

**DICKENS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**LUBBOCK, TEXAS**

**DICKENS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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**DICKENS COUNTY, TEXAS**

**COUNTY OFFICIALS  
SEPTEMBER 30, 2020**

Kevin Brendle

Dennis Wyatt

Mike Smith

Charlie Morris

Jerry Alexander

Becky Hill

Darla Thomason

Rebecca Haney

Nancy Stone

Terry Braly

County Judge

Commissioner Precinct 1

Commissioner Precinct 2

Commissioner Precinct 3

Commissioner Precinct 4

District and County Clerk

County Treasurer

Tax-Assessor-Collector

Justice of the Peace

Sheriff

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

To the Honorable Judge and  
Members of the Commissioners' Court of  
Dickens County, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dickens County, Texas (the County), as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dickens County, Texas, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flow thereof 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, schedule of changes in net pension liability and related ratios, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, 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 of the County's internal control over financial reporting and compliance.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

March 1, 2021

# DICKENS COUNTY, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Dickens County, Texas' (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the County's financial statements.

### FINANCIAL HIGHLIGHTS

- The County's total combined net position was \$3,660,921 at September 30, 2020.
- The General Fund reported a fund balance this year of \$5,541,216, of which \$335,670 is restricted by enabling legislation.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are Fund Financial Statements that focus on individual parts of the government, reporting the County's operations in more detail than the government-wide statements.
- The Governmental Funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Fiduciary Fund statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1. Required Components of the County's Annual Financial Report

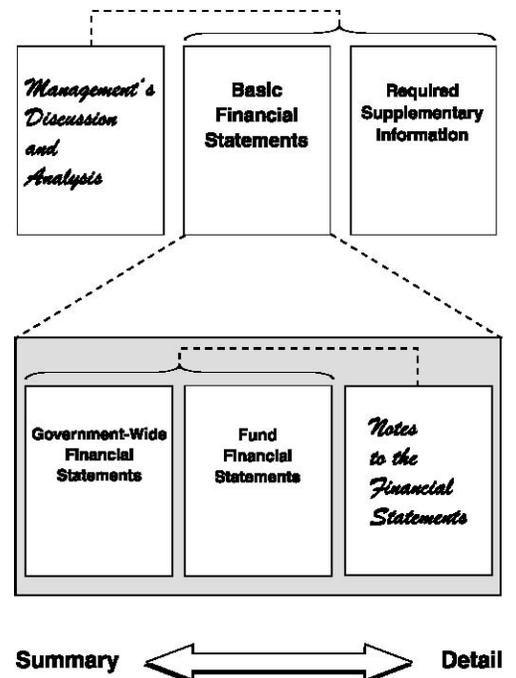


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each of the statements.

**FIGURE A-2  
MAJOR FEATURES OF THE COUNTY'S GOVERNMENT-WIDE AND FUND STATEMENTS**

<b>Type of Statement</b>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire County's government (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary	Instances in which the County is the trustee or agent for someone else's resources
<b>Required financial statements</b>	Statement of net position	Balance Sheet	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of changes in fiduciary net position
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<b>Type of flow/outflow</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received	All revenues and expenses during year, regardless of when cash is received or paid

**Government-Wide Statements**

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the County's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Position (page 11) presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating when examined in conjunction with nonfinancial factors. The Statement of Activities (page 12) presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of these Government-Wide Financial Statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include County Judge, County Clerk, County Treasurer, Tax Assessor and Collector, County Sheriff, County Attorney, Justice of the Peace, Extension Office, building maintenance, County Court, District Court, Emergency Management Office, indigent health, General Administration, road and bridge, and prison facility. These activities are financed primarily by property taxes and grants.

The County does not have business-type activities.

## Fund Financial Statements

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

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

The County maintains four individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Road and Bridge Fund, Caprock Regional Defender Grant Fund and Public Facility Corporation Fund.

The County adopts an annual appropriated budget for its funds. A budgetary comparison schedule has been included with the audit report, see table of contents, to demonstrate compliance with this budget.

- *Fiduciary funds*—The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position as listed in the table of contents. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the County cannot use these assets to finance its operations.

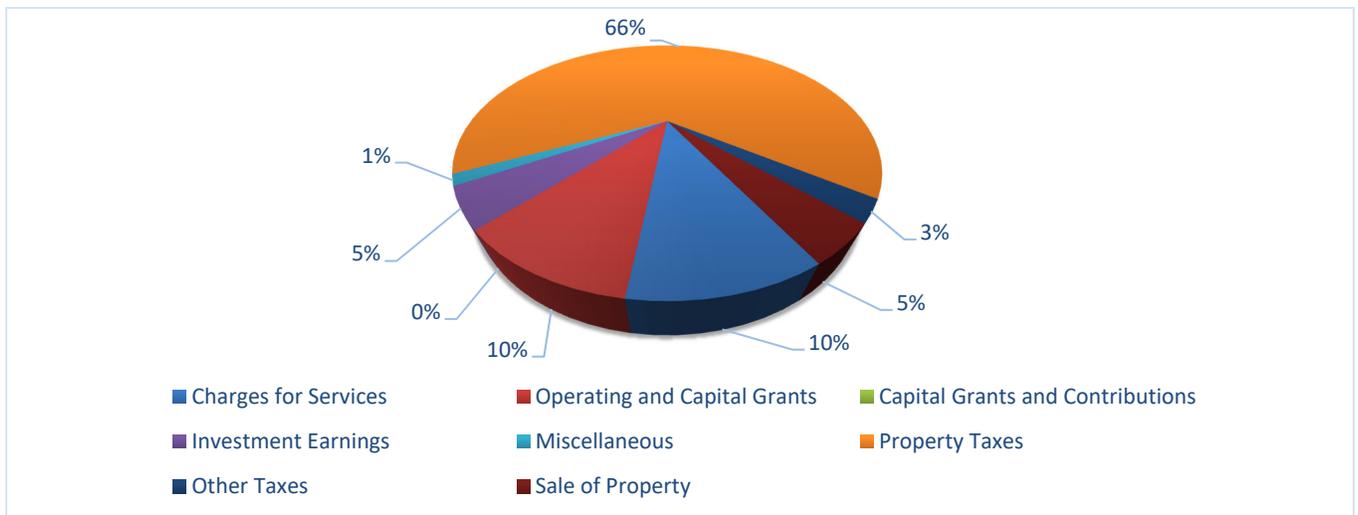
## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's combined net position was \$3,660,921 at September 30, 2020. The largest portion of the County's total assets (\$12,159,140) reflects its capital assets with the remainder (\$6,237,389) reported as cash, investments, accounts receivable, and other assets.

