase(Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability(Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of December 31, 2017	\$22,030,452	\$23,114,707	\$ (1,084,255)
Changes for the year:			
Service Cost	520,168		520,168
Interest on total pension liability	1,789,362		1,789,362
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	(195,312)		(195,312)
Effect of assumptions changes or inputs	-		-
Refund of Contributions	(112,919)	(112,919)	-
Benefit Payments	(824,788)	(824,788)	-
Administrative Expenses		(17,900)	17,900
Member Contributions		319,052	(319,052)
Net Investment Income		(434,732)	434,732
Employer Contributions		250,684	(250,684)
Other	-	(8,641)	8,641
Balances as of December 31, 2018	\$23,206,964	\$22,285,462	\$ 921,502

*Sensitivity of the net pension liability to changes in the discount rate:* The following represents the net pension liability of the District, calculated using the discount rate of 8.10%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1(one) percentage point lower (7.10%), or one percentage point higher (9.10%), than the current rate.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>7.10%</b>	<b>8.10%</b>	<b>9.10%</b>
Total Pension Liability	\$25,915,107	\$23,206,964	\$20,900,244
Fiduciary Net Position	22,285,462	22,285,462	22,285,462
Net Pension Liability	\$3,629,645	\$921,502	(\$1,385,218)

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2019, the County recognized pension expense of \$710,688. At September 30, 2019, the County reported deferred inflows and outflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$215,274	18,750
Changes of assumptions	-	198,762
Net difference between projected and actual earnings	-	1,392,780
Contributions made subsequent to measurement date	-	197,840
	<u>\$215,274</u>	<u>\$1,808,132</u>

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

Year ended December 31:

2019	\$528,797
2020	236,237
2021	210,775
2022	419,209
2023	-
Thereafter	-

**Employees covered by benefit terms**

At the December 31, 2018, valuation date, there were 68 inactive employees (or their beneficiaries) receiving benefits. There were 92 inactive employees entitled to but not yet receiving benefits. There were 103 active employees.

**Deferred Compensation Plan**

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

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

**K. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

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.

**Plan Description**

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. 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. 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. 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.

**Net OPEB Liability**

The County's net OPEB liability was determined as of December 31, 2018, and based on the results of an actuarial experience study for the period January 1, 2013-December 31, 2016, except where required to be different by GASB 75.

Valuation Date	12/31/2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight Line over
	Expected Working Life
Asset Valuation Method	Does Not Apply
Inflation	Does Not Apply
Investment Rate of Return	4.10%
	20 Yr Bond GO Index as of
	December 27, 2018
Cost of Living Adjustment	Does Not Apply

The rates for disabled retirees used in this valuation are 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The rates for depositing members used in this valuation are 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The rates for service retirees, beneficiaries and non-depositing members used in this valuation are 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

**Changes in Total OPEB Liability**

	<u>Increase(Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balances as of December 31, 2017	\$290,341
Changes for the year:	
Service Cost	9,148
Interest on total OPEB liability	10,139
Change of benefit terms	-
Effect of economic/demographic experience	11,573
Effect of assumptions changes or inputs	(31,702)
Benefit Payments	(9,572)
Other	-
Balances as of December 31, 2018	<u>\$279,927</u>

*Sensitivity of the total OPEB liability to changes in the discount rate:* The following represents the total OPEB liability of the District, calculated using the discount rate of 4.1%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1(one) percentage point lower (3.1%), or one percentage point higher (4.1%), than the current rate.

	<b>1%</b>	<b>Current</b>	<b>1%</b>
	<b>Decrease</b>	<b>Discount Rate</b>	<b>Increase</b>
	<b>3.10%</b>	<b>4.10%</b>	<b>5.10%</b>
Total OPEB Liability	\$330,170	\$279,927	\$240,710

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2019, the County recognized OPEB expense of \$16,079. At September 30, 2019, the County reported deferred inflows and outflows of resources related to OPEB from the following sources:

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$7,953	9,644
Changes of assumptions	26,418	8,733
Net difference between projected and actual earnings	-	-
	<u>\$34,371</u>	<u>\$18,377</u>

Amounts reported as deferred outflows of resources related to OPEB, excluding contributions made subsequent to measurement date, will be recognized in OPEB expense as follows:

Year ended December 31:

2019	\$ 3,208
2020	3,208
2021	3,208
2022	3,208
2023	3,202
Thereafter	-

**Employees covered by benefit terms**

At the December 31, 2018 valuation date, there were 56 inactive employees receiving benefits. There were 41 inactive employees entitled to but not yet receiving benefits. There were 103 active employees.

