

DIMMIT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2022

DIMMIT COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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**DIMMIT COUNTY, TEXAS
ELECTED OFFICIALS**

COUNTY JUDGE
Francisco G. Ponce

COUNTY COMMISSIONER PRECINCT 1
Jose A Urenda

COUNTY COMMISSIONER PRECINCT 2
Alonso G. Carmona

COUNTY COMMISSIONER PRECINCT 3
Juan Carmona

COUNTY COMMISSIONER PRECINCT 4
Valerie Rubalcaba

COUNTY CLERK
Mario Garcia

JUSTICE OF THE PEACE PRECINCT 1
Sonia Guerrero-Perez

JUSTICE OF THE PEACE PRECINCT 2
Alberto Esquivel

JUSTICE OF THE PEACE PRECINCT 3
Leticia Hernandez

JUSTICE OF THE PEACE PRECINCT 4
Alfredo Martinez

COUNTY TREASURER
Estanislado Martinez

TAX ASSESOR-COLLECTOR
Mary Sandoval

DISTRICT CLERK
Maricela Gonzalez

COUNTY ATTORNEY
Roberto Serna

COUNTY SHERIFF
Robert Mendoza, Interim

293rd DISTRICT JUDGE
Maribel Flores

365th DISTRICT JUDGE
Amado Abscal

DISTRICT ATTORNEY
Roberto Serna

CONSTABLE PRECINCT 1
Luciano Quintanilla

CONSTABLE PRECINCT 2
Andres Arambula

CONSTABLE PRECINCT 3
Robert Balderas

CONSTABLE PRECINCT 4
Jose Galvan

**DIMMIT COUNTY, TEXAS
NON- ELECTED OFFICIALS**

COUNTY AUDITOR
Carlos Pereda

REGULATORY AND COMPLIANCE
Danny Estrada

EXTENSION OFFICER
Ritchie Griffin

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Judge and
Commissioners Court of Dimmit County
Carrizo Springs, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dimmit County, Texas (the "County") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows 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 audits contained in *Government 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 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.

Emphasis of Matter - Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending September 30, 2022, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The County's 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 one year after the date that the financial statements are issued.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Uniform Grant Management Standards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 30, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Dimmit County, Texas ("County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2022.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$145,637,294.
- The County's total net position increased by \$10,823,085. The increase from operations was due to an increase in governmental activities net position largely due to a decrease in expenses as well as a prior period adjustment to record capital assets from prior years. The increase in business-type activities net position was due to transfers in.
- Unrestricted net position of \$59,002,928 is available to meet the County's ongoing obligations to citizens and creditors.
- Restricted net position of \$22,711,809 are funds set aside for specific purposes.
- As of the close of the fiscal year ending September 30, 2022, the County's governmental funds reported combined ending fund balances of \$94,419,497, an increase of \$13,596,809 from the prior year.
- As of the close of the fiscal year ending September 30, 2022, the County's enterprise funds reported combined ending net position of \$8,752,119, a change in net position of \$1,837,520.
- Unassigned fund balance for the General Fund was \$53,442,978.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements provide readers with a broad overview of Dimmit County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets, liabilities, deferred inflows/outflows 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 financial position of Dimmit County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, debt payments, and earned but unused vacation leave).

Both of the 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). The governmental activities of the County include general government, public safety, highways and streets, judicial, and culture and recreation. The business-type activities of the County include utilities and an airport. The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate public facility corporation for which the County is financially accountable. Financial information for this component unit functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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.

The County maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, TXDOT CTIF, and the Debt Service Fund, which are considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The County maintains proprietary funds in the form of an Enterprise Fund. Internal Service Funds. The County uses enterprise funds to account for its utility and airport operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility and airport operations, both of which are considered to be major funds of the County.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties which are not a component of the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the County's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Financial Analysis of Government-wide Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$145,637,294 at the close of the most recent fiscal year.

DIMMIT COUNTY'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 105,429,385	\$ 86,957,691	\$ (41,792)	\$ 45,014	\$ 105,387,593	\$ 87,002,705
Capital assets	54,743,488	46,754,870	9,179,069	7,265,292	63,922,557	54,020,162
Total assets	<u>160,172,873</u>	<u>133,712,561</u>	<u>9,137,277</u>	<u>7,310,306</u>	<u>169,310,150</u>	<u>141,022,867</u>
Deferred outflow of resources	1,310,334	1,698,568	-	-	1,310,334	1,698,568
Total deferred outflow of resources	<u>1,310,334</u>	<u>1,698,568</u>	<u>-</u>	<u>-</u>	<u>1,310,334</u>	<u>1,698,568</u>
Long-term liabilities	18,539,029	8,004,095	-	-	18,539,029	8,004,095
Other liabilities	1,347,675	2,114,078	385,158	395,707	1,732,833	2,509,785
Total liabilities	<u>19,886,704</u>	<u>10,118,173</u>	<u>385,158</u>	<u>395,707</u>	<u>20,271,862</u>	<u>10,513,880</u>
Deferred inflow of resources	4,711,328	592,518	-	-	4,711,328	592,518
Total deferred inflow of resources	<u>4,711,328</u>	<u>592,518</u>	<u>-</u>	<u>-</u>	<u>4,711,328</u>	<u>592,518</u>
Net position:						
Net investment in capital assets	54,743,488	46,754,870	9,179,069	7,265,292	63,922,557	54,020,162
Restricted	22,711,809	23,893,509	-	-	22,711,809	23,893,509
Unrestricted	<u>59,429,878</u>	<u>54,052,059</u>	<u>(426,950)</u>	<u>(350,693)</u>	<u>59,002,928</u>	<u>53,701,366</u>
Total net position	<u>\$ 136,885,175</u>	<u>\$ 124,700,438</u>	<u>\$ 8,752,119</u>	<u>\$ 6,914,599</u>	<u>\$ 145,637,294</u>	<u>\$ 131,615,037</u>

A portion of the County's net position, \$63,922,557, reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the debt associated with these capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position \$22,711,809 represents resources that are subject to external restrictions on how they may be used. The unrestricted net position \$59,002,928 may be used to meet the County's ongoing obligations to citizens and creditors.