**Table A-1**  
**Dickens County's Net Position**  
(in thousands)

	Governmental Activities	
	2020	2019
Current and Other Assets	\$ 6,238	\$ 5,576
Capital and Non-Current Assets	12,159	12,334
<b>Total Assets</b>	<b>\$ 18,397</b>	<b>\$ 17,910</b>
Deferred Outflows of Resources	\$ 376	\$ 500
Current Liabilities	\$ 4,944	\$ 4,919
Long-Term Liabilities	9,655	9,987
<b>Total Liabilities</b>	<b>\$ 14,599</b>	<b>\$ 14,906</b>
Deferred Inflows of Resources	\$ 513	\$ 166
<b>Net Position</b>		
Net Investment in Capital Assets	\$ (1,905)	\$ (1,715)
Restricted	175	295
Unrestricted	5,391	4,758
<b>Total Net Position</b>	<b>\$ 3,661</b>	<b>\$ 3,338</b>

**Changes in Net Position**—The County's net position increased by \$322,842 during the current fiscal year. This increase from the prior year was mainly due to increases in overall revenues.



**Governmental Activities**—Total revenues for the fiscal year ending September 30, 2020 were \$3,477,585. Approximately 10% of the County's revenue comes from fines, fees, and charges for services, while 69% comes from property taxes and other taxes. Investment earnings accounts for 5% of total revenues. Operating grants and contributions, Capital grants and contributions, sale of property, and miscellaneous revenue account for another 16% of total revenues.

**Table A-2**  
**Dickens County Changes in Net Position**  
(in thousands)

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues		
Fees, Fines, and Charge for Services	\$ 361	\$ 434
Operating Grants and Contributions	351	60
Capital Grants and Contributions		35
General Revenues		
Property Taxes	2,307	2,289
Other Taxes	88	70
Investment Earnings	165	172
Gain on Sale of Real and Personal Property	158	152
Miscellaneous	48	14
Total Revenues	<u>\$ 3,478</u>	<u>\$ 3,226</u>
Expenses:		
County Judge	\$ 75	\$ 66
County Clerk	67	67
County Treasurer	52	60
Tax Assessor and Collector	83	84
County Sheriff	418	414
County Attorney	39	26
Justice of Peace	59	59
Extension Office	67	72
Building Maintenance	77	79
County Court	6	19
District Court	58	59
Emergency Management Office	18	18
Indigent Health	37	10
General Administration	1,126	851
Road and Bridge	958	991
Prison Facility	15	28
Total Expenses	<u>\$ 3,155</u>	<u>\$ 2,903</u>
Change in Net Position	\$ 323	\$ 323
Beginning Net Position	3,338	3,015
Ending Net Position	<u>\$ 3,661</u>	<u>\$ 3,338</u>

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of the end of the fiscal year, the County's General Fund reported a fund balance of \$5,541,216, an increase of \$438,579 from the prior year. The unassigned fund balance is \$5,205,546 and is available for spending at the government's discretion. The County has \$336,576 that is restricted for enabling legislation.

As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 297% of total General Fund expenditures.

**General Fund Budgetary Highlights** — During the year ended September 30, 2020, actual expenditures were \$291,494 under final budgeted amounts. Revenues came in over the budget by \$140,089.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets — As of September 30, 2020, the County had invested approximately \$19 million in a broad range of capital assets, including land, buildings, roads, bridges, equipment, a correctional facility, and leasehold improvements on the correctional facility.

Major events affecting capital assets during the year were:

- Purchase of a new motor grader with a trade in of an old motor grader
- Purchased a pickup for the sheriff's office

More detailed information about the County's capital assets can be found in the notes to the basic financial statements.

**Table A-3**  
**Dickens County's Capital Assets**  
(in thousands)

	Governmental Activities	
	2020	2019
Land	\$ 115	\$ 115
Buildings and Improvements	3,878	3,878
Correctional Facility	10,622	10,622
Furniture and Equipment	115	115
Vehicles and Heavy Equipment	2,633	2,605
Leasehold Improvements	848	848
Infrastructure	844	844
Total	\$ 19,055	\$ 19,027
Total Accumulated Depreciation	\$ 6,896	\$ 6,693
Net Capital Assets	\$ 12,159	\$ 12,334

**Long-Term Debt** — As of September 30, 2020, the Dickens County Public Facility Corporation (a blended component unit of the County) had \$9,420,000 outstanding on the Series 2001 Lease Revenue Bonds. See the notes to the basic financial statements for debt service requirements on the above outstanding debt.

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

- The appraised value used for the 2020-2021 budget preparation is estimated to be \$252,162,568
- The tax rate established for 2021 is \$.85000, which is up from the tax rate in 2020 of \$.81668.

These factors and others were taken into consideration when preparing the General Fund budget for the 2020-21 fiscal year.

Revenues available for appropriation in the General Fund budget are \$2,219,976, a decrease of \$34,124 over the 2020 amended budget of \$2,254,100. The budget increase is attributable to an increase in fines and fees and other revenues.

Budgeted expenditures are expected to decrease approximately 7.7% over the 2020 amended budget of \$2,403,873 to \$2,219,976. The decrease is expected to come from a decrease in property tax revenues.

If these estimates are realized, the County's budgetary General Fund balance is expected to remain the same.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of the Dickens County Treasurer, P.O. Box 108, Dickens, Texas 79229.

**BASIC FINANCIAL STATEMENTS**

DICKENS COUNTY, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

	Primary Governmental Activities
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 195,621
Investments	5,827,874
Taxes Receivable, Net	68,930
Interest Receivable	18,749
Office Receivables, Net	36,333
Restricted Investments - Held by Trustee	89,882
Capital Assets (Net of Accumulated Depreciation):	
Land	115,284
Infrastructure	146,771
Buildings and Improvements	3,102,942
Correctional Facility	7,347,221
Leasehold Improvements	481,883
Furniture & Equipment	1,655
Vehicles and Heavy Equipment	963,384
Total Assets	<u>\$ 18,396,529</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pension Plan - Employer Contributions Made after Measurement Period	\$ 86,560
Pension Plan - Difference in Projected and Actual Earnings	263,293
Pension Plan - Difference in Expected and Actual Experience	7,951
OPEB Plan - Employer Contributions Made after Measurement Period	3,744
OPEB Plan - Changes in Assumptions	14,626
Total Deferred Outflows of Resources	<u>\$ 376,174</u>
<b>LIABILITIES:</b>	
Accounts Payable	\$ 65,117
Accounts Payable - Bank Overdraft	128,465
Accrued Interest Payable	4,733,550
Wages Payable	16,652
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Debt	9,420,000
Net Pension Liability	92,675
Total OPEB Liability	135,819
Accrued Compensated Absences	6,924
Total Liabilities	<u>\$ 14,599,202</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Pension Plan - Difference in Projected and Actual Earnings	\$ 382,989
OPEB Plan - Difference in Expected and Actual Experience	4,541
Unearned Revenue - Subsidy Distribution	5,050
Unearned Revenue - Grant Proceeds	120,000
Total Deferred Inflows of Resources	<u>\$ 512,580</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	\$ (1,904,528)
Restricted For:	
Enabling Legislation	336,576
Road and Bridge	173,338
Unrestricted	<u>5,055,535</u>
Total Net Position	<u><u>\$ 3,660,921</u></u>