**L. 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.

**M. HEALTH CARE COVERAGE**

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

Coverage includes a \$600 annual deductible or \$1,800 for the family. Medical expenses exceeding the deductible are paid at 90% in plan and 70% out of plan. The maximum out of pocket cost to the employee is \$2,400 per person or \$7,200 per family.

**N. 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 2019, the County purchased commercial insurance

**DAWSON COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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.

**O. JOINT VENTURE ARRANGEMENTS**

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

The County has a 50% financial interest in the municipal airport. The County provides \$10,000 annually for working capital. No significant accumulations of financial resources or deficits are in this joint venture. There was no deficit at September 30, 2019, for the County to absorb.

The County has a 50% financial interest in the city swimming pool. The County is billed annually by the City for its share of the loss. Financial records reflecting the operations are available at the City of Lamesa offices. The loss absorbed by the County at September 30, 2019, was \$38,138.

**P. SUBSEQUENT EVENTS**

Subsequent events were evaluated through July 6, 2020, which is the date the financial statements were available to be issued. On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. Although many of the County's services are considered essential, the County Courthouse was closed to the public, certain other services transitioned to online only and because the County's major revenue sources, including businesses that collect sales taxes, are directly impacted by these events, it is probable that this matter will negatively impact the County. However, the ultimate financial impact and duration cannot be estimated at this time.

**DAWSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**BUDGETED ON THE GAAP BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
<b>Taxes</b>				
Property Taxes	\$ 5,345,000	\$ 5,345,000	\$ 5,215,678	\$ (129,322)
General Sales and Use Taxes	850,000	850,000	1,064,538	214,538
Mixed Beverage Tax	5,000	5,000	5,620	620
Intergovernmental Revenue and Grants	67,598	69,284	76,342	7,058
Charges for Services	642,445	643,577	589,027	(54,550)
Fines	247,075	222,095	228,337	6,242
Investment Earnings	85,210	85,210	189,729	104,519
Rents and Royalties	3,250	3,250	3,000	(250)
Other Revenue	143,641	204,146	246,127	41,981
<b>Total Revenues</b>	<u>\$ 7,389,219</u>	<u>\$ 7,427,562</u>	<u>\$ 7,618,398</u>	<u>\$ 190,836</u>
<b>Expenditures</b>				
<b>Current:</b>				
General Government	\$ 1,010,563	\$ 760,373	\$ 689,392	\$ 70,981
Judicial	1,563,026	1,568,542	1,473,469	95,073
Elections	29,885	29,885	20,847	9,038
Financial Administration	386,561	384,026	366,129	17,897
Tax Administration	398,182	398,182	354,058	44,124
Facilities Management	667,941	670,637	628,006	42,631
Public Safety:				
Law Enforcement	885,320	911,457	901,184	10,273
Fire Protection	209,342	209,342	197,357	11,985
Corrections	1,134,857	1,304,520	1,298,684	5,836
Public Works:				
Road and Bridges	99,845	99,845	88,101	11,744
Sanitation	65,340	65,340	65,340	-
Public Transportation	10,005	10,005	10,000	5
Health and Welfare:				
Health Care	112,796	144,045	142,079	1,966
Human Services	66,001	66,001	60,000	6,001
Culture and Recreation				
Parks & Recreation	51,194	51,194	47,003	4,191
Museums	1,000	1,000	1,000	-
County Extension Service	136,985	136,985	119,043	17,942
Libraries	346,230	346,230	338,018	8,212
<b>Total Expenditures</b>	<u>\$ 7,175,073</u>	<u>\$ 7,157,609</u>	<u>\$ 6,799,710</u>	<u>\$ 357,899</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 214,146</u>	<u>\$ 269,953</u>	<u>\$ 818,688</u>	<u>\$ 548,735</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ 10	\$ 263	\$ 263	\$ -
Transfers Out	(214,156)	(420,197)	(420,187)	10
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (214,146)</u>	<u>\$ (419,934)</u>	<u>\$ (419,924)</u>	<u>\$ 10</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (149,981)</u>	<u>\$ 398,764</u>	<u>\$ 548,745</u>
<b>Fund Balance, Beginning of Year</b>			<u>\$ 3,158,921</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 3,557,685</u>	