DIMMIT COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues:						
Charges for services	\$ 3,752,654	\$ 4,037,753	\$ 469,549	\$ 445,696	\$ 4,222,203	\$ 4,483,449
Operating grants and contributions	4,861,560	3,590,003	-	-	4,861,560	3,590,003
Capital grants and contributions	-	-	-	2,420,588	-	2,420,588
General revenues:						
Property taxes	16,796,493	19,892,457	-	-	16,796,493	19,892,457
Sales taxes	2,996,506	1,976,607	-	-	2,996,506	1,976,607
Investment earnings	(192,739)	153,681	259	274	(192,480)	153,955
Miscellaneous	174,494	158,745	-	-	174,494	158,745
Total revenues	<u>28,388,968</u>	<u>29,809,246</u>	<u>469,808</u>	<u>2,866,558</u>	<u>28,858,776</u>	<u>32,675,804</u>
EXPENSES						
General government	4,696,056	5,497,013	-	-	4,696,056	5,497,013
Public safety	5,861,807	6,742,055	-	-	5,861,807	6,742,055
Judicial	1,250,985	1,234,008	-	-	1,250,985	1,234,008
Culture and recreation	777,966	712,543	-	-	777,966	712,543
Highways and streets	1,995,695	4,431,084	-	-	1,995,695	4,431,084
Health and welfare	1,112,302	54,630	-	-	1,112,302	54,630
Interest on long-term debt	292,060	331,406	-	-	292,060	331,406
Utilities	-	-	1,988,901	2,691,652	1,988,901	2,691,652
Airport	-	-	59,919	85,047	59,919	85,047
Total expenditures	<u>15,986,871</u>	<u>19,002,739</u>	<u>2,048,820</u>	<u>2,776,699</u>	<u>18,035,691</u>	<u>21,779,438</u>
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS	12,402,097	10,806,507	(1,579,012)	89,859	10,823,085	10,896,366
TRANSFERS IN (OUT)	<u>(3,416,532)</u>	<u>(950,000)</u>	<u>3,416,532</u>	<u>950,000</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	8,985,565	9,856,507	1,837,520	1,039,859	10,823,085	10,896,366
NET POSITION, BEGINNING	124,700,438	114,843,931	6,914,599	5,874,740	131,615,037	120,718,671
PRIOR PERIOD ADJUSTMENT	<u>3,199,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,199,172</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 136,885,175</u>	<u>\$ 124,700,438</u>	<u>\$ 8,752,119</u>	<u>\$ 6,914,599</u>	<u>\$ 145,637,294</u>	<u>\$ 131,615,037</u>

Property taxes are collected to support government activity through the General Fund and Debt Service Fund. The county tax rate decreased from the prior year. Property tax revenues decreased by \$3,095,964 (15.6%) to \$16,796,493 for the year because of decreased values.

Financial Analysis of the Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$94,419,497, an increase of \$13,596,809 in comparison with the prior year. Approximately 56.6% percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$40,976,519 is non-spendable, restricted or assigned and is not available for new spending.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was \$53,442,978. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Fund balance in the General Fund represents 418.5% of total General Fund expenditures. Maintaining a significant fund balance is essential for sound financial management because a great majority of the grant funding for the County is in the form of reimbursements requiring the use of County funding upfront.

The TXDOT CTIF fund did not have a fund balance at year-end, because it is wholly funded by federal and state grants, respectively.

The County's Debt Service Fund had an ending fund balance of \$3,657,588 at the end of the year, which increased by \$214,269. This increase is due to lower than expected expenditures.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail. Unrestricted net position of the Utilities Fund at the end of the year was a deficit of \$297,266 and the Airport Fund's deficit was \$129,684. The total growth in net position for the Utility Fund was \$1,883,756 and the Airport fund declined \$46,236. The increase in the Utility Fund's fund balance was due to a large capital contribution from the governmental funds. The decrease in the airport fund primarily resulted from higher than anticipated operating expenses.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for fiscal year ending September 30, 2022, can be summarized as follows:

- Actual revenue exceeded budgeted revenue by \$816,382.
- Actual revenues exceeded expenditures by \$4,990,224.
- Final budgeted expenditures exceeded the actual final budgeted expenditure amount by \$6,761,297.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$54,743,488 and \$9,179,069, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Construction of various road projects;
- Acquisition of additional machinery for road maintenance; and
- Construction of water infrastructure

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,031,840	\$ 891,881	\$ 974,897	\$ 974,897	\$ 2,006,737	\$ 1,866,778
Buildings	40,831,464	40,513,645	1,451,968	1,452,468	42,283,432	41,966,113
Machinery and equipment	18,895,168	18,276,151	3,568,842	4,280,280	22,464,010	22,556,431
Infrastructure	27,840,840	22,025,456	7,483,728	7,382,368	35,324,568	29,407,824
Construction in progress	1,920,240	1,051,603	4,218,389	1,814,358	6,138,629	2,865,961
Less: accumulated depreciation	(35,776,064)	(36,003,866)	(8,518,755)	(8,639,079)	(44,294,819)	(44,642,945)
Total	\$ 54,743,488	\$ 46,754,870	\$ 9,179,069	\$ 7,265,292	\$ 63,922,557	\$ 54,020,162

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

Long-term debt. At the end of the current fiscal year, the County had total Certificates of Obligation outstanding of \$13,435,000. The full amount is backed by the full faith and credit of the County. The County's Certificates of Obligation increased by \$5,555,000 during the current fiscal year. This increase was the result of the County issuing Certificates of Obligation in the amount of \$9,900,000 and making principal payments in the amount of \$4,345,000. Additionally, the County issued Tax Notes in the amount of \$5,000,000.

	Governmental Activities	
	2022	2021
Certificates of obligation	\$ 13,435,000	\$ 7,880,000
Tax notes	<u>5,000,000</u>	<u>-</u>
Total	<u>\$ 18,435,000</u>	<u>\$ 7,880,000</u>

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The County has developed procedures and adopted a budget to deal with the worldwide pandemic. The County's tax base has continued to be stable during and after the pandemic. Dimmit County does not expect any drop in its tax base over the next years. Tax supplementals have continue to come into the tax office, which means that the tax base for 2023 will be higher than the previous years. At this time, the County does not anticipate any decrease in the tax base going forward for the next couple of years.

Requests for Information

This financial report provides an overview of the County's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Carlos A. Pereda, Dimmit County Auditor.

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**BASIC
FINANCIAL STATEMENTS**

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DIMMIT COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 57,291,781	\$ 20,809	\$ 57,312,590
Investments	18,462,554	-	18,462,554
Taxes receivable, net	498,159	-	498,159
Accounts receivable, net	15,478,436	68,137	15,546,573
Lease receivable	1,604,974	-	1,604,974
Due from other governments	4,886,884	-	4,886,884
Inventory	5,906	-	5,906
Internal balances	425,430	(425,430)	-
Net pension asset	6,775,261	-	6,775,261
Capital assets:			
Nondepreciable	2,952,080	5,193,286	8,145,366
Depreciable, net	51,791,408	3,985,783	55,777,191
Total assets	<u>160,172,873</u>	<u>8,842,585</u>	<u>169,015,458</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,310,334	-	1,310,334
Total deferred outflows of resources	<u>1,310,334</u>	<u>-</u>	<u>1,310,334</u>
LIABILITIES			
Accounts payable	1,242,220	32,867	1,275,087
Accrued liabilities	105,455	8,848	114,303
Customer deposits	-	48,751	48,751
Noncurrent liabilities:			
Due within one year	10,830,806	-	10,830,806
Due in more than one year	7,708,223	-	7,708,223
Total liabilities	<u>19,886,704</u>	<u>90,466</u>	<u>19,977,170</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related	1,567,654	-	1,567,654
Pension related	3,143,674	-	3,143,674
Total deferred inflows of resources	<u>4,711,328</u>	<u>-</u>	<u>4,711,328</u>
NET POSITION			
Net investment in capital assets	54,743,488	9,179,069	63,922,557
Restricted for:			
Debt service	3,657,588	-	3,657,588
Records preservation and management	615,019	-	615,019
Court security and technology	270,711	-	270,711
Economic development	17,478	-	17,478
Public safety	2,849,433	-	2,849,433
Culture and recreation	6,763	-	6,763
Capital projects	14,967,817	-	14,967,817
Cemetery	327,000	-	327,000
Unrestricted	59,429,878	(426,950)	59,002,928
Total net position	<u>\$ 136,885,175</u>	<u>\$ 8,752,119</u>	<u>\$ 145,637,294</u>

The accompanying notes are an integral part of these financial statements.

DIMMIT COUNTY, TEXAS

STATEMENT OF ACTIVITIES

SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities:			
General government	\$ 4,696,056	\$ 440,962	\$ 124,800
Public safety	5,861,807	2,284,822	1,161,617
Judicial	1,250,985	502,281	31,543
Culture and recreation	777,966	101,494	-
Highways and streets	1,995,695	346,707	2,446,107
Health and welfare	1,112,302	76,388	1,097,493
Interest on long-term debt	292,060	-	-
Total governmental activities	<u>15,986,871</u>	<u>3,752,654</u>	<u>4,861,560</u>
Business-type activities:			
Utilities	1,988,901	455,866	-
Airport	59,919	13,683	-
Total business-type activities	<u>2,048,820</u>	<u>469,549</u>	<u>-</u>
Total primary government	<u>\$ 18,035,691</u>	<u>\$ 4,222,203</u>	<u>\$ 4,861,560</u>
General revenues:			
Taxes:			
Property			
Sales			
Investment income (loss)			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position - beginning			
Prior period adjustment			
Net position - ending			

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$(4,130,294)	\$ -	\$(4,130,294)
(2,415,368)	-	(2,415,368)
(717,161)	-	(717,161)
(676,472)	-	(676,472)
797,119	-	797,119
61,579	-	61,579
(292,060)	-	(292,060)
(7,372,657)	-	(7,372,657)
-	(1,533,035)	(1,533,035)
-	(46,236)	(46,236)
-	(1,579,271)	(1,579,271)
(7,372,657)	(1,579,271)	(8,951,928)
16,796,493	-	16,796,493
2,996,506	-	2,996,506
(192,739)	259	(192,480)
174,494	-	174,494
(3,416,532)	3,416,532	-
16,358,222	3,416,791	19,775,013
8,985,565	1,837,520	10,823,085
124,700,438	6,914,599	131,615,037
3,199,172	-	3,199,172
\$ 136,885,175	\$ 8,752,119	\$ 145,637,294

DIMMIT COUNTY, TEXAS**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2022

	General	TXDOT CTIF	Debt Service
ASSETS			
Cash and cash equivalents	\$ 28,595,898	\$ 9,000	\$ 3,647,134
Investments	18,462,554	-	-
Taxes receivable, net	311,509	-	186,650
Accounts receivable, net	813,914	-	-
Due from other governments	1,292,430	2,920,540	-
Due from other funds	5,858,113	918,930	-
Inventory	-	-	-
Total assets	<u>55,334,418</u>	<u>3,848,470</u>	<u>3,833,784</u>
LIABILITIES			
Accounts payable	453,860	-	-
Accrued liabilities	100,905	-	-
Unearned revenue	-	-	-
Due to other funds	230,893	3,848,470	-
Total liabilities	<u>785,658</u>	<u>3,848,470</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	294,271	-	176,196
Unavailable revenue - fines	811,511	-	-
Total deferred inflows of resources	<u>1,105,782</u>	<u>-</u>	<u>176,196</u>
FUND BALANCES			
Nonspendable:			
Inventory	-	-	-
Restricted:			
Debt service	-	-	3,657,588
Records preservation and management	-	-	-
Court security and technology	-	-	-
Economic development	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Capital projects	-	-	-
Cemetery	-	-	-
Unassigned	53,442,978	-	-
Total fund balances	<u>53,442,978</u>	<u>-</u>	<u>3,657,588</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 55,334,418</u>	<u>\$ 3,848,470</u>	<u>\$ 3,833,784</u>

The accompanying notes are an integral
part of these financial statements.

Other Governmental Funds	Total
\$ 25,039,749	\$ 57,291,781
-	18,462,554
-	498,159
14,664,522	15,478,436
673,914	4,886,884
797,644	7,574,687
5,906	5,906
<u>41,181,735</u>	<u>104,198,407</u>
788,360	1,242,220
4,550	105,455
-	-
<u>3,069,894</u>	<u>7,149,257</u>
<u>3,862,804</u>	<u>8,496,932</u>
-	470,467
-	<u>811,511</u>
-	<u>1,281,978</u>
5,906	5,906
-	3,657,588
438,823	438,823
270,711	270,711
17,478	17,478
2,849,433	2,849,433
6,763	6,763
33,402,817	33,402,817
327,000	327,000
-	<u>53,442,978</u>
<u>37,318,931</u>	<u>94,419,497</u>
\$ <u>41,181,735</u>	\$ <u>104,198,407</u>

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DIMMIT COUNTY, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2022

Total fund balances - governmental funds	\$ 94,419,497
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	54,743,488
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement pension benefits are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	(1,833,340)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Property taxes	470,467
Court fines and fees	811,511
Lease receivable	37,320
Net pension asset	6,775,261
Long term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Certificates of obligation	(13,435,000)
Tax notes	(5,000,000)
Compensated absences	(104,029)
Net position of governmental activities	\$ <u>136,885,175</u>

DIMMIT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General	TXDOT CTIF	Debt Service
REVENUES			
Property taxes	\$ 12,323,305	\$ -	\$ 4,567,490
Sales taxes	2,996,506	-	-
Licenses and permits	30,962	-	-
Intergovernmental	56,553	2,416,107	-
Fees and commissions	1,955,473	-	-
Fines and forfeitures	494,763	-	-
Investment income (loss)	(406,802)	-	48,361
Rents and royalties	136,394	-	-
Miscellaneous	174,494	-	-
Total revenues	<u>17,761,648</u>	<u>2,416,107</u>	<u>4,615,851</u>
EXPENDITURES			
Current:			
General government	4,390,287	-	-
Public safety	5,178,429	-	-
Judicial	1,333,045	-	-
Culture and recreation	183,644	-	-
Highways and streets	1,612,777	9,845	-
Health and welfare	-	-	-
Capital outlay	73,242	3,325,192	-
Debt service:			
Principal	-	-	4,345,000
Interest	-	-	56,582
Bond issuance cost	-	-	-
Total expenditures	<u>12,771,424</u>	<u>3,335,037</u>	<u>4,401,582</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,990,224</u>	<u>(918,930)</u>	<u>214,269</u>
OTHER FINANCING SOURCES (USES)			
Issuance of long-term debt	-	-	-
Transfers in	-	918,930	-
Transfers out	(800,000)	-	-
Total other financing sources (uses)	<u>(800,000)</u>	<u>918,930</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4,190,224	-	214,269
FUND BALANCES, BEGINNING	<u>49,252,754</u>	<u>-</u>	<u>3,443,319</u>
FUND BALANCES, ENDING	\$ <u>53,442,978</u>	\$ <u>-</u>	\$ <u>3,657,588</u>

The accompanying notes are an integral
part of these financial statements.

Other Governmental Funds	Total Governmental
\$ -	\$ 16,890,795
-	2,996,506
-	30,962
2,328,729	4,801,389
1,011,802	2,967,275
25,634	520,397
165,702	(192,739)
58,343	194,737
-	174,494
<u>3,590,210</u>	<u>28,383,816</u>
103,157	4,493,444
754,494	5,932,923
-	1,333,045
86,422	270,066
-	1,622,622
1,097,493	1,097,493
6,101,920	9,500,354
-	4,345,000
-	56,582
<u>235,478</u>	<u>235,478</u>
<u>8,378,964</u>	<u>28,887,007</u>
(4,788,754)	(503,191)
14,900,000	14,900,000
-	918,930
(918,930)	(1,718,930)
<u>13,981,070</u>	<u>14,100,000</u>
9,192,316	13,596,809
<u>28,126,615</u>	<u>80,822,688</u>
\$ <u>37,318,931</u>	\$ <u>94,419,497</u>

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DIMMIT COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ 13,596,809
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,789,446
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(94,302)
Lease receivable	37,320
Court fines and fees	62,134
The issuance of long-term debt (e.g. certificates of obligations) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal paid on certificates of obligation	4,345,000
Issuance of certificates of obligation	(14,900,000)
Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows or inflow. This item relates to contributions made after the measurement date. Additionally, a portion of the County's unrecognized deferred resource outflows related to the pension liability were amortized.	1,129,092
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	<u>20,066</u>
Change in net position of governmental activities	\$ <u>8,985,565</u>

DIMMIT COUNTY, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds		
	Utilities	Airport	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 19,836	\$ 973	\$ 20,809
Accounts receivable, net	68,137	-	68,137
Due from other funds	<u>134,765</u>	<u>-</u>	<u>134,765</u>
Total current assets	<u>222,738</u>	<u>973</u>	<u>223,711</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	5,061,408	131,878	5,193,286
Depreciable, net	<u>3,916,834</u>	<u>68,949</u>	<u>3,985,783</u>
Total noncurrent assets	<u>8,978,242</u>	<u>200,827</u>	<u>9,179,069</u>
Total assets	<u>9,200,980</u>	<u>201,800</u>	<u>9,402,780</u>
LIABILITIES			
Current liabilities:			
Accounts payable	32,116	751	32,867
Accrued liabilities	8,848	-	8,848
Customer deposits	48,751	-	48,751
Due to other funds	<u>430,289</u>	<u>129,906</u>	<u>560,195</u>
Total current liabilities	<u>520,004</u>	<u>130,657</u>	<u>650,661</u>
Total liabilities	<u>520,004</u>	<u>130,657</u>	<u>650,661</u>
NET POSITION			
Net invested in capital assets	8,978,242	200,827	9,179,069
Unrestricted	<u>(297,266)</u>	<u>(129,684)</u>	<u>(426,950)</u>
Total net position	<u>\$ 8,680,976</u>	<u>\$ 71,143</u>	<u>\$ 8,752,119</u>

DIMMIT COUNTY, TEXAS**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds		
	Utilities	Airport	Totals
OPERATING REVENUES			
Charges for services:			
Water sales	\$ 134,496	\$ -	\$ 134,496
Sanitation fees	294,464	-	294,464
Fines	26,906	-	26,906
Airport fees	-	10,700	10,700
Intergovernmental	-	2,983	2,983
Total operating revenues	<u>455,866</u>	<u>13,683</u>	<u>469,549</u>
OPERATING EXPENSES			
Personnel services	834,552	-	834,552
Materials and supplies	280,006	17,034	297,040
Contractual services	119,616	38,786	158,402
Depreciation	754,727	4,099	758,826
Total operating expenses	<u>1,988,901</u>	<u>59,919</u>	<u>2,048,820</u>
OPERATING LOSS	<u>(1,533,035)</u>	<u>(46,236)</u>	<u>(1,579,271)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	<u>259</u>	<u>-</u>	<u>259</u>
Total nonoperating revenues (expenses)	<u>259</u>	<u>-</u>	<u>259</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(1,532,776)</u>	<u>(46,236)</u>	<u>(1,579,012)</u>
CAPITAL CONTRIBUTIONS	2,616,532	-	2,616,532
TRANSFERS IN	<u>800,000</u>	<u>-</u>	<u>800,000</u>
CHANGE IN NET POSITION	1,883,756	(46,236)	1,837,520
NET POSITION, BEGINNING	<u>6,797,220</u>	<u>117,379</u>	<u>6,914,599</u>
NET POSITION, ENDING	<u>\$ 8,680,976</u>	<u>\$ 71,143</u>	<u>\$ 8,752,119</u>

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DIMMIT COUNTY, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds		
	Utilities	Airport	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 451,497	\$ 13,683	\$ 465,180
Payments to employees for salaries and benefits	(850,607)	-	(850,607)
Payments to suppliers and service providers	(403,721)	(16,624)	(420,345)
Net cash used by operating activities	(802,831)	(2,941)	(805,772)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments from other funds	871,795	-	871,795
Net cash provided by investing activities	871,795	-	871,795
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(56,571)	500	(56,071)
Net cash provided (used) by capital and related financing activities	(56,571)	500	(56,071)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	259	-	259
Net cash provided by investing activities	259	-	259
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,652	(2,441)	10,211
CASH AND CASH EQUIVALENTS, BEGINNING	7,184	3,414	10,598
CASH AND CASH EQUIVALENTS, ENDING	19,836	973	20,809
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating income (loss)	(1,533,035)	(46,236)	(1,579,271)
Depreciation expense	754,727	4,099	758,826
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(12,096)	-	(12,096)
Increase (decrease) in accounts payable	283	(2,504)	(2,221)
Increase (decrease) in accrued liabilities	(16,055)	-	(16,055)
Increase (decrease) in due to other funds	(4,382)	41,700	37,318
Increase (decrease) in customer deposits	7,727	-	7,727
Total adjustments	730,204	43,295	773,499
Net cash used by operating activities	\$(802,831)	\$(2,941)	\$(805,772)
SCHEDULE OF NONCASH TRANSACTIONS			
Capital contributions - contributed capital assets	\$ 2,616,532	\$ -	\$ 2,616,532

The accompanying notes are an integral part of these financial statements.

DIMMIT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 2,679,511
Total assets	<u>2,679,511</u>
LIABILITIES	
Due to other governments	<u>364,425</u>
Total liabilities	<u>364,425</u>
NET POSITION	
Restricted for:	
Individuals and organizations	<u>2,315,086</u>
Total net position	<u>\$ 2,315,086</u>

DIMMIT COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Registry deposits	\$ 65,652
Receipts from inmates	112,255
Tax collections	65,255,240
Vehicle registration collections	1,453,145
Cash bond receipts	50,372
Total additions	<u>66,936,664</u>
DEDUCTIONS	
Registry withdrawals	107,022
Disbursements to others	148,759
Tax disbursements	65,282,788
Vehicle registration disbursements	1,425,597
Total deductions	<u>66,964,166</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(27,502)
NET POSITION, BEGINNING	<u>2,342,588</u>
NET POSITION, ENDING	<u>\$ 2,315,086</u>

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DIMMIT COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Dimmit County, Texas ("County") have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

A. Reporting Entity

Dimmit County (the "County") is a public corporation and a political subdivision of the State of Texas. The general governing body of the County is an elected Commissioners Court (the "Court"), which is composed of four County Commissioners and the County Judge.

The Court has none of the functions of a legal court but has powers and duties defined by the State of Texas, such as officials consisting of the County Judge who is the administrative officer of the County. The general functions of the Court are to establish a courthouse and jail, appoint numerous minor officials, fill vacancies in certain County offices, let contracts in the name of the County, build roads and bridges, administer the County's public welfare services, perform numerous duties in regard to elections, set the County tax rate, issue bonds, adopt the County budget, and any other lawful functions authorized by state law.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended Component Unit – A blended component unit, although legally separate entities, is in substance part of the government's operations and so data from these units should be combined with data of the primary government (County).

For reporting purposes, the Dimmit County Public Facility Corporation (the "PFC") qualifies as a blended component unit. The Corporation's governing body is the same as the governing body of the County and operational responsibility lies with the County management. The purpose of the PFC is to construct a border patrol facility and to account for the operation of the station which is leased to the United States Government for Border Patrol use. The PFC does not issue its own financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the County's utilities function and various other functions of the County. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using 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 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, as well as expenditures related to compensated absences, and claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **TXDOT County Transportation Infrastructure Fund (CTIF)** is used to account for construction costs associated with infrastructure improvement supplemented by TXDOT funding.

The **Debt Service Fund** is used to account for the accumulation of resources for and the payment of long-term debt principal and interest. The primary source of revenue for Debt Service Funds is ad valorem taxes. The use of Debt Service Funds to service debt is not required unless legally mandated or if resources are accumulated for payments maturing in future years.

The County reports the following proprietary funds:

The **Utilities Fund** is used to account for county water and sanitation operations.

The **Airport Fund** is used to account for airport services to the public.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the county or from Commissioners' Court.

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Custodial Funds account for monies held for various agencies and entities, but not held in a trust.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include administration, maintenance and operations, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

Cash and Investments

The County's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the County's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and investment pools are stated at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible accounts. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes.

Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review, and judicial review. Property taxes are levied by October 1 of the year in which assessed or as soon thereafter as practicable. The Dimmit County Tax Assessor-Collector bills and collects the ad valorem property taxes (including penalty and interest and delinquent tax attorney fees, if any) for the County. Property taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty.

The County's taxes on Dimmit property are a lien against such property until paid. The County may foreclose on Dimmit property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older. Although the County does collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected, are generally paid when there is a sale or a transfer of the title to the property.

The County distributes all tax collections to the General Fund and Debt Service Funds. The 2021 Tax Rate for the fiscal year ended September 30, 2022, was \$0.2900 per \$100 valuation.

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a County-wide appraisal district and an appraisal review board in each County in the State. The Dimmit County Tax Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of property for all taxing units in the County.

The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, Dimmit County property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action. Under the Code, the Commissioners' Court will continue to set County tax rates on property.

Prepaid Items

The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental column in the government-wide financial statements. The County does not have a formal capitalization policy so all capital assets with an estimated useful life in excess of one year are included. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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 are constructed.

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

Assets	Years
Buildings	30-33
Improvements other than buildings	35
Equipment	5-10

Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, leave or compensation is attributable to services already rendered must be met to be considered as compensated absences.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured. Compensated absences are accrued in the government-wide statements.

Sick leave is paid on a prescribed basis. While the benefit accrues up to a maximum of 96 hours they are not paid upon separation from employment and therefore not reported in the financial statements of the County.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses on refunding of bond issues are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Leases

The County has entered into lease agreements as lessor. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset. The County is a lessor in an arrangement for the right-to-use of a border patrol facility in the governmental funds. In the government-wide financial statements, the County initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

Fund Balance Classification

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

- **Non-spendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources 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.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court or County Judge.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or

through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Difference in expected and actual pension experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – This difference is deferred and amortized over a closed five-year period.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the 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 assets that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualified for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Deferred inflows of resources for pension activities - Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five-year period. These outflows are included in the deferred amounts for postemployment benefits on the statement of net position.
- The County recognizes deferred inflows related to leases for its lessor transactions. These amounts offset the receivable related to the lease and will be recognized systematically in future years over the life of the lease.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Change in Accounting Principle

GASB Statement No. 87, Leases, was adopted effective October 1, 2021. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were required.

2. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

Deposits and Investments

The County does not have a formal policy regarding types of carrying amounts of deposits allowed. Collateral requirements are addressed in its depository agreement with its principal banking institution, but not with other banking institutions which may hold funds as a trustee.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2022, the County's deposit balance was collateralized with securities held by the pledging financial institution and FDIC insurance.

The County's investments were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
Texas CLASS	AAAm	Standard & Poor's
Lone Star	AAAm	Standard & Poor's

As of September 30, 2022, the County held the following investments:

	<u>Amount</u>	<u>Weighted Average Maturity (Days)</u>
Investments		
Texas CLASS	\$ 20,929,258	82
Lone Star	16,799,663	75
Investments measured at cost:		
Non-negotiable CDs	<u>18,462,554</u>	6
Total amount	<u>\$ 56,191,475</u>	
Portfolio Weighted Average Maturity		55

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

The County's investments pools have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Receivables

Receivables as of year-end for the County's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental	Utilities	Total
Receivables:					
Taxes	\$ 1,022,520	\$ 612,674	\$ -	\$ -	\$ 1,635,194
Accounts	2,403	-	-	74,955	77,358
Medical	69,979	-	-	-	69,979
Fines	8,115,110	-	-	-	8,115,110
Tax note	-	-	4,890,953	-	4,890,953
Bond	-	-	9,773,569	-	9,773,569
Allowance	(8,084,589)	(426,024)	-	(6,818)	(8,517,431)
Total receivables, net	\$ <u>1,125,423</u>	\$ <u>186,650</u>	\$ <u>14,664,522</u>	\$ <u>68,137</u>	\$ <u>16,044,732</u>

Lease Receivable

The County entered into a lease for a border patrol facility as a lessor for 4 years, starting September 2020. The lease carries an interest rate of 1.5% and a monthly payment amount of \$70,833.

Principal and interest receipts to maturity are as follows:

Year Ending September 30,	Governmental Activities		Total
	Principal	Interest	
2023	\$ 831,623	\$ 18,373	\$ 849,996
2024	773,351	5,812	779,163
Total	\$ <u>1,604,974</u>	\$ <u>24,185</u>	\$ <u>1,629,159</u>

Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 891,881	\$ 139,959	\$ -	\$ -	\$ 1,031,840
Construction in progress	<u>1,051,603</u>	<u>4,574,365</u>	<u>(3,705,728)</u>	<u>-</u>	<u>1,920,240</u>
Total capital assets not being depreciated	<u>1,943,484</u>	<u>4,714,324</u>	<u>(3,705,728)</u>	<u>-</u>	<u>2,952,080</u>
Capital assets, being depreciated:					
Buildings	40,513,645	159,948	151,411	6,460	40,831,464
Infrastructure	22,025,456	1,361,223	3,786,126	668,035	27,840,840
Equipment	<u>18,276,151</u>	<u>795,443</u>	<u>(407,576)</u>	<u>231,150</u>	<u>18,895,168</u>
Total capital assets being depreciated	<u>80,815,252</u>	<u>2,316,614</u>	<u>3,529,961</u>	<u>905,645</u>	<u>87,567,472</u>
Less accumulated depreciation:					
Buildings	10,974,649	1,349,746	14,929	1,418	12,340,742
Infrastructure	9,986,148	233,733	57,307	(1,346,498)	8,930,690
Equipment	<u>15,043,069</u>	<u>514,567</u>	<u>(104,557)</u>	<u>(948,447)</u>	<u>14,504,632</u>
Total accumulated depreciation	<u>36,003,866</u>	<u>2,098,046</u>	<u>(32,321)</u>	<u>(2,293,527)</u>	<u>35,776,064</u>
Total capital assets, being depreciated, net	<u>44,811,386</u>	<u>218,568</u>	<u>3,562,282</u>	<u>3,199,172</u>	<u>51,791,408</u>
Governmental activities capital assets, net	<u>\$ 46,754,870</u>	<u>\$ 4,932,892</u>	<u>\$ (143,446)</u>	<u>\$ 3,199,172</u>	<u>\$ 54,743,488</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 974,897	\$ -	\$ -	\$ -	\$ 974,897
Construction in progress	<u>1,814,358</u>	<u>2,396,613</u>	<u>-</u>	<u>7,418</u>	<u>4,218,389</u>
Total capital assets not being depreciated	<u>2,789,255</u>	<u>2,396,613</u>	<u>-</u>	<u>7,418</u>	<u>5,193,286</u>
Capital assets, being depreciated:					
Buildings	1,452,468	-	-	(500)	1,451,968
Infrastructure	7,382,368	73,340	28,020	-	7,483,728
Equipment	<u>4,280,280</u>	<u>5,426</u>	<u>30,635</u>	<u>(747,499)</u>	<u>3,568,842</u>
Total capital assets being depreciated	<u>13,115,116</u>	<u>78,766</u>	<u>58,655</u>	<u>(747,999)</u>	<u>12,504,538</u>
Less accumulated depreciation:					
Buildings	2,745,100	48,399	-	(2,422,710)	370,789
Infrastructure	1,920,375	674,422	14,472	2,422,710	5,031,979
Equipment	<u>3,973,604</u>	<u>36,005</u>	<u>(99,263)</u>	<u>(794,359)</u>	<u>3,115,987</u>
Total accumulated depreciation	<u>8,639,079</u>	<u>758,826</u>	<u>(84,791)</u>	<u>(794,359)</u>	<u>8,518,755</u>
Total capital assets, being depreciated, net	<u>4,476,037</u>	<u>(680,060)</u>	<u>143,446</u>	<u>46,360</u>	<u>3,985,783</u>
Business-type activities capital assets, net	<u>\$ 7,265,292</u>	<u>\$ 1,716,553</u>	<u>\$ 143,446</u>	<u>\$ 53,778</u>	<u>\$ 9,179,069</u>

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:	
General government	\$ 485,525
Public safety	560,951
Judicial	30,030
Culture and recreation	528,440
Highways and streets	478,291
Health and welfare	<u>14,809</u>
Total depreciation expense - governmental activities	<u>\$ 2,098,046</u>
Business-type activities:	
Water utility	\$ 754,727
Airport	<u>4,099</u>
Total depreciation expense - business-type activities	<u>\$ 758,826</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2022, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	TXDOT CTIF	\$ 3,848,470
General Fund	Nonmajor governmental	1,879,737
General Fund	Airport	129,906
Nonmajor governmental	General Fund	96,128
TXDOT CTIF	Nonmajor governmental	918,930
Nonmajor governmental	Nonmajor governmental	271,227
Nonmajor governmental	Utilities	430,289
Utilities	General Fund	<u>134,765</u>
Total		\$ <u>7,709,452</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to other funds, which the general fund expects to collect in the subsequent year.

The County's interfund activity for the year ended September 30, 2022, is as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Utilities	\$ 800,000
Nonmajor governmental	TXDOT CTIF	<u>918,930</u>
Total		\$ <u>1,718,930</u>
Governmental activities	Business-type activities	<u>2,616,532</u>
Total		\$ <u>2,616,532</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from governmental activities to business-type activities was a result of capital assets transferred.

Long-term Debt

Certificates of Obligation

Long-term debt consisted of the following certificates of obligation as of September 30, 2022:

Governmental activities

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 was issued in the amount of \$5,110,000. This Certificate of Obligation was issued during fiscal year 2021 for the purpose of making permanent public improvements and for other public purposes and for the payment of professional services related to the construction and financing of the aforementioned projects. The interest rate on these obligations range from 0.55% to 0.80%. \$ 3,535,000

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 was issued in the amount of \$9,900,000. This Certificate of Obligation was issued during fiscal year 2022 for the purpose of for the purpose of paying contractual obligations to be incurred for making permanent public improvements and for other public purposes The interest rate on these obligations is 3.09%. 9,900,000

Total governmental activities \$ 13,435,000

Annual debt service requirements to maturity for the certificates are as follows:

Year Ending September 30,	Private Placement Debt		
	Governmental Activities		
	Principal	Interest	Totals
2023	\$ 9,185,000	\$ 296,710	\$ 9,481,710
2024	4,250,000	90,678	4,340,678
Total	<u>\$ 13,435,000</u>	<u>\$ 387,388</u>	<u>\$ 13,822,388</u>

Tax Notes

Long-term debt consisted of the following tax note as of September 30, 2022:

Governmental activities

Tax Notes, Series 2022 was issued in the amount of \$5,000,000. This Tax Note was issued during fiscal year 2022 for the purpose of construction, repair and improvements to County roads and bridges (including the purchase of land and equipment), and amenities incident thereof, (2) construction, renovation, utility improvements, and equipment of County Buildings for the Justice Center (including the purchase of land, as needed), and (3) the payment of professional services related to the construction and financing of the aforementioned projects. The interest rate on these tax notes is 3.25%.

\$ 5,000,000

Total governmental activities

\$ 5,000,000

Annual debt service requirements to maturity for the tax note is as follows:

Year Ending September 30,	Private Placement Debt		
	Governmental Activities		
	Principal	Interest	Totals
2023	\$ 1,625,000	\$ 143,993	\$ 1,768,993
2024	1,660,000	109,688	1,769,688
2025	1,715,000	55,738	1,770,738
Total	<u>\$ 5,000,000</u>	<u>\$ 309,419</u>	<u>\$ 5,309,419</u>

Changes in Long-term Debt

Long-term debt activity for the year ended September 30, 2022, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Certificates of obligation:					
Series 2020 -					
Private placement	\$ 2,770,000	\$ -	\$ 2,770,000	\$ -	\$ -
Series 2021 -					
Private placement	5,110,000	-	1,575,000	3,535,000	1,760,000
Series 2022 -					
Private placement	-	9,900,000	-	9,900,000	7,425,000
Tax note:					
Series 2022 -					
Private placement	-	5,000,000	-	5,000,000	1,625,000
Compensated absences	124,095	117,757	137,823	104,029	20,806
Governmental activities					
long-term liabilities	<u>\$ 8,004,095</u>	<u>\$ 15,017,757</u>	<u>\$ 4,482,823</u>	<u>\$ 18,539,029</u>	<u>\$ 10,830,806</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

If the County were to default on any of the certificates of obligations, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the County to make a payment.

Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and 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 nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tcdrs.org.

All full-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided. TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 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 but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. Updated annuity purchase rates will go into effect for post-2018 benefit accruals earned after 2018. Benefits accrued before 2019 will not be impacted by this update. This change was reflected in the 2018 actuarial valuation.

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	241
Active employees	<u>173</u>
	<u>458</u>

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the County was 13.25% in calendar years 2021 and 2022. The County's contributions to TCDRS for the year ended September 30, 2022, were \$1,148,066, and exceeded the required contributions by \$697,719.

Net Pension Liability (Asset). The County's Net Pension Asset (NPA) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	1.50% per year
Investment rate of return	7.50%, net of pension plan investment and administrative expense, including inflation

Mortality rates for active members, retirees, and beneficiaries were based on the following:

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 Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	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 pension liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The application of the investment return assumption was changed for purposes of determining plan liabilities in the 2021 actuarial valuation. All plan liabilities are now valued using an 7.6% discount rate. Previously, some liabilities were valued using a 6.6% discount rate and others were valued using a 8.6% discount rate.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on March 2021 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was performed in 2021. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed	MSCI World Ex USA (net)	5.00%	3.80%
International Equities - Emerging	MSCI EM Standard (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Securities Index ⁽⁴⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.10%
Commodities	Bloomberg Commodities Index		
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

⁽¹⁾ Target asset allocation adopted at the March 2022 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 2.6% per Cliffwater's 2022 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2020	\$ 17,