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Departments/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) and Changes in Net Position Primary Gov. Governmental Activities</u>
		<u>Fines, Fees &amp; Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities				
County Judge	\$ 75,206	\$	\$ 25,262	\$ (49,944)
County Clerk	67,061	46,692		(20,369)
County Treasurer	51,585			(51,585)
Tax Assessor and Collector	82,674			(82,674)
County Sheriff	417,934	31,327		(386,607)
County Attorney	38,564			(38,564)
Justice of Peace	59,118	61,479	23,333	25,694
Extension Office	67,109			(67,109)
Building Maintenance	76,682			(76,682)
County Court	6,245			(6,245)
District Court	57,879			(57,879)
Emergency Management Office	18,276			(18,276)
Indigent Health	37,470		11,202	(26,268)
General Administration	1,125,626	12,339	276,269	(837,018)
Road and Bridge	958,023	209,364	14,776	(733,883)
Prison Facility	15,291			(15,291)
Total Governmental Activities	\$ <u>3,154,743</u>	\$ <u>361,201</u>	\$ <u>350,842</u>	\$ <u>(2,442,700)</u>
General Revenues:				
Property Taxes				\$ 2,307,148
Other Taxes				72,622
Payments in Lieu of Taxes				15,135
Miscellaneous Revenue				47,103
Rents and Royalties				129
Gain on Sale of Real and Personal Property				157,912
Investment Earnings				165,493
Total General Revenues				\$ <u>2,765,542</u>
Change in Net Position				\$ 322,842
Net Position - Beginning				<u>3,338,079</u>
Net Position - Ending				\$ <u><u>3,660,921</u></u>

The accompanying notes are an integral part of this statement.

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DICKENS COUNTY, TEXAS

Exhibit A-3

**BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road and Bridge Fund	(See Exhibit C-1)	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 114,052	\$ 39,586	\$ 41,983	\$ 195,621
Investments	5,684,545	143,329		5,827,874
Investments - Held by Trustee			89,882	89,882
Taxes Receivable	56,269	12,661		68,930
Due From Other Funds		3,775		3,775
Accounts Receivable (Net)	22,044	5,205		27,249
Total Assets	\$ 5,876,910	\$ 204,556	\$ 131,865	\$ 6,213,331
<b>LIABILITIES:</b>				
Accounts Payable	\$ 10,419	\$ 13,621	\$ 41,077	\$ 65,117
Accounts Payable - Bank Overdraft	128,465			128,465
Wages Payable	11,716	4,936		16,652
Due to Other Funds	3,775			3,775
Total Liabilities	\$ 154,375	\$ 18,557	\$ 41,077	\$ 214,009
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - Property Taxes	\$ 56,269	\$ 12,661	\$	\$ 68,930
Unearned Revenue - Subsidy Distribution	5,050			5,050
Unearned Revenue - Grant Proceeds	120,000			120,000
Total Deferred Inflows of Resources	\$ 181,319	\$ 12,661	\$ 0	\$ 193,980
<b>FUND BALANCES:</b>				
Restricted for:				
Enabling Legislation	\$ 335,670	\$	\$ 906	\$ 336,576
Prison Operations			89,882	89,882
Road and Bridge		173,338		173,338
Unassigned	5,205,546			5,205,546
Total Fund Balances	\$ 5,541,216	\$ 173,338	\$ 90,788	\$ 5,805,342
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,876,910	\$ 204,556	\$ 131,865	\$ 6,213,331

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds Balance Sheet	\$	5,805,342
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:		
Capital assets used in governmental activities are not reported in the funds.		12,159,140
Revenues unavailable to pay for current period expenditures are deferred in the funds.		68,930
Payables for notes payable which are not due in the current period are not reported in the funds.		(9,420,000)
Net pension liability, deferred outflows and deferred inflows are not recognized in the governmental funds.		(117,860)
Total OPEB Liability and related deferred outflows are not reported in the funds.		(121,990)
Payables for bond interest which are not due in the current period are not reported in the funds.		(4,733,550)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(6,924)
To record the Justice of Peace and County/District Clerk fines receivable.		9,084
Interest receivable on investments is not recorded in the funds.		<u>18,749</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u><u>3,660,921</u></u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Major Funds			
	General Fund	Road and Bridge Fund	Nonmajor Governmental Funds (See Exhibit C-2)	Total Governmental Funds
<b>Revenue:</b>				
Taxes:				
Property Taxes	\$ 1,851,331	\$ 413,572	\$	\$ 2,264,903
Other Taxes	72,622			72,622
Payments in Lieu of Taxes	15,135			15,135
License and Permits		145,776		145,776
Intergovernmental Revenue and Grants	61,066	14,776	275,000	350,842
Charges for Services	171,586	30,202		201,788
Fines and Fees	9,366	33,385		42,751
Investment Earnings	166,212	536	918	167,666
Rents and Royalties	129			129
Other Revenue	46,742	361		47,103
Total Revenues	\$ 2,394,189	\$ 638,608	\$ 275,918	\$ 3,308,715
<b>Expenditures:</b>				
Current:				
County Judge	\$ 74,595	\$	\$	\$ 74,595
County Clerk	67,061			67,061
County Treasurer	51,585			51,585
Tax Assessor and Collector	83,294			83,294
County Sheriff	366,625			366,625
County Attorney	38,564			38,564
Justice of Peace	41,318			41,318
Extension Office	67,370			67,370
Building Maintenance	76,682			76,682
County Court	6,245			6,245
District Court	57,879			57,879
Emergency Management Office	18,276			18,276
Indigent Health	37,470			37,470
General Administration	765,415		275,000	1,040,415
Road and Bridge		541,829		541,829
Special Road and Bridge		385,389		385,389
Prison Facility			15,291	15,291
Total Expenditures	\$ 1,752,379	\$ 927,218	\$ 290,291	\$ 2,969,888
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 641,810	\$ (288,610)	\$ (14,373)	\$ 338,827
<b>Other Financing Sources (Uses):</b>				
Transfers	\$ (210,231)	\$ 210,231	\$	\$
Proceeds from Sale of Real and Personal Property	7,000	160,000		167,000
Total Other Financing Sources (Uses)	\$ (203,231)	\$ 370,231	\$ 0	\$ 167,000
Net Change in Fund Balances	\$ 438,579	\$ 81,621	\$ (14,373)	\$ 505,827
Fund Balances - Beginning	5,102,637	91,717	105,161	5,299,515
Fund Balances - Ending	\$ 5,541,216	\$ 173,338	\$ 90,788	\$ 5,805,342

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit A-6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Net Change in Fund Balances - Total Governmental Funds	\$ 505,827
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital assets are not reported as expenses in the SOA.	323,483
The depreciation of capital assets used in governmental activities is not reported in the funds.	(489,477)
The loss from the disposition of a capital asset is not recorded in the funds.	(9,088)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	42,245
To record the change in the Justice of the Peace and County/District Clerk fines receivable.	(29,114)
The change in accrued interest income on investments is reflected in the SOA.	(2,173)
Net change in pension expense to convert amounts paid in for the governmental funds to accrued pension expense for governmental activities.	(8,625)
OPEB Expense is not accrued in the funds related to the Total OPEB liability and Deferred Outflows.	(5,589)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>(4,647)</u>
Change in Net Position of Governmental Activities - Statement of Activities	<u>\$ 322,842</u>

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit A-7

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2020

	<u>Agency Fund</u>
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ <u>76,333</u>
Total Current Assets	\$ <u><u>76,333</u></u>
LIABILITIES:	
Current Liabilities	
Due to Others	\$ <u>76,333</u>
Total Current Liabilities	\$ <u><u>76,333</u></u>

The accompanying notes are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The authority of county governments and their specific functions and responsibilities are created by and are dependent upon laws and legal regulations of the Texas State Constitution and Vernon’s Annotated Civil Statutes (V.A.C.S.).