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

**DAWSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - PRECINCT**  
**BUDGETED ON THE GAAP BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Taxes				
Property Taxes	\$ 1,170,000	\$ 1,170,000	\$ 1,344,699	\$ 174,699
Licenses and Permits	552,000	552,000	469,252	(82,748)
Other Revenue	53,758	53,758	237,392	183,634
<b>Total Revenues</b>	<u>\$ 1,775,758</u>	<u>\$ 1,775,758</u>	<u>\$ 2,051,343</u>	<u>\$ 275,585</u>
<b>Expenditures</b>				
Current:				
Public Works:				
Road and Bridges	\$ 1,775,768	\$ 1,944,008	\$ 1,889,935	\$ 54,073
<b>Total Expenditures</b>	<u>\$ 1,775,768</u>	<u>\$ 1,944,008</u>	<u>\$ 1,889,935</u>	<u>\$ 54,073</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ (10)	\$ (168,250)	\$ 161,408	\$ 329,658
<b>Other Financing Sources (Uses)</b>				
Sale of Real and Personal Property	\$ 5	\$ 5	\$ 367	\$ 362
Transfers In	5	5	-	(5)
Transfers Out	-	(139,758)	(139,758)	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 10</u>	<u>\$ (139,748)</u>	<u>\$ (139,391)</u>	<u>\$ 357</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (307,998)</u>	<u>\$ 22,017</u>	<u>\$ 330,015</u>
<b>Fund Balance, Beginning of Year</b>			<u>\$ 907,246</u>	
<b>Fund Balance, End of Year</b>			<u><u>\$ 929,263</u></u>	

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



**DAWSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - DISTRICT COURT FUND**  
**BUDGETED ON THE GAAP BASIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Taxes				
Intergovernmental Revenues and Grants	\$ 546,358	\$ 546,358	\$ 546,336	\$ (22)
Other Revenue	10	10	9,894	9,884
<b>Total Revenues</b>	<u>\$ 546,368</u>	<u>\$ 546,368</u>	<u>\$ 556,230</u>	<u>\$ 9,862</u>
<b>Expenditures</b>				
Current:				
Judicial	\$ 546,358	\$ 581,960	\$ 581,771	\$ 189
<b>Total Expenditures</b>	<u>\$ 546,358</u>	<u>\$ 581,960</u>	<u>\$ 581,771</u>	<u>\$ 189</u>
<b>Change in Fund Balance</b>	<u>\$ 10</u>	<u>\$ (35,592)</u>	<u>\$ (25,541)</u>	<u>\$ 10,051</u>
<b>Fund Balance, Beginning of Year</b>			<u>\$ 189,807</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 164,266</u>	

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

**DAWSON COUNTY, TEXAS**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS**  
**REPORTED USING THE MODIFIED APPROACH**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

EXHIBIT E-4

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:

Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.

Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.

Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the County.

Document that the infrastructure assets are being preserved approximately at or above the condition level established by the County.

**Roads**

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

**Measurement Scale**

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

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

**DAWSON COUNTY, TEXAS**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS**  
**REPORTED USING THE MODIFIED APPROACH**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

EXHIBIT E-4

**Measurement Scale (Continued)**

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

**Established Condition Level**

It is the County's desire to maintain at least 100% of its roads at or above the "good" condition level, and none at a "very poor" condition. Condition assessments are performed at least every three years with the most recent occurring in 2020.

**Assessed Conditions**

The following table reports the percentage of pavement meeting the "very good" and "good" condition ratings, as assessed in 2020. There were no roads in the "Fair", "Poor", or "Very Poor" categories. The assessment takes into account if any of the three graded categories, Ride, Surface, and Structure, fell into the respective category. For instance, if the Ride graded a 6, but the Surface and Structure were both 8, the road is still considered to be in the "Fair" category.

Category	2020
Very Good / Good	100%

The County has performed maintenance and repairs to 100% of the County's paved roads over the past seven years. Because of this extensive maintenance and repair, all County paved roads are considered to be in the "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	\$ -
September 30, 2018	\$ -
September 30, 2019	\$ -

DAWSON COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	Year Ended December 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Total Pension Liability</b>										
Service cost	\$ 520,168	\$ 515,742	\$ 552,869	\$ 496,229	\$ 484,715	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	1,789,362	1,658,559	1,535,283	1,435,047	1,343,391	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	(68,605)	-	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	-	257,457	-	221,435	-	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(195,312)	31,249	(97,994)	(172,630)	(144,220)	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(937,707)	(770,697)	(657,360)	(597,467)	(666,989)	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	1,176,512	1,692,311	1,332,798	1,314,009	1,016,897	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	22,030,452	20,338,141	19,005,343	17,691,334	16,674,438	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	<u>\$ 23,206,964</u>	<u>\$ 22,030,452</u>	<u>\$ 20,338,141</u>	<u>\$ 19,005,343</u>	<u>\$ 17,691,335</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Fiduciary Net Position</b>										
Employer contributions	\$ 250,684	\$ 231,844	\$ 248,689	\$ 1,757,925	\$ 1,961,194	N/A	N/A	N/A	N/A	N/A
Member contributions	319,052	308,538	305,945	302,987	290,172	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	(434,732)	2,972,664	1,410,052	(43,475)	1,035,828	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(937,707)	(770,697)	(657,360)	(597,467)	(666,989)	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(17,900)	(15,372)	(15,339)	(13,198)	(12,553)	N/A	N/A	N/A	N/A	N/A
Other	(8,641)	(3,231)	120,242	26,695	(63,295)	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary position	\$ (829,245)	\$ 2,723,746	\$ 1,412,229	\$ 1,433,467	\$ 2,544,357	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	23,114,707	20,390,961	18,978,733	17,545,264	15,000,908	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	<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>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability/(asset), ending = (a)-(b)	<u>\$ 921,502</u>	<u>\$ (1,084,255)</u>	<u>\$ (52,821)</u>	<u>\$ 26,612</u>	<u>\$ 146,070</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as % of total pension liability	96.03%	104.92%	100.26%	99.86%	99.17%	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$ 4,557,883	\$ 4,407,683	\$ 4,370,637	\$ 4,328,392	\$ 4,009,149	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	20.22%	-24.60%	-1.21%	0.61%	3.64%	N/A	N/A	N/A	N/A	N/A

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

**DAWSON COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**

<b>Year Ending December 31</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2009	443,535	443,535	-	3,520,120	12.6%
2010	424,129	424,129	-	3,665,764	11.6%
2011	431,524	431,524	-	3,697,744	11.7%
2012	452,010	452,010	-	3,711,091	12.2%
2013	490,166	490,166	-	3,965,752	12.4%
2014	523,194	1,961,194	(1,438,000)	4,009,149	48.9%
2015	421,585	1,757,925	(1,336,340)	4,328,392	40.6%
2016	248,689	248,689	-	4,370,637	5.7%
2017	231,844	231,844	-	4,407,683	5.3%
2018	250,684	250,684	-	4,457,883	5.5%

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

DAWSON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

EXHIBIT E-7

	2018	2017	2016	2015	Year Ended December 31,		2012	2011	2010	2009
					2014	2013				
<b>Total Pension Liability</b>										
Service cost	\$ 9,148	\$ 8,344	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	10,139	10,716	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	(31,702)	12,169	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	11,573	(11,135)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(9,572)	(9,697)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	(10,414)	10,397	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	290,341	279,944	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	<u>\$ 279,927</u>	<u>\$ 290,341</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Pensionable covered payroll	\$ 4,557,883	\$ 4,407,683	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll	6.14%	6.59%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Steve Gary, C.P.A., PC  
James Bowers, C.P.A., PC  
Eric Miller, C.P.A., PC  
Melvin Eaker, C.P.A., PC  
Lindi Stapp, C.P.A., PC



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Professional Corporations

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*

To the Honorable Judge O'Brien and the Commissioner's Court  
Dawson County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawson County, Texas (the "County"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 6, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Gary, Bowers & Miller*

Lubbock, Texas  
July 6, 2020