

DICKENS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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, 2023

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DICKENS COUNTY, TEXAS

**COUNTY OFFICIALS
SEPTEMBER 30, 2023**

Kevin Brendle

County Judge

Dennis Wyatt

Commissioner Precinct 1

Mike Smith

Commissioner Precinct 2

Charlie Morris

Commissioner Precinct 3

Jerry Alexander

Commissioner Precinct 4

Becky Hill

District and County Clerk

Brandi Abbott

County Treasurer

Rebecca Haney

Tax-Assessor-Collector

Stella Carter

Justice of the Peace

Terry Braly

Sheriff

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

CERTIFIED PUBLIC ACCOUNTANTS

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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 Audit of the Financial Statements

Opinions

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

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, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability (asset) and related ratios, schedule of employer contributions, schedule of changes in the total OPEB 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

January 25, 2024

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

FINANCIAL HIGHLIGHTS

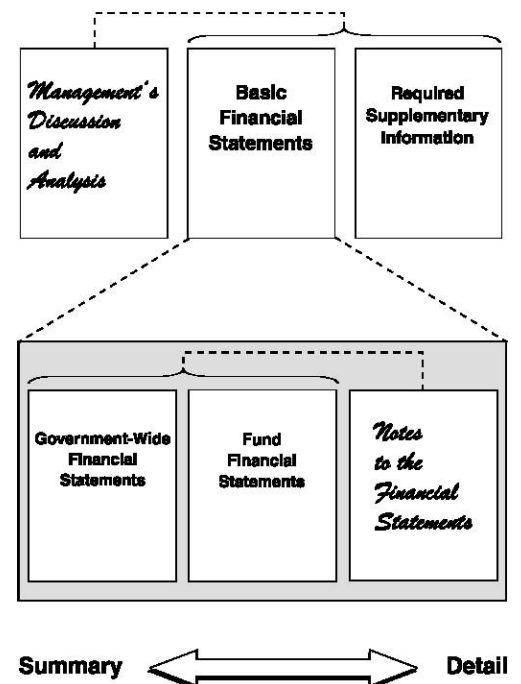
- The County's total combined net position was \$4,375,561 at September 30, 2023.
- The General Fund reported a fund balance this year of \$6,355,130, of which \$263,074 is restricted by enabling legislation.

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.

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



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-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

Type of Statement	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	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
Required financial statements	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
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	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 custodial funds do not currently contain capital assets, although they can
Type of flow/outflow	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.

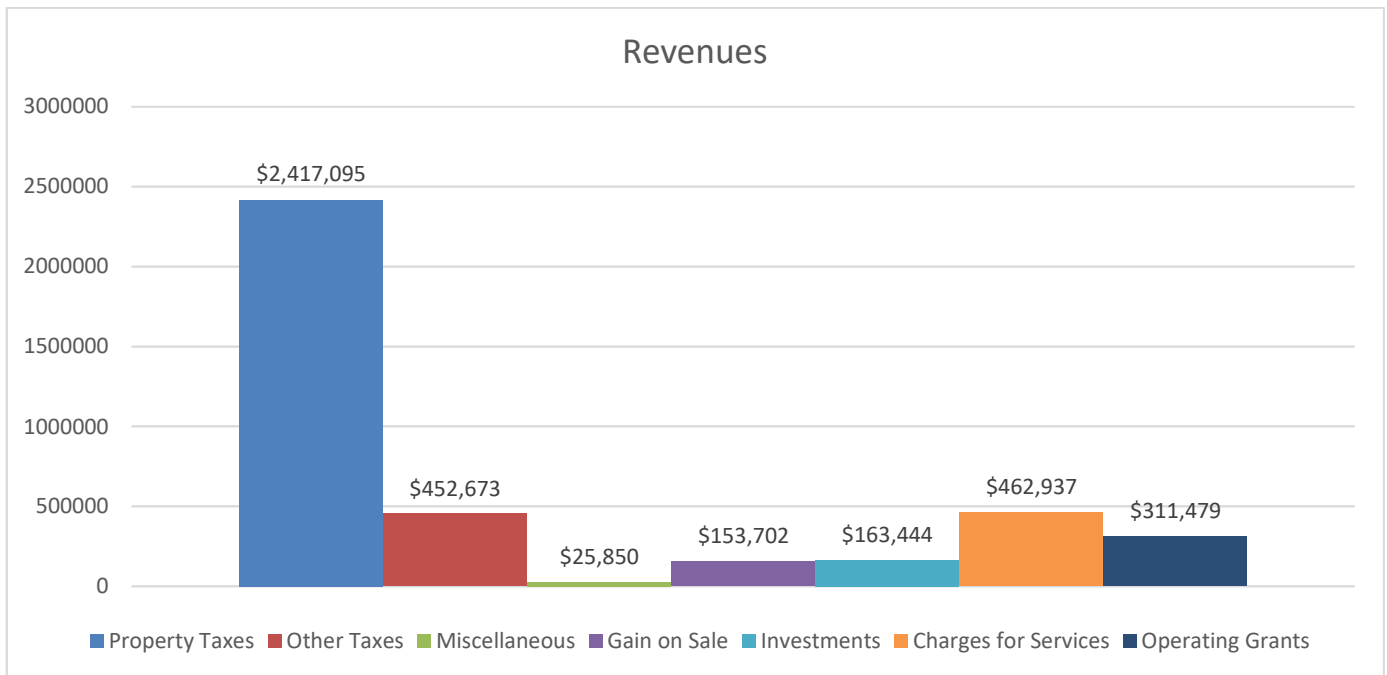
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's combined net position was \$4,375,561 at September 30, 2023. The largest portion of the County's total assets (\$11,763,488) reflects its capital assets with the remainder (\$7,642,246) reported as cash, investments, accounts receivable, and other assets.