Dickens County, Texas (the County) operates under a County Judge/Commissioners’ Court type of government as provided by state statute. The financial and reporting policies of the County conform to generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units.

The Commissioners’ Court has governance responsibilities over all activities related to Dickens County, Texas. The County receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities; however, the County is not included in any other governmental “reporting entity” as defined by GASB, Statement No. 61, “The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34”. There is one blended component unit included within the reporting entity.

Component units are legally separate entities for which the County is considered to be financially accountable. The blended component unit, although a legally separate entity, is in substance part of the County’s operations. Therefore, data from this unit is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. The blended component unit is described below and discussed further in Footnote I. The County has not discretely presented component units.

The following table describes the County’s component unit:

Table with 4 columns: Component Unit, Description: Criteria for Inclusion, Reporting Method, For Separate Financial Statements. Row 1: Dickens County Public Facility Corporation, Formed to Finance the Acquisition of the Dickens County Correctional Facility, Blended, Not Available.

The County’s major activities or functions include public safety (sheriff and ambulance), parks and libraries, public health and social services, construction and maintenance of roads, and general administrative services.

**DICKENS COUNTY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**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 the County's non-fiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues.

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

Interfund activities between governmental funds 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 information about the County's funds, including fiduciary funds and blended component units. 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. All remaining governmental funds are aggregated and reported as nonmajor funds (other funds).

**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. 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).

**DICKENS COUNTY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

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

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

Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position.

**D. FUND ACCOUNTING**

The County applies GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which the amounts in the funds may be spent. Application of the Statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. From interpretation of the adopted policy the County will spend its fund in the following order: Committed, Assigned, and Unassigned, if more than one classification of fund balance is available.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The County reports the following classifications:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Restrictions are placed on fund balances when legally enforceable legislation establishes the County's right to assess, levy, or charge fees to be used for a specific purpose – such as the County's property tax revenue for debt service requirements, which must be used to repay debt. Legal enforceability means that the County can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Commissioners' Court. Committed amounts cannot be used for any other purposes unless the Commissioners' Court removes those constraints by taking the same type of actions (legislation, resolution, and ordinance). Committed fund balances include non-liquidated encumbrances at year end that are carried forward to the next fiscal year. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Commissioners' Court. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the County Treasurer or (b) an appointed body or official to which the Commissioners' Court has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment with the General Fund conveys that the intended use of those amounts is for specific purposes that are narrower than the general purposes of the County itself.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

**DICKENS COUNTY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. County funds do not include funds held by County offices, which are not yet remitted to the County Treasurer. County funds are amounts which have been received by the County Treasurer and which are subject to control by the Commissioners' Court. These various County funds, which are reported as Governmental Funds in the financial statements of this report, are grouped into six fund types: General Fund, Public Facility Corporation Fund, Road and Bridge Fund, Special Grants Fund, Payroll Fund, and the Caprock Regional Defender Grant Fund. The remaining funds held by other County offices are reported as Fiduciary Funds and are not subject to control by the Commissioners' Court.

The County maintains the following funds:

Major Governmental Funds:

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

Road and Bridge Fund – This special revenue fund is used to account for proceeds of specific revenue sources that are legally reserved for expenditures for public transportation for county citizens.

Nonmajor Governmental Funds:

Public Facility Corporation – This special revenue fund is used to account for the accumulation of resources related to the operation of the prison assets, as well as, the payment of, the principal and interest on the tax-exempt lease revenue bonds issued by the Dickens County Public Facility Corporation.

Caprock Regional Defender Grant Fund – This special revenue fund is used to account for intergovernmental revenues received and passed-through to the sub-recipient.

Payroll Fund – Accounts for payments of Payroll Deductions and Employee Benefits.

Special Grants Fund – Accounts for special revenues related to grant agreements.

Fiduciary Funds:

Fiduciary Funds, which include funds held by County offices, also are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other government, and/or other funds. These include Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Formal budgetary accounting is not required for Fiduciary Funds.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

E. OTHER ACCOUNTING POLICIES

- Capital assets include land, buildings, furniture and equipment and are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the County 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects when constructed.

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

Assets	Years
Buildings and Improvements	10-20
Furniture and Equipment	5-10
Vehicles and Heavy Equipment	7-10
Leasehold Improvements	13
Correctional Facility	30
Infrastructure	30

- The County provides statutory workers' compensation insurance for its employees through Texas Association of Counties (TAC), a joint insurance fund, in which the County is a member. Health insurance is provided to the County's employees through a licensed insurer paid by the County.

F. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

- In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.
- In addition to liabilities, the balance sheet/statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**DICKENS COUNTY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**G. TRANSFERS**

The County budgeted transfers from the general fund to the road and bridge fund in the amount of \$210,231 for the year ended September 30, 2020.

**II. PROPERTY TAX**

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

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

Dickens County Appraisal District appraises property values in the County. The Dickens County Tax Assessor - Collector assesses and collects the County's property taxes. The County is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. As of January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the effective tax rates for bonds and other contractual obligations and adjustments for new improvements, exceeds the rate for the previous year by more than eight percent, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than eight percent above the effective tax rate of the previous year.

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. A practical limitation on taxes levied for debt service is \$1.50 per \$100 of assessed valuation as established by the Attorney General of the State of Texas. The tax rates assessed for the year ended September 30, 2020 to finance maintenance and operations of the County was \$.81668 per \$100 valuation.

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

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

At September 30, 2020, the carrying amount of the County's cash and cash equivalents was \$195,621 and the bank balance was \$94,280.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy.

That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

The carrying value of investments at September 30, 2020 was \$5,827,874. The investments consist of:

	Cost	Market Value
TexPool	\$ 1	\$ 1
Certificates of Deposit - Spur Security Bank	2,649,037	2,649,037
Certificates of Deposit - UBS	3,042,934	3,148,107
Money Market - UBS	30,729	30,729
	\$ 5,722,701	\$ 5,827,874

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The carrying value of the restricted investments - held by trustee (US Bank) at September 30, 2020 was \$89,882. The restricted investments consist of:

	Cost	Market Value
US Bank Money Market Account	\$ <u>89,882</u>	\$ <u>89,882</u>

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board require or permit in the statements at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County's investments as of September 30, 2020 were all considered Level 1 and 2.

Policies Governing Deposits and Investments

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

**Custodial Credit Risk – Deposits:** This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was exposed to custodial credit risk since its deposits at year end and during the year ended September 30, 2020 were not entirely covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

**Custodial Credit Risk – Investments:** This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The County's securities are all in securities backed by the United States of America and are not exposed to custodial credit risk.

**Other Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPool's investment policy allows the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies' repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. As of September 30, 2020 TexPool's investments credit quality rating was AAAM (Standard & Poor's).

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

**B. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2020, were as follows:

	<u>Property Tax Receivable</u>	<u>Office Receivables</u>	<u>Total Receivables</u>
<b>Governmental Activities</b>			
General Fund	\$ 104,740	\$ 130,648	\$ 235,388
Road and Bridge Fund	28,444		28,444
Less: Allowance for Uncollectibles	<u>(64,254)</u>	<u>(94,315)</u>	<u>(158,569)</u>
Total - Governmental	<u>\$ 68,930</u>	<u>\$ 36,333</u>	<u>\$ 105,263</u>

Payables at September 30, 2020 were as follows:

	<u>Accounts Payable</u>
<b>Governmental Activities</b>	
General Fund and Combining Funds	\$ 51,496
Road and Bridge Fund	<u>13,621</u>
Total - Governmental	<u>\$ 65,117</u>

**C. CAPITAL ASSETS**

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

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2020</u>
<b>Governmental Activities</b>				
Land	\$ 115,284	\$	\$	\$ 115,284
Buildings and Improvements	3,878,113			3,878,113
Correctional Facility	10,622,488			10,622,488
Furniture and Equipment	115,076			115,076
Vehicles and Heavy Equipment	2,604,986	323,483	(295,941)	2,632,528
Leasehold Improvements	848,062			848,062
Infrastructure	<u>843,532</u>			<u>843,532</u>
Totals at Historic Cost	<u>\$ 19,027,541</u>	<u>\$ 323,483</u>	<u>\$ (295,941)</u>	<u>\$ 19,055,083</u>

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020
Less: Accumulated Depreciation				
Buildings and Improvement	\$ 681,265	\$ 93,905	\$	\$ 775,170
Correctional Facility	3,275,267			3,275,267
Furniture and Equipment	111,131	2,290		113,421
Vehicles and Heavy Equipment	1,639,763	316,235	(286,853)	1,669,145
Leasehold Improvements	298,916	67,263		366,179
Infrastructure	686,977	9,784		696,761
Total Accumulated Depreciation	<u>\$ 6,693,319</u>	<u>\$ 489,477</u>	<u>\$ (286,853)</u>	<u>\$ 6,895,943</u>
Net Investment in Capital Assets	<u>\$ 12,334,222</u>	<u>\$ (165,994)</u>	<u>\$ (9,088)</u>	<u>\$ 12,159,140</u>

Current year depreciation expense was charged to governmental functions as follows:

County Sheriff	\$ 85,653
Justice of Peace	17,800
General Administration	75,386
Road and Bridge	310,638
Total Depreciation Expense	<u>\$ 489,477</u>

The County is no longer depreciating the correctional facility and leasehold improvement capital assets related to the Dickens County Correctional Facility – Public Facility Corporation. See Note I for additional information.

**D. ACCRUED COMPENSATED ABSENCES**

Accumulated unpaid leave amounts are not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the government-wide Statement of Net Position. At September 30, 2020, accrued employee benefits recorded on the Statement of Net Position were for vacation pay in the amount of \$6,924.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

**E. LONG-TERM DEBT**

Long-term debt includes the Series 2001 Lease Revenue Bonds.

Series 2001 Lease Revenue Bonds:

During the fiscal year ended September 30, 2001, the Dickens County Public Facility Corporation, a blended component unit of the County, issued tax-exempt lease revenue bonds in the amount of \$13,015,000 to acquire the Dickens County Correctional Facility.

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>
8/1/2001	\$ 13,015,000	8.125%-8.375%	10/1/2021	\$ 9,420,000

Debt service requirements on the Series 2001 Lease Revenue Bonds at September 30, 2020, are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30, 2021	\$ 6,995,000	\$ 5,586,954	\$ 12,581,954
2022	2,425,000	101,547	2,526,547
Less: Reserve Fund		(89,882)	(89,882)
Totals	<u>\$ 9,420,000</u>	<u>\$ 5,598,619</u>	<u>\$ 15,018,619</u>

The Reserve Fund is held by the Trustee with US Bank.

The Trustee for the Dickens County Public Facility Corp. (the Facility) was unable to make payments to the bond holders during the year ended September 30, 2020, due to not having sufficient funds in the bond reserve fund. As of September 30, 2020, the County has accrued interest of \$4,733,500 related to the bonds. See Note I for additional information on the operations of the Facility.

**F. RISK MANAGEMENT**

Worker's Compensation

During the fiscal year ended September 30, 2020 employees of the County were covered by a worker's compensation plan administered by TAC. The County paid a contribution of \$15,799 for the fiscal year ended September 30, 2020. These figures are subject to change based upon actual payroll figures.

**DICKENS COUNTY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Health Care

During the fiscal year ended September 30, 2020, employees of the County were covered by a health insurance plan (the Plan). The County paid \$825 of the employee's monthly premiums. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The cost to the County for the year ended September 30, 2020 was \$118,792.

**G. RETIREMENT PENSION PLAN**

Plan Description:

The County provides retirement, disability and death benefits (the Group Term Life program – See Note H) for all of its full time employees through a non-traditional defined benefit pension plan in the 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 798 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a Comprehensive Annual Financial Report (CAFR) on a calendar basis. The CAFR is available upon written request from the 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. Members can retire at ages 60 and above with eight 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 eight years of service.

Members are vested after eight 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.

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 Texas state statutes governing TCDRS 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 Texas state statutes governing TCDRS.

Pension Plan Fiduciary Net Position:

Detailed information about the TCDRS fiduciary net position is available in a separately-issued CAFR that includes financial statements and required supplementary information mentioned in the above section.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The information provided by TCDRS shows the following information regarding the Pension Plan fiduciary net position for the County as of December 31, 2019:

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 4,802,356
Less: Plan Fiduciary Net Position	<u>(4,709,681)</u>
Net Pension Liability (Asset)	<u>\$ 92,675</u>
Net Position as Percentage of Total Pension Liability	98.07%

Benefits Provided:

TCDRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries). The normal service retirement is at age 60 with eight years of credited service, when the sum of the member's age and years of credited service equals 75 or more years, or after 30 years of service regardless of age. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions:

The Plan is funded by monthly contributions from employee deposits and from employer contributions based on the covered payroll of employee members. Under the variable rate plan provisions, the contribution rate of the employer is actuarially determined annually. The required contribution was determined as part of the December 31, 2019 actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions at December 31, 2019 included (a) an 8.00% investment rate of return (net of administrative expenses), and (b) a projected salary increase of 4.90%. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The employer contribution rate was 11.56% for 2019. The deposit rate payable by employee members is the rate of 7.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the Texas state statutes governing TCDRS.

	<u>Contribution Rates</u>	
	<u>2019</u>	<u>2018</u>
Member	7.00%	7.00%
Employer	11.56%	11.56%
2019 Employer Contributions	\$	119,232
2019 Member Contributions	\$	72,199

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Actuarial Assumptions:

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

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Smoothing Period	Five Years
Recognition Method	Non-Asymptotic
Corridor	None
Remaining Amortization Period	5.8 Years
Discount Rate	8.10%
Long-Term Expected Investment	
Rate of Return*	8.10%
Salary Increases*	3.25% - 4.90%
Payroll Growth Rate	2.25%

*\*Includes Inflation of 2.75%*

The actuarial methods and assumptions are primarily based on a study of the County's workforce and estimate of benefits it will pay its employees. The economic and demographic assumptions have been established based on the 2013 experience study for TCDRS, details of which can be found in the 2013 Investigation and Experience Report on the TCDRS website. The RP-2000 Active Employee Mortality Table was used with a four-year set forward.

Discount Rate:

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.10%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of December 31, 2019 are summarized below:

Asset Class	Target Allocation**	Long-Term Expected Portfolio Real Rate of Return*
U.S. Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities - Developed	7.00%	5.20%
International Equities - Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%
<b>Total</b>	<b>100.00%</b>	

\* - Geometric real rates of return in addition to assumed inflation of 1.80%, per Cliffwater's 2020 capital market assumptions

\*\* - Target asset allocation adopted at the June 2020 TCDRS Board Meeting

Discount Rate Sensitivity Analysis:

The following schedule shows the impact of the Net Pension Liability if the discount rate used was one percent less than and one percent greater than the discount rate that was used (8.10%) in measuring the 2019 Net Pension Liability.

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
Total Pension Liability	\$ 5,265,216	\$ 4,802,356	\$ 4,401,514
Fiduciary Net Position	(4,709,681)	(4,709,681)	(4,709,681)
Net Pension Liability/(Asset)	\$ 555,535	\$ 92,675	\$ (308,167)

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

At December 31, 2019, the County reported a liability of \$92,675 for its proportionate share of the TCDRS net pension liability.

The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period January 1, 2019 through December 31, 2019.

For the plan year ended December 31, 2019, there were no changes in assumptions and plan provisions.

At December 31, 2019, the County reported its proportionate share of the TCDRS deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows/(Inflows) of Resources
Differences Between Expected and Actual Economic Experience	\$ 7,951
Net Difference Between Projected and Actual Earnings	(119,696)
Contributions Paid to TCDRS Subsequent to the Measurement Date	86,560
Total	<u>\$ (25,185)</u>

The net amounts of the employer's balances of deferred outflows related to pensions will be recognized in pension expense as follows:

	Amortization of Deferred Resources
2020	\$ 64,036
2021	(35,037)
2022	16,029
2023	(70,213)
2024	0
Thereafter	0

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

At December 31, 2019, the County reported deferred resource outflows for the TCDRS pension plan as follows:

	Deferred Outflows/(Inflows) of Resources
Total Net Amounts as of December 31, 2018 Measurement Date	\$ 341,215
Contributions Made Subsequent to the Measurement Date	86,560
Contributions Made Prior to the Measurement Date	(86,098)
Net Deferred (Inflows)/Outflows related to the year ended December 31, 2019	(397,435)
Amortization of Deferred Inflows/(Outflows)	30,573
Total Net Amounts as of December 31, 2019	\$ <u><u>(25,185)</u></u>

Pension Expense:

Pension expense for the plan for the year ended December 31, 2019 was \$126,098 and was calculated as follows:

	Pension Expense
Service Cost	\$ 122,633
Interest on Total Pension Liability	370,606
Administrative Expenses	3,589
Member Contributions	(72,199)
Expected Investment Return Net of Investment Expenses	(332,610)
Amortization of Deferred Inflows and Outflows of Resources	30,573
Other	3,506
Total Amount as of December 31, 2019	\$ <u><u>126,098</u></u>

Employees Covered by Benefit Terms:

At the December 31, 2019 valuation and measurement date, the plan reported the following regarding employees covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	33
Inactive Employees Entitled to but not Yet Receiving Benefits	49
Active Employees	34
Total Plan Employees	<u><u>116</u></u>

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

**H. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

Plan Description:

The County participates in the Group Term Life (GTL) program for the TCDRS, which is a statewide, multiple-employer, public employee retirement system. All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected to participate in the GTL program are included in the OPEB plan.

Benefits Provided:

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

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. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown in the changes in the total OPEB liability.

Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The County's contribution rate for the retiree 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.

Employees Covered by Benefit Terms:

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	26
Inactive Employees Entitled to but not Yet Receiving Benefits	10
Active Employees	<u>34</u>
Total Plan Employees	<u><u>70</u></u>

Total OPEB Liability:

The County's total OPEB liability of \$135,819 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Actuarial Assumptions:

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

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains and losses and assumptions changes or inputs	Straight-Line Amortization over Expected Working Life
Investment Rate of Return (Discount Rate)	2.74% 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019

The TCDRS GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.74% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 26, 2019.

Mortality rates were based on the following criteria:

Depositing Members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service Retirees, Beneficiaries and Non-Depositing Members	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.
Disabled Retirees	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

All actuarial assumptions that determined the total OPEB liability as of December 31, 2019 were 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.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Changes in the Total OPEB Liability:

Balance as of December 31, 2018	\$ 113,913
Changes for the year:	
Service Cost	3,730
Interest on Total OPEB Liability	4,715
Effect of Economic/Demographic Experience	(7,392)
Effect of Assumptions Changes or Inputs	26,216
Benefit Payments	<u>(5,363)</u>
Balance as of December 31, 2019	<u>\$ 135,819</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 4.10% in 2018 to 2.74% in 2019.

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

Sensitivity Analysis:

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 2.74%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74%) or 1 percentage point higher (3.74%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	<u>1% Decrease in Discount Rate (1.74%)</u>	<u>Discount Rate (2.74%)</u>	<u>1% Increase in Discount Rate (3.74%)</u>
Total OPEB Liability	\$ <u>161,681</u>	\$ <u>135,819</u>	\$ <u>115,729</u>

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

For the year ended September 30, 2020, the County recognized OPEB expense of \$10,740. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,750	\$ 7,291
Changes in Assumptions	20,623	5,997
Contributions Made Subsequent to Measurement Date	<u>3,744</u>	
	<u>\$ 27,117</u>	<u>\$ 13,288</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

	<u>Amortization of Deferred Resources</u>
2020	\$ 6,040
2021	3,083
2022	4,706
2023	0
2024	0
Thereafter	0

**I. BLENDED COMPONENT UNIT**

The County leases the Dickens County Correctional Facility (the Facility) from Dickens County Public Facility Corporation (the Corporation), a legally separate non-profit public corporation. The Corporation purchased the Facility through the issuance of Tax-Exempt Lease Revenue Bonds (the Bonds). The County has no obligation relating to the payments under the Bonds. The Bonds are solely payable from the revenue generated from the Facility.

Operations of the Dickens County Correctional Facility (the Facility) was under an operational contract with Community Education Centers, Inc. (CEC) which expired on January 1, 2011. The contract with CEC was not renewed and the County has not contracted with any other operators to run the Facility. The Facility has been vacant of inmate population since January 1, 2011 when operations under the previous CEC contract ceased.

**DICKENS COUNTY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**J. TAX ABATEMENT**

The County has entered into a ten-year agreement allowed for under Texas State Law for the abatement of property taxes with a company that constructed a transmission line within the County's jurisdiction. This abatement runs through the 2026 tax year. The tax abatement commenced on January 1, 2017. As part of the agreement, the company will pay the County \$1,500 per mile of transmission line for 10 years in lieu of taxes.

**K. LITIGATION AND COMMITMENTS**

There is no pending litigation against the County at September 30, 2020, that would have a material effect on the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>
TOTAL PENSION LIABILITY/(ASSET)						
Service Cost	\$ 119,918	\$ 118,700	\$ 133,444	\$ 128,036	\$ 123,058	\$ 122,633
Interest Cost	300,272	313,214	328,758	345,467	356,812	370,606
Effect of Plan Changes		(8,043)				
Effect of Economic/Demographic Losses	(39,761)	(3,869)	(42,872)	(77,415)	(1,457)	15,902
Effect of Assumptions Changes or Inputs		49,580		37,369		
Benefit Payments/Refunds of Contributions	<u>(228,274)</u>	<u>(253,043)</u>	<u>(276,508)</u>	<u>(274,772)</u>	<u>(302,603)</u>	<u>(312,983)</u>
Net Change in Total Pension Liability	\$ 152,155	\$ 216,539	\$ 142,822	\$ 158,685	\$ 175,810	\$ 196,158
Total Pension Liability, Beginning	<u>3,760,187</u>	<u>3,912,342</u>	<u>4,128,881</u>	<u>4,271,703</u>	<u>4,430,388</u>	<u>4,606,198</u>
Total Pension Liability, Ending	\$ <u>3,912,342</u>	\$ <u>4,128,881</u>	\$ <u>4,271,703</u>	\$ <u>4,430,388</u>	\$ <u>4,606,198</u>	\$ <u>4,802,356</u>
FIDUCIARY NET POSITION						
Employer Contributions	\$ 106,274	\$ 111,547	\$ 111,407	\$ 113,938	\$ 113,519	\$ 119,232
Member Contributions	64,852	67,545	67,461	68,993	68,740	72,199
Investment Income, Net of Expenses	244,901	39,105	274,646	566,953	(82,668)	682,580
Benefit Payments/Refunds of Contributions	<u>(228,274)</u>	<u>(253,043)</u>	<u>(276,508)</u>	<u>(274,772)</u>	<u>(302,603)</u>	<u>(312,983)</u>
Administrative Expenses	<u>(2,803)</u>	<u>(2,677)</u>	<u>(2,995)</u>	<u>(2,903)</u>	<u>(3,338)</u>	<u>(3,589)</u>
Other	<u>(21,929)</u>	<u>37,161</u>	<u>(2,872)</u>	<u>(1,258)</u>	<u>(3,145)</u>	<u>(3,506)</u>
Net Change in Fiduciary Net Position	\$ 163,021	\$ (362)	\$ 171,139	\$ 470,951	\$ (209,495)	\$ 553,933
Fiduciary Net Position, Beginning	<u>3,560,494</u>	<u>3,723,515</u>	<u>3,723,153</u>	<u>3,894,292</u>	<u>4,365,243</u>	<u>4,155,748</u>
Fiduciary Net Position, Ending	\$ <u>3,723,515</u>	\$ <u>3,723,153</u>	\$ <u>3,894,292</u>	\$ <u>4,365,243</u>	\$ <u>4,155,748</u>	\$ <u>4,709,681</u>
NET PENSION LIABILITY	\$ <u>188,827</u>	\$ <u>405,728</u>	\$ <u>377,411</u>	\$ <u>65,145</u>	\$ <u>450,450</u>	\$ <u>92,675</u>
Fiduciary Net Position as a % of Total Pension Liability	<u>95.17%</u>	<u>90.17%</u>	<u>91.16%</u>	<u>98.53%</u>	<u>90.22%</u>	<u>98.07%</u>
County's Covered-Employee Payroll	\$ 924,619	\$ 964,928	\$ 963,724	\$ 985,621	\$ 981,998	\$ 1,031,413
Net Pension Asset as a % of Covered-Employee Payroll	<u>20.42%</u>	<u>42.05%</u>	<u>39.16%</u>	<u>6.61%</u>	<u>45.87%</u>	<u>8.99%</u>

Note: Only six years of data are presented in accordance with GASBS #68, paragraph 138.

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit B-2

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2015	\$ 110,611	\$ 110,611	\$ 0	958,009	11.55%
2016	111,546	111,546	0	964,926	11.56%
2017	113,153	113,153	0	978,930	11.56%
2018	113,602	113,602	0	982,721	11.56%
2019	115,740	115,740	0	1,001,215	11.56%
2020	117,473	117,473	0	1,016,156	11.56%

Note: Only six years of data are presented in accordance with GASBS #68, paragraph 138.

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS  
SUPPLEMENTAL DEATH BENEFIT FUND

Exhibit B-3

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
SEPTEMBER 30, 2020

REQUIRED SUPPLEMENTARY INFORMATION

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
Service Cost	\$ 3,730	\$ 4,588	\$ 4,527
Interest	4,715	4,095	4,489
Benefit Payments	(5,363)	(5,401)	(5,914)
Differences between Expected and Actual Experience	(7,392)	5,500	(6,987)
Changes in Assumptions	<u>26,216</u>	<u>(11,995)</u>	<u>3,841</u>
Net Change	\$ 21,906	\$ (3,213)	\$ (44)
Beginning Balance	<u>113,913</u>	<u>117,126</u>	<u>117,170</u>
Ending Balance	\$ <u>135,819</u>	\$ <u>113,913</u>	\$ <u>117,126</u>
Total OPEB Liability	<u>\$ 135,819</u>	<u>\$ 113,913</u>	<u>\$ 117,126</u>
Covered Employee Payroll	\$ 1,031,413	\$ 981,998	\$ 985,621
Total OPEB Liability as a Percentage of Covered Employee Payroll	13.17%	11.60%	11.88%

Note: Only three years of GASB 75 Data Available as of 12/31/2019. The remaining seven years of data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit B-4

BUDGETARY COMPARISON - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 1,875,406	\$ 1,875,406	\$ 1,851,331	\$ (24,075)
Other Taxes	59,700	59,700	72,622	12,922
Payments in Lieu of Taxes	15,000	15,000	15,135	135
Intergovernmental Revenue and Grants	53,544	53,544	61,066	7,522
Charges for Services	176,670	176,670	171,586	(5,084)
Fines and Fees	7,350	7,350	9,366	2,016
Investment Earnings	51,000	51,000	166,212	115,212
Rents and Royalties	500	500	129	(371)
Other Revenue	14,930	14,930	46,742	31,812
Total Revenues	<u>\$ 2,254,100</u>	<u>\$ 2,254,100</u>	<u>\$ 2,394,189</u>	<u>\$ 140,089</u>
Expenditures:				
Current:				
County Judge	\$ 78,558	\$ 78,558	\$ 74,595	\$ 3,963
County Clerk	76,108	76,108	67,061	9,047
County Treasurer	57,473	57,473	51,585	5,888
Tax Assessor and Collector	85,465	85,465	83,294	2,171
County Sheriff	361,761	361,761	366,625	(4,864)
County Attorney	38,790	38,790	38,564	226
Justice of Peace	44,390	44,390	41,318	3,072
Extension Office	73,431	72,431	67,370	5,061
Building Maintenance	81,020	81,020	76,682	4,338
County Court	31,550	31,550	6,245	25,305
District Court	86,188	86,188	57,879	28,309
Emergency Management Office	22,732	22,732	18,276	4,456
Indigent Health	150,290	150,290	37,470	112,820
General Administration	858,117	857,117	765,415	91,702
Total Expenditures	<u>\$ 2,045,873</u>	<u>\$ 2,043,873</u>	<u>\$ 1,752,379</u>	<u>\$ 291,494</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 208,227</u>	<u>\$ 210,227</u>	<u>\$ 641,810</u>	<u>\$ 431,583</u>
Other Financing Sources (Uses):				
Transfers Out	\$ (210,231)	\$ (210,231)	\$ (210,231)	\$
Sale of Real and Personal Property			7,000	7,000
Total Other Financing Sources	<u>\$ (210,231)</u>	<u>\$ (210,231)</u>	<u>\$ (203,231)</u>	<u>\$ 7,000</u>
Net Change in Fund Balances	\$ (2,004)	\$ (4)	\$ 438,579	<u>\$ 438,583</u>
Fund Balances - Beginning	<u>5,102,637</u>	<u>5,102,637</u>	<u>5,102,637</u>	
Fund Balances - Ending	<u>\$ 5,100,633</u>	<u>\$ 5,102,633</u>	<u>\$ 5,541,216</u>	

DICKENS COUNTY, TEXAS

Exhibit B-5

BUDGETARY COMPARISON - ROAD & BRIDGE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 418,488	\$ 418,488	\$ 413,572	\$ (4,916)
License and Permits	140,000	140,000	145,776	5,776
Intergovernmental Revenue and Grants	15,000	15,000	14,776	(224)
Charges for Services	17,000	17,000	30,202	13,202
Fines and Fees	32,000	32,000	33,385	1,385
Investment Earnings	1,000	1,000	536	(464)
Other Revenue	500	500	361	(139)
Total Revenues	<u>\$ 623,988</u>	<u>\$ 623,988</u>	<u>\$ 638,608</u>	<u>\$ 14,620</u>
Expenditures:				
Current:				
Road & Bridge	\$ 589,260	\$ 590,660	\$ 541,829	\$ 48,831
Special Road & Bridge	245,959	244,559	385,389	(140,830)
Total Expenditures	<u>\$ 835,219</u>	<u>\$ 835,219</u>	<u>\$ 927,218</u>	<u>\$ (91,999)</u>
Deficiency of Revenues Under Expenditures	<u>\$ (211,231)</u>	<u>\$ (211,231)</u>	<u>\$ (288,610)</u>	<u>\$ (77,379)</u>
Other Financing Sources:				
Transfers In	\$ 210,230	\$ 210,230	\$ 210,231	\$
Sale of Real and Personal Property	1,000	1,000	160,000	159,000
Total Other Financing Sources	<u>\$ 211,230</u>	<u>\$ 211,230</u>	<u>\$ 370,231</u>	<u>\$ 159,000</u>
Net Change in Fund Balances	\$ (1)	\$ (1)	\$ 81,621	<u>\$ 81,622</u>
Fund Balances - Beginning	<u>91,717</u>	<u>91,717</u>	<u>91,717</u>	
Fund Balances - Ending	<u>\$ 91,716</u>	<u>\$ 91,716</u>	<u>\$ 173,338</u>	

**DICKENS COUNTY, TEXAS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**A. PENSION PLAN**

**CHANGES OF BENEFIT TERMS**

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

**CHANGES OF ASSUMPTIONS**

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

**B. BUDGETARY DATA**

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

1. The County Judge, as budget officer, prepares a budget to cover all proposed expenditures and the means of financing them, for the succeeding year and delivers the proposed budget to Commissioners' Court.
2. Commissioners' Court holds budget sessions with each department head.
3. Commissioners' Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. Commissioners' Court formally adopts the budget in the open court meeting.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.
6. The formally adopted budget may legally be amended by Commissioners' in accordance with article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes.

An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted on or about September 1. The County maintains its legal level of budgetary control at the department level. Amendments to the 2019-2020 budget were approved by the Commissioners' Court as provided by law.

All expenditures in excess of appropriations are covered by unrestricted general fund balances.

**COMBINING STATEMENTS**

DICKENS COUNTY, TEXAS

Exhibit C-1

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

	Public Facility Corporation Fund	Payroll Fund	Caprock Regional Defender Grant Fund	Total Nonmajor Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$	\$ 41,077	\$ 906	\$ 41,983
Investments - Held by Trustee	89,882			89,882
Total Assets	<u>\$ 89,882</u>	<u>\$ 41,077</u>	<u>\$ 906</u>	<u>\$ 131,865</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$	\$ 41,077	\$	\$ 41,077
Total Liabilities	<u>\$ 0</u>	<u>\$ 41,077</u>	<u>\$ 0</u>	<u>\$ 41,077</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Prison Operations	\$ 89,882	\$	\$	\$ 89,882
Enabling Legislation			906	906
Total Fund Balances	<u>\$ 89,882</u>	<u>\$ 0</u>	<u>\$ 906</u>	<u>\$ 90,788</u>
Total Liabilities and Fund Balances	<u>\$ 89,882</u>	<u>\$ 41,077</u>	<u>\$ 906</u>	<u>\$ 131,865</u>

DICKENS COUNTY, TEXAS

Exhibit C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Public Facility Corporation Fund	Caprock Regional Defender Grant Fund	Special Grants Fund	Total Nonmajor Governmental Funds
Revenue:				
Intergovernmental Revenue and Grants	\$	\$	\$ 275,000	\$ 275,000
Investment Earnings	918			918
Total Revenues	<u>\$ 918</u>	<u>\$ 0</u>	<u>\$ 275,000</u>	<u>\$ 275,918</u>
Expenditures:				
Current:				
Prison Facility	\$ 15,291	\$	\$	\$ 15,291
General Administration			275,000	275,000
Total Expenditures	<u>\$ 15,291</u>	<u>\$ 0</u>	<u>\$ 275,000</u>	<u>\$ 290,291</u>
Deficiency of Revenues Under Expenditures	<u>\$ (14,373)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (14,373)</u>
Net Change in Fund Balances	\$ (14,373)	\$ 0	\$ 0	\$ (14,373)
Fund Balances - Beginning	<u>104,255</u>	<u>906</u>	<u>0</u>	<u>105,161</u>
Fund Balances - Ending	<u><u>\$ 89,882</u></u>	<u><u>\$ 906</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 90,788</u></u>

**OTHER INFORMATION REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**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**

**Independent Auditor's Report**

To the Honorable Judge and  
Members of the Commissioners' Court of  
Dickens 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, the business-type activities, each major fund, and the aggregate remaining fund information of Dickens County, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Dickens County, Texas' basic financial statements, and have issued our report thereon dated March 1, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Dickens County, Texas' 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.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

March 1, 2021