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

	Governmental Activities	
	2023	2022
Current and Other Assets	\$ 7,643	\$ 6,474
Capital and Non-Current Assets	11,763	12,333
Total Assets	<u>\$ 19,406</u>	<u>\$ 18,807</u>
Deferred Outflows of Resources	\$ 714	\$ 242
Current Liabilities	\$ 4,808	\$ 4,798
Long-Term Liabilities	9,658	9,592
Total Liabilities	<u>\$ 14,466</u>	<u>\$ 14,390</u>
Deferred Inflows of Resources	<u>\$ 1,279</u>	<u>\$ 1,209</u>
Net Position		
Net Investment in Capital Assets	\$ (2,329)	\$ (2,288)
Restricted	684	570
Unrestricted	6,020	5,168
Total Net Position	<u>\$ 4,375</u>	<u>\$ 3,450</u>

Changes in Net Position—The County's net position increased by \$925,090 during the current fiscal year. This increase in net position from the prior year was mainly due to increase in property tax and other tax revenues and decrease in expenses.



Governmental Activities—Total revenues for the fiscal year ending September 30, 2023 were \$3,987,180. Approximately 12% of the County’s revenue comes from fines, fees, and charges for services, while 72% comes from property taxes and other taxes. Investment earnings accounts for 4% of total revenues. Operating grants and contribution, sale of property, and miscellaneous revenue account for another 12% of total revenues.

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

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues		
Fees, Fines, and Charge for Services	\$ 463	\$ 360
Operating Grants and Contributions	311	404
General Revenues		
Property Taxes	2,417	2,082
Other Taxes	253	131
Payments in Lieu of Taxes	200	15
Investment Earnings	163	(202)
Gain on Sale of Real and Personal Property	154	111
Miscellaneous	26	22
Total Revenues	\$ 3,987	\$ 2,923
Expenses:		
County Judge	\$ 95	\$ 75
County Clerk	71	70
County Treasurer	61	55
Tax Assessor and Collector	89	86
County Sheriff	494	465
County Attorney	41	39
Justice of Peace	48	62
Extension Office	10	74
Building Maintenance	87	88
County Court	34	10
District Court	65	83
Emergency Management Office	23	20
Indigent Health	87	37
General Administration	885	1,065
Road and Bridge	965	1,035
Prison Facility	7	13
Total Expenses	\$ 3,062	\$ 3,277
Change in Net Position	\$ 925	\$ (354)
Beginning Net Position	3,450	3,804
Ending Net Position	\$ 4,375	\$ 3,450

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 \$6,355,130, an increase of \$792,206 from the prior year. The unassigned fund balance is \$6,092,056 and is available for spending at the government's discretion. The County has \$263,074 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, 2023, actual expenditures were \$498,219 under final budgeted amounts. Revenues came in over the budget by \$293,983.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets — As of September 30, 2023, the County had invested approximately \$11.8 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:

- Purchased a Chevy Silverado pickup and Chevy Suburban
- Traded in an old motor grader for a new one
- Purchased an analog repeater

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	
	2023	2022
Land	\$ 115	\$ 115
Buildings and Improvements	3,878	3,878
Correctional Facility	10,622	10,622
Furniture and Equipment	224	224
Vehicles and Heavy Equipment	2,960	2,748
Leasehold Improvements	848	848
Infrastructure	844	844
Total	\$ 19,491	\$ 19,279
Total Accumulated Depreciation	\$ 7,728	\$ 7,479
Net Capital Assets	\$ 11,763	\$ 11,800

Long-Term Debt — As of September 30, 2023, 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 2023-2024 budget will raise more revenue from property taxes by an amount of \$1,228,376 over the previous years budget. This increase is attributable new property added.
- The tax rate established for 2023 is \$.99602, which is up from the prior year.

These factors and others were taken into consideration when preparing the General Fund budget for the 2023-24 fiscal year.

Revenues available for appropriation in the General Fund budget are \$3,362,273, an increase of \$527,029 over the 2023 amended budget of \$2,835,244.

Budgeted expenditures are expected to increase approximately 32% over the 2023 amended budget of \$2,550,050 to \$3,362,273. The increase is expected to come from an increase 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, 2023

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 114,523
Investments	7,306,378
Taxes Receivable, Net	38,005
Interest Receivable	13,614
Office Receivables, Net	108,506
Restricted Investments - Held by Trustee	61,220
Capital Assets (Net of Accumulated Depreciation):	
Land	115,284
Infrastructure	117,413
Buildings and Improvements	2,841,083
Correctional Facility	7,347,221
Leasehold Improvements	283,360
Furniture & Equipment	77,050
Vehicles and Heavy Equipment	982,077
Total Assets	<u>\$ 19,405,734</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Plan - Related Amounts	\$ 710,976
OPEB Plan - Related Amounts	3,180
Total Deferred Outflows of Resources	<u>\$ 714,156</u>
LIABILITIES:	
Accounts Payable	\$ 56,763
Accrued Interest Payable	4,733,550
Wages Payable	17,414
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Debt	9,420,000
Net Pension Liability	105,850
Total OPEB Liability	126,624
Accrued Compensated Absences	5,568
Total Liabilities	<u>\$ 14,465,769</u>
DEFERRED INFLOWS OF RESOURCES:	
Pension Plan - Related Amounts	\$ 584,160
OPEB Plan - Related Amounts	28,087
Insurance Proceeds	348,284
Unearned Revenue - Subsidy Distribution	25,666
Unearned Revenue - Grant Proceeds	292,363
Total Deferred Inflows of Resources	<u>\$ 1,278,560</u>
NET POSITION:	
Net Investment in Capital Assets	\$ (2,328,842)
Restricted For:	
Enabling Legislation	263,980
Road and Bridge	420,140
Unrestricted	<u>6,020,283</u>
Total Net Position	<u>\$ 4,375,561</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, 2023

Departments/Programs	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) and Changes in Net Position
		<u>Fines, Fees & Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Gov.</u>
				<u>Governmental Activities</u>
PRIMARY GOVERNMENT:				
Governmental Activities				
County Judge	\$ 94,791	\$	\$ 25,200	\$ (69,591)
County Clerk	71,069	83,753		12,684
County Treasurer	61,108			(61,108)
Tax Assessor and Collector	89,310			(89,310)
County Sheriff	493,801	18,882	30,185	(444,734)
County Attorney	41,256		23,333	(17,923)
Justice of Peace	47,776	111,771		63,995
Extension Office	10,365			(10,365)
Building Maintenance	87,064			(87,064)
County Court	34,095			(34,095)
District Court	65,209			(65,209)
Emergency Management Office	22,678			(22,678)
Indigent Health	86,470		4,100	(82,370)
General Administration	884,679	13,050	214,044	(657,585)
Road and Bridge	965,069	235,481	14,617	(714,971)
Prison Facility	7,350			(7,350)
Total Governmental Activities	<u>\$ 3,062,090</u>	<u>\$ 462,937</u>	<u>\$ 311,479</u>	<u>\$ (2,287,674)</u>
General Revenues:				
Property Taxes				\$ 2,417,095
Other Taxes				252,673
Payments in Lieu of Taxes				200,000
Miscellaneous Revenue				25,737
Rents and Royalties				113
Gain on Sale of Real and Personal Property				153,702
Investment Earnings				163,444
Total General Revenues				<u>\$ 3,212,764</u>
Change in Net Position				<u>\$ 925,090</u>
Net Position - Beginning				<u>3,450,471</u>
Net Position - Ending				<u>\$ 4,375,561</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, 2023**

	Major Funds		Nonmajor Governmental Funds (See Exhibit C-1)	Total Governmental Funds
	General Fund	Road and Bridge Fund		
ASSETS:				
Cash and Cash Equivalents	\$ 98,953	\$ 10,833	\$ 4,737	\$ 114,523
Investments	6,893,183	413,195		7,306,378
Investments - Held by Trustee			61,220	61,220
Taxes Receivable	31,210	6,795		38,005
Due from Other Funds		17,816	1,636	19,452
Accounts Receivable (Net)	91,388	4,377		95,765
Total Assets	<u>\$ 7,114,734</u>	<u>\$ 453,016</u>	<u>\$ 67,593</u>	<u>\$ 7,635,343</u>
LIABILITIES:				
Accounts Payable	\$ 33,040	\$ 18,256	\$ 5,467	\$ 56,763
Wages Payable	9,589	7,825		17,414
Due to Other Funds	19,452			19,452
Total Liabilities	<u>\$ 62,081</u>	<u>\$ 26,081</u>	<u>\$ 5,467</u>	<u>\$ 93,629</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Property Taxes	\$ 31,210	\$ 6,795	\$	\$ 38,005
Insurance Proceeds	348,284			348,284
Unearned Revenue - Subsidy Distribution	25,666			25,666
Unearned Revenue - Grant Proceeds	292,363			292,363
Total Deferred Inflows of Resources	<u>\$ 697,523</u>	<u>\$ 6,795</u>	<u>\$ 0</u>	<u>\$ 704,318</u>
FUND BALANCES:				
Restricted for:				
Enabling Legislation	\$ 263,074	\$	\$ 906	\$ 263,980
Prison Operations			61,220	61,220
Road and Bridge		420,140		420,140
Unassigned	6,092,056			6,092,056
Total Fund Balances	<u>\$ 6,355,130</u>	<u>\$ 420,140</u>	<u>\$ 62,126</u>	<u>\$ 6,837,396</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,114,734</u>	<u>\$ 453,016</u>	<u>\$ 67,593</u>	<u>\$ 7,635,343</u>

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, 2023

Total Fund Balances - Governmental Funds Balance Sheet	\$ 6,837,396
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.	11,763,488
Revenues unavailable to pay for current period expenditures are deferred in the funds.	38,005
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.	20,966
Total OPEB Liability and related deferred outflows are not reported in the funds.	(151,531)
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.	(5,568)
To record the Justice of Peace and County/District Clerk fines receivable.	12,741
Interest receivable on investments is not recorded in the funds.	<u>13,614</u>
Net Position of Governmental Activities - Statement of Net Position	\$ <u><u>4,375,561</u></u>

The accompanying notes are an integral part of this statement.

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DICKENS COUNTY, TEXAS

Exhibit A-5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Major Funds		Nonmajor Governmental Funds (See Exhibit C-2)	Total Governmental Funds
	General Fund	Road and Bridge Fund		
Revenue:				
Taxes:				
Property Taxes	\$ 1,974,164	\$ 427,279	\$	\$ 2,401,443
Other Taxes	252,673			252,673
Payments in Lieu of Taxes	200,000			200,000
License and Permits		141,084		141,084
Intergovernmental Revenue and Grants	296,862	14,617		311,479
Charges for Services	215,321	57,675		272,996
Fines and Fees	10,548	36,722		47,270
Investment Earnings (Loss)	153,837	3,638	2,324	159,799
Rents and Royalties	113			113
Other Revenue	25,709	28		25,737
Total Revenues	<u>\$ 3,129,227</u>	<u>\$ 681,043</u>	<u>\$ 2,324</u>	<u>\$ 3,812,594</u>
Expenditures:				
Current:				
County Judge	\$ 77,993	\$	\$	\$ 77,993
County Clerk	71,069			71,069
County Treasurer	61,108			61,108
Tax Assessor and Collector	89,310			89,310
County Sheriff	472,433			472,433
County Attorney	41,256			41,256
Justice of Peace	47,776			47,776
Extension Office	10,365			10,365
Building Maintenance	87,064			87,064
County Court	34,095			34,095
District Court	65,209			65,209
Emergency Management Office	22,678			22,678
Indigent Health	86,470			86,470
General Administration	885,005			885,005
Road and Bridge		603,194		603,194
Special Road and Bridge		467,132		467,132
Prison Facility			7,350	7,350
Total Expenditures	<u>\$ 2,051,831</u>	<u>\$ 1,070,326</u>	<u>\$ 7,350</u>	<u>\$ 3,129,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,077,396</u>	<u>\$ (389,283)</u>	<u>\$ (5,026)</u>	<u>\$ 683,087</u>
Other Financing Sources (Uses):				
Transfers	\$ (285,190)	\$ 285,190	\$	\$
Proceeds from Sale of Real and Personal Property		192,300		192,300
Total Other Financing Sources (Uses)	<u>\$ (285,190)</u>	<u>\$ 477,490</u>	<u>\$ 0</u>	<u>\$ 192,300</u>
Net Change in Fund Balances	<u>\$ 792,206</u>	<u>\$ 88,207</u>	<u>\$ (5,026)</u>	<u>\$ 875,387</u>
Fund Balances - Beginning	<u>5,562,924</u>	<u>331,933</u>	<u>67,152</u>	<u>5,962,009</u>
Fund Balances - Ending	<u>\$ 6,355,130</u>	<u>\$ 420,140</u>	<u>\$ 62,126</u>	<u>\$ 6,837,396</u>

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, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$ 875,387
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital assets are not reported as expenses in the SOA.	483,467
The depreciation of capital assets used in governmental activities is not reported in the funds.	(481,020)
The loss from the disposition of a capital asset is not recorded in the funds.	(38,598)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	15,652
To record the change in the Justice of the Peace and County/District Clerk fines receivable.	1,586
The change in accrued interest income on investments is reflected in the SOA.	3,645
Net change in pension expense to convert amounts paid in for the governmental funds to accrued pension expense for governmental activities.	69,773
OPEB Expense is not accrued in the funds related to the Total OPEB liability and Deferred Outflows.	(4,915)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>113</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$ <u><u>925,090</u></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, 2023

	Custodial Funds
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ 121,370
Total Current Assets	<u>\$ 121,370</u>
NET POSITION:	
Unrestricted Net Position	\$ 121,370
Total Net Position	<u>\$ 121,370</u>

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit A-8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	Custodial Funds
ADDITIONS:	
Tax Levy and Adjustments	\$ 5,960,322
Fines and Fees Collected	276,003
Other	11,464
	<u>\$ 6,247,789</u>
DEDUCTIONS:	
Distributions	\$ 5,972,084
Fines and Fees Disbursed	280,398
Other	17,859
	<u>\$ 6,270,341</u>
Change in Net Position	\$ (22,552)
NET POSITION	
October 1, 2022 (Beginning)	<u>143,922</u>
September 30, 2023 (Ending)	<u><u>\$ 121,370</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, 2023

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 no discretely presented component units.

The following table describes the County's component unit:

Component Unit	Description: Criteria for Inclusion	Reporting Method	For Separate Financial Statements
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.

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DICKENS COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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, 2023**

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, 2023

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, 2023**

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.

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 Custodial Funds, which are required to recognize revenues and expenses and maintain a net position.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

E. OTHER ACCOUNTING POLICIES

1. 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

2. 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

1. 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.
2. 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, 2023**

G. TRANSFERS

The County budgeted transfers from the general fund to the road and bridge fund in the amount of \$285,190 for the year ended September 30, 2023.

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.

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rates assessed for the year ended September 30, 2022 to finance maintenance and operations of the County was \$.6891 per \$100 valuation and to finance road and bridge operations of the County was \$.1500 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.

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, 2023, the carrying amount of the County's cash and cash equivalents was \$114,523 and the bank balance was \$151,257.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

The Public Funds Investment Act (Government Code Chapter 2256) (The Act) 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, 2023 was \$7,306,378. The investments consist of:

	Cost	Market Value
TexPool	\$ 1	\$ 1
Certificates of Deposit - Spur Security Bank	3,421,147	3,421,147
Certificates of Deposit - UBS	2,280,588	2,141,924
Government Securities - UBS	989,920	931,795
Money Market - UBS	803,722	811,511
	<u>\$ 7,495,378</u>	<u>\$ 7,306,378</u>

The carrying value of the restricted investments - held by trustee (US Bank) at September 30, 2023 was \$61,220. The restricted investments consist of:

	Cost	Market Value
US Bank Money Market Account	\$ 61,220	\$ 61,220

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, 2023 were all considered Level 1 and 2.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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, 2023 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, 2023 TexPool's investments credit quality rating was AAAM (Standard & Pool's).

B. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2023, were as follows:

	Property Tax Receivable	Office Receivables	Total Receivables
Governmental Activities			
General Fund	\$ 114,019	\$ 236,443	\$ 350,462
Road and Bridge Fund	29,062	4,377	33,439
Less: Allowance for Uncollectibles	(105,076)	(132,314)	(237,390)
Total - Governmental	\$ 38,005	\$ 108,506	\$ 146,511

Payables at September 30, 2023 were as follows:

	Accounts Payable
Governmental Activities	
General Fund and Combining Funds	\$ 38,507
Road and Bridge Fund	18,256
Total - Governmental	\$ 56,763

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DICKENS COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

C. CAPITAL ASSETS

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

	Balance October 1, 2022	Additions	Retirements	Balance September 30, 2023
Governmental Activities				
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	224,140			224,140
Vehicles and Heavy Equipment	2,746,910	483,467	(270,189)	2,960,188
Leasehold Improvements	848,062			848,062
Infrastructure	843,532			843,532
Totals at Historic Cost	\$ 19,278,529	\$ 483,467	\$ (270,189)	\$ 19,491,807
	Balance October 1, 2022	Additions	Retirements	Balance September 30, 2023
Less: Accumulated Depreciation				
Buildings and Improvement	\$ 945,843	\$ 91,188	\$	\$ 1,037,031
Correctional Facility	3,275,267			3,275,267
Furniture and Equipment	131,510	15,581		147,091
Vehicles and Heavy Equipment	1,912,497	297,204	(231,591)	1,978,110
Leasehold Improvements	497,439	67,263		564,702
Infrastructure	716,334	9,784		726,118
Total Accumulated Depreciation	\$ 7,478,890	\$ 481,020	\$ (231,591)	\$ 7,728,319
Net Investment in Capital Assets	\$ 11,799,639	\$ 2,447	\$ (38,598)	\$ 11,763,488

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

County Sheriff	\$ 95,442
Justice of Peace	16,798
General Administration	97,496
Road and Bridge	271,284
Total Depreciation Expense	\$ 481,020

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.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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, 2023, accrued employee benefits recorded on the Statement of Net Position were for vacation pay in the amount of \$5,568.

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

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, 2023, due to not having sufficient funds in the bond reserve fund. 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, 2023 employees of the County were covered by a worker's compensation plan administered by TAC. The County paid a contribution of \$10,624 for the fiscal year ended September 30, 2023. These figures are subject to change based upon actual payroll figures.

Health Care

During the fiscal year ended September 30, 2023, employees of the County were covered by a health insurance plan (the Plan). The County paid \$932.28 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, 2023 was \$152,907.

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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 848 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an Annual Comprehensive Financial Report (ACFR) on a calendar basis. The ACFR 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 ACFR that includes financial statements and required supplementary information mentioned in the above section.

The information provided by TCDRS shows the following information regarding the Pension Plan fiduciary net position for the County as of December 31, 2022:

Net Pension Liability (Asset)	Total
Total Pension Liability	\$ 5,504,444
Less: Plan Fiduciary Net Position	5,398,594
Net Pension Liability (Asset)	\$ 105,850
Net Position as Percentage of Total Pension Liability	-98.08%

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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, 2021 actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions at December 31, 2022 included (a) a 7.50% investment rate of return (net of administrative expenses), and (b) a projected salary increase of 4.70%. Both (a) and (b) included an inflation component of 2.5%. 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 2023 and 2022. 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.

	Contribution Rates	
	2023	2022
Member	7.00%	7.00%
Employer	11.56%	11.56%
2022 Employer Contributions	\$	122,201
2022 Member Contributions	\$	73,998

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Actuarial Assumptions:

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

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Smoothing Period	Five Years
Recognition Method	Non-Asymptotic
Corridor	None
Remaining Amortization Period	7.5 Years
Discount Rate	7.60%
Long-Term Expected Investment	
Rate of Return*	7.60%
Salary Increases*	Varies by age of serv
Payroll Growth Rate	2.25%

**Includes Inflation of 2.50%*

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 2021 experience study for TCDRS, details of which can be found in the 2021 Investigation and Experience Report on the TCDRS website.

Discount Rate:

The discount rate used to measure the total pension liability was 7.60%. 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 7.50%. 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, 2023

Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of December 31, 2022 are summarized below:

Asset Class	Target Allocation**	Long-Term Expected Portfolio Real Rate of Return*
U.S. Equities	11.50%	4.95%
Global Equities	2.50%	4.95%
International Equities - Developed	5.00%	4.95%
International Equities - Emerging	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
Total	100.00%	

* - Geometric real rates of return in addition to assumed inflation of 2.30%,
per Cliffwater's 2023 capital market assumptions

** - Target asset allocation adopted at the March 2023 TCDRS Board Meeting

Discount Rate Sensitivity Analysis:

The following schedule shows the impact of the Net Pension Asset if the discount rate used was one percent less than and one percent greater than the discount rate that was used (7.60%) in measuring the 2022 Net Pension Asset.

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total Pension Liability	\$ 6,062,275	\$ 5,504,444	\$ 5,023,057
Fiduciary Net Position	5,398,594	5,398,594	5,398,594
Net Pension Liability/(Asset)	\$ 663,681	\$ 105,850	\$ (375,537)

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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

At December 31, 2022, the County reported a liability of \$105,850 for its proportionate share of the TCDRS net pension liability.

The net pension liability was measured as of December 31, 2022 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, 2022 through December 31, 2022.

For the plan year ended December 31, 2022, there were no changes in plan provisions.

At December 31, 2022, the County reported its proportionate share of the TCDRS deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$	\$ 42,541
Changes in Assumptions		
Net Difference Between Projected and Actual Earnings	621,313	541,619
Contributions Paid to TCDRS Subsequent to the Measurement Date	89,663	
Total	\$ 710,976	\$ 584,160

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
2022	\$ (32,319)
2023	(9,230)
2024	13,036
2025	155,329
2026	
Thereafter	

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

At December 31, 2022, 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, 2021 Measurement Date	\$ (582,417)
Contributions Made Subsequent to the Measurement Date	89,663
Contributions Made Prior to the Measurement Date	(87,862)
Net Deferred (Inflows)/Outflows related to the year ended December 31, 2022	691,558
Amortization of Deferred Inflows/(Outflows)	15,874
Total Net Amounts as of December 31, 2022	\$ 126,816

Pension Expense:

Pension expense for the plan for the year ended December 31, 2022 was \$52,419 and was calculated as follows:

	Pension Expense
Service Cost	\$ 149,119
Interest on Total Pension Liability	409,235
Administrative Expenses	3,164
Member Contributions	(72,899)
Expected Investment Return Net of Investment Expenses	(444,641)
Amortization of Deferred Inflows and Outflows of Resources	(15,874)
Other	24,315
Total Amount as of December 31, 2022	\$ 52,419

Employees Covered by Benefit Terms:

At the December 31, 2022 valuation and measurement date, the plan reported the following regarding employees covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	35
Inactive Employees Entitled to but not Yet Receiving Benefits	47
Active Employees	31
Total Plan Employees	113

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	29
Inactive Employees Entitled to but not Yet Receiving Benefits	8
Active Employees	31
Total Plan Employees	68

Total OPEB Liability:

The County's total OPEB liability of \$126,624 was measured as of December 31, 2022, 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, 2023

Actuarial Assumptions:

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

Valuation Date	December 31, 2022
Actuarial Cost Method	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)	3.72% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2022

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 3.72% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2022.

Mortality rates were based on the following criteria:

Depositing Members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service Retirees, Beneficiaries and Non-Depositing Members	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled Retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

All actuarial assumptions that determined the total OPEB liability as of December 31, 2022 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, 2023

Changes in the Total OPEB Liability:

Balance as of December 31, 2021	\$	166,072
Changes for the year:		
Service Cost		6,887
Interest on Total OPEB Liability		3,512
Effect of Economic/Demographic Experience		(7,444)
Effect of Assumptions Changes or Inputs		(37,404)
Benefit Payments		(4,999)
Balance as of December 31, 2022	\$	<u>126,624</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 2.06% in 2021 to 3.72% in 2022.

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 3.72%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.72%) or 1 percentage point higher (4.72%) than the current rate. 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.

	1% Decrease in Discount Rate (2.72%)	Discount Rate (3.72%)	1% Increase in Discount Rate (4.72%)
Total OPEB Liability	\$ <u>147,435</u>	\$ <u>126,624</u>	\$ <u>109,914</u>

DICKENS COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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

For the year ended September 30, 2023, the County recognized OPEB expense of \$9,446. At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$	\$ 5,010
Changes in Assumptions		23,077
Contributions Made Subsequent to Measurement Date		
	3,180	
	<u>\$ 3,180</u>	<u>\$ 28,087</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:

	Amortization of Deferred Resources
2022	\$ (2,483)
2023	(11,212)
2024	(11,212)
2025	
2026	
Thereafter	

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, 2023**

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.

The County has entered into tax abatement agreements with electric battery storage facilities. These agreements are for a ten year period and will result in payments in lieu of taxes.

K. LITIGATION AND COMMITMENTS

There is no pending litigation against the County at September 30, 2023, that would have a material effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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DICKENS COUNTY, TEXAS

Exhibit B-1

**SCHEDULE OF CHANGES IN NET PENSION
LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
TOTAL PENSION LIABILITY									
Service Cost	\$ 119,918	\$ 118,700	\$ 133,444	\$ 128,036	\$ 123,058	\$ 122,633	\$ 133,734	\$ 138,173	\$ 149,119
Interest Cost	300,272	313,214	328,758	345,467	356,812	370,606	386,003	393,743	409,235
Effect of Plan Changes		(8,043)							
Effect of Economic/Demographic Losses	(39,761)	(3,869)	(42,872)	(77,415)	(1,457)	15,902	13,350	95,126	(85,083)
Effect of Assumptions Changes or Inputs		49,580		37,369			230,431	(55,393)	
Benefit Payments/Refunds of Contributions	(228,274)	(253,043)	(276,508)	(274,772)	(302,603)	(312,983)	(348,024)	(356,925)	(401,400)
Net Change in Total Pension Liability	\$ 152,155	\$ 216,539	\$ 142,822	\$ 158,685	\$ 175,810	\$ 196,158	\$ 415,494	\$ 214,724	\$ 71,871
Total Pension Liability, Beginning	3,760,187	3,912,342	4,128,881	4,271,703	4,430,388	4,606,198	4,802,356	5,217,850	5,432,574
Total Pension Liability, Ending	\$ 3,912,342	\$ 4,128,881	\$ 4,271,703	\$ 4,430,388	\$ 4,606,198	\$ 4,802,356	\$ 5,217,850	\$ 5,432,574	\$ 5,504,445
FIDUCIARY NET POSITION									
Employer Contributions	\$ 106,274	\$ 111,547	\$ 111,407	\$ 113,938	\$ 113,519	\$ 119,232	\$ 118,365	\$ 131,414	\$ 120,389
Member Contributions	64,852	67,545	67,461	68,993	68,740	72,199	71,671	79,575	72,899
Investment Income, Net of Expenses	244,901	39,105	274,646	566,953	(82,668)	682,580	486,219	1,088,075	(331,999)
Benefit Payments/Refunds of Contributions	(228,274)	(253,043)	(276,508)	(274,772)	(302,603)	(312,983)	(348,024)	(356,925)	(401,400)
Administrative Expenses	(2,803)	(2,677)	(2,995)	(2,903)	(3,338)	(3,589)	(3,681)	(3,228)	(3,164)
Other	(21,929)	37,161	(2,872)	(1,258)	(3,145)	(3,506)	(4,208)	(2,750)	(24,314)
Net Change in Fiduciary Net Position	\$ 163,021	\$ (362)	\$ 171,139	\$ 470,951	\$ (209,495)	\$ 553,933	\$ 320,342	\$ 936,161	\$ (567,589)
Fiduciary Net Position, Beginning	3,560,494	3,723,515	3,723,153	3,894,292	4,365,243	4,155,748	4,709,681	5,030,023	5,966,184
Fiduciary Net Position, Ending	\$ 3,723,515	\$ 3,723,153	\$ 3,894,292	\$ 4,365,243	\$ 4,155,748	\$ 4,709,681	\$ 5,030,023	\$ 5,966,184	\$ 5,398,595
NET PENSION LIABILITY (ASSET)	\$ 188,827	\$ 405,728	\$ 377,411	\$ 65,145	\$ 450,450	\$ 92,675	\$ 187,827	\$ (533,610)	\$ 105,850
Fiduciary Net Position as a % of Total Pension Liability	95.17%	90.17%	91.16%	98.53%	90.22%	98.07%	96.40%	109.82%	98.08%
County's Covered-Employee Payroll	\$ 924,619	\$ 964,928	\$ 963,724	\$ 985,621	\$ 981,998	\$ 1,031,413	\$ 1,023,865	\$ 1,136,792	\$ 1,041,415
Net Pension Liability/Asset as a % of Covered-Employee Payroll	20.42%	42.05%	39.16%	6.61%	45.87%	8.99%	18.34%	-46.94%	10.16%

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

The accompanying notes are an integral part of this statement.

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DICKENS COUNTY, TEXAS

Exhibit B-2

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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%
2021	129,240	129,240	0	1,117,994	11.56%
2022	121,840	121,840	0	1,054,782	11.55%
2023	122,201	122,201	0	1,057,103	11.56%

Note: Only nine 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, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
	<u>Total OPEB</u>	<u>Total OPEB</u>	<u>Total OPEB</u>	<u>Total OPEB</u>	<u>Total OPEB</u>	<u>Total OPEB</u>
	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>
Service Cost	\$ 6,887	\$ 6,639	\$ 5,587	\$ 3,730	\$ 4,588	\$ 4,527
Interest	3,512	3,404	3,805	4,715	4,095	4,489
Benefit Payments	(4,999)	(4,775)	(5,119)	(5,363)	(5,401)	(5,914)
Differences between Expected and Actual Experience	(7,444)	1,137	779	(7,392)	5,500	(6,987)
Changes in Assumptions	<u>(37,404)</u>	<u>3,350</u>	<u>15,446</u>	<u>26,216</u>	<u>(11,995)</u>	<u>3,841</u>
Net Change	\$ (39,448)	\$ 9,755	\$ 20,498	\$ 21,906	\$ (3,213)	\$ (44)
Beginning Balance	<u>166,072</u>	<u>156,317</u>	<u>135,819</u>	<u>113,913</u>	<u>117,126</u>	<u>117,170</u>
Ending Balance	\$ <u>126,624</u>	\$ <u>166,072</u>	\$ <u>156,317</u>	\$ <u>135,819</u>	\$ <u>113,913</u>	\$ <u>117,126</u>
Total OPEB Liability	\$ <u><u>126,624</u></u>	\$ <u><u>166,072</u></u>	\$ <u><u>156,317</u></u>	\$ <u><u>135,819</u></u>	\$ <u><u>113,913</u></u>	\$ <u><u>117,126</u></u>
Covered Employee Payroll	\$ 1,041,415	\$ 1,136,792	\$ 1,023,865	\$ 1,031,413	\$ 981,998	\$ 985,621
Total OPEB Liability as a Percentage of Covered Employee Payroll	12.16%	14.61%	15.27%	13.17%	11.60%	11.88%

Note: Only six years of GASB 75 Data Available as of 12/31/2022. The remaining four 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, 2023**

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 1,963,787	\$ 1,963,787	\$ 1,974,164	\$ 10,377
Other Taxes	104,700	104,700	252,673	147,973
Payments in Lieu of Taxes	15,000	15,000	200,000	185,000
Intergovernmental Revenue and Grants	473,320	473,320	296,862	(176,458)
Licenses and Permits	120	120		(120)
Charges for Services	181,550	181,550	215,321	33,771
Fines and Fees	7,350	7,350	10,548	3,198
Investment Earnings	65,000	65,000	153,837	88,837
Rents and Royalties	500	500	113	(387)
Other Revenue	23,917	23,917	25,709	1,792
Total Revenues	<u>\$ 2,835,244</u>	<u>\$ 2,835,244</u>	<u>\$ 3,129,227</u>	<u>\$ 293,983</u>
Expenditures:				
Current:				
County Judge	\$ 83,879	\$ 83,879	\$ 77,993	\$ 5,886
County Clerk	81,280	81,280	71,069	10,211
County Treasurer	63,330	63,330	61,108	2,222
Tax Assessor and Collector	92,321	92,321	89,310	3,011
County Sheriff	396,379	396,379	472,433	(76,054)
County Attorney	42,123	42,123	41,256	867
Justice of Peace	48,523	48,523	47,776	747
Extension Office	74,326	74,326	10,365	63,961
Building Maintenance	84,074	84,074	87,064	(2,990)
County Court	32,110	32,110	34,095	(1,985)
District Court	97,808	97,808	65,209	32,599
Emergency Management Office	25,538	25,538	22,678	2,860
Indigent Health	156,047	156,047	86,470	69,577
General Administration	1,272,312	1,272,312	885,005	387,307
Total Expenditures	<u>\$ 2,550,050</u>	<u>\$ 2,550,050</u>	<u>\$ 2,051,831</u>	<u>\$ 498,219</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 285,194</u>	<u>\$ 285,194</u>	<u>\$ 1,077,396</u>	<u>\$ 792,202</u>
Other Financing Sources (Uses):				
Transfers Out	<u>\$ (285,190)</u>	<u>\$ (285,190)</u>	<u>\$ (285,190)</u>	<u>\$</u>
Total Other Financing Sources (Uses)	<u>\$ (285,190)</u>	<u>\$ (285,190)</u>	<u>\$ (285,190)</u>	<u>\$ 0</u>
Net Change in Fund Balances	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 792,206</u>	<u>\$ 792,202</u>
Fund Balances - Beginning	<u>5,562,924</u>	<u>5,562,924</u>	<u>5,562,924</u>	
Fund Balances - Ending	<u>\$ 5,562,928</u>	<u>\$ 5,562,928</u>	<u>\$ 6,355,130</u>	

DICKENS COUNTY, TEXAS

Exhibit B-5

**BUDGETARY COMPARISON - ROAD & BRIDGE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	(Unaudited) Budgeted Amounts		Actual	Variance with Final Budget Positive or (Negative)
	Original	Final	Amounts	
Revenue:				
Taxes:				
Property Taxes	\$ 424,595	\$ 424,595	\$ 427,279	\$ 2,684
License and Permits	140,000	140,000	141,084	1,084
Intergovernmental Revenue and Grants	15,000	15,000	14,617	(383)
Charges for Services	29,000	29,000	57,675	28,675
Fines and Fees	32,000	32,000	36,722	4,722
Investment Earnings	1,000	1,000	3,638	2,638
Other Revenue	500	500	28	(472)
Total Revenues	<u>\$ 642,095</u>	<u>\$ 642,095</u>	<u>\$ 681,043</u>	<u>\$ 38,948</u>
Expenditures:				
Current:				
Road & Bridge	\$ 646,353	\$ 651,453	\$ 603,194	\$ 48,259
Special Road & Bridge	280,932	275,832	467,132	(191,300)
Total Expenditures	<u>\$ 927,285</u>	<u>\$ 927,285</u>	<u>\$ 1,070,326</u>	<u>\$ (143,041)</u>
Deficiency of Revenues Under Expenditures	<u>\$ (285,190)</u>	<u>\$ (285,190)</u>	<u>\$ (389,283)</u>	<u>\$ (104,093)</u>
Other Financing Sources:				
Transfers In	\$ 285,190	\$ 285,190	\$ 285,190	\$
Sale of Real and Personal Property	0	0	192,300	192,300
Total Other Financing Sources	<u>\$ 285,190</u>	<u>\$ 285,190</u>	<u>\$ 477,490</u>	<u>\$ 192,300</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 88,207	<u>\$ 88,207</u>
Fund Balances - Beginning	<u>331,933</u>	<u>331,933</u>	<u>331,933</u>	
Fund Balances - Ending	<u>\$ 331,933</u>	<u>\$ 331,933</u>	<u>\$ 420,140</u>	

DICKENS COUNTY, TEXAS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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 new inflation, mortality, and other assumptions 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 2022-2023 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, 2023

	Public Facility Corporation Fund	Payroll Fund	Caprock Regional Defender Grant Fund	Total Nonmajor Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$	\$ 3,831	\$ 906	\$ 4,737
Investments - Held by Trustee	61,220			61,220
Due from Other Funds		1,636		1,636
Total Assets	<u>\$ 61,220</u>	<u>\$ 5,467</u>	<u>\$ 906</u>	<u>\$ 67,593</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$	\$ 5,467	\$	\$ 5,467
Total Liabilities	<u>\$ 0</u>	<u>\$ 5,467</u>	<u>\$ 0</u>	<u>\$ 5,467</u>
FUND BALANCES:				
Restricted for:				
Prison Operations	\$ 61,220	\$	\$	\$ 61,220
Enabling Legislation			906	906
Total Fund Balances	<u>\$ 61,220</u>	<u>\$ 0</u>	<u>\$ 906</u>	<u>\$ 62,126</u>
Total Liabilities and Fund Balances	<u>\$ 61,220</u>	<u>\$ 5,467</u>	<u>\$ 906</u>	<u>\$ 67,593</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, 2023

	Public Facility Corporation Fund	Caprock Regional Defender Grant Fund	Total Nonmajor Governmental Funds
Revenue:			
Investment Earnings	\$ 2,324	\$	\$ 2,324
Total Revenues	\$ 2,324	\$ 0	\$ 2,324
Expenditures:			
Current:			
Prison Facility	\$ 7,350	\$	\$ 7,350
Total Expenditures	\$ 7,350	\$ 0	\$ 7,350
Deficiency of Revenues Under Expenditures	\$ (5,026)	\$ 0	\$ (5,026)
Net Change in Fund Balances	\$ (5,026)	\$ 0	\$ (5,026)
Fund Balances - Beginning	66,246	906	67,152
Fund Balances - Ending	\$ 61,220	\$ 906	\$ 62,126

OTHER INFORMATION REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

CERTIFIED PUBLIC ACCOUNTANTS

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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, each major fund, and the aggregate remaining fund information of Dickens County, Texas (the County), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 25, 2024.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

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

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

January 25, 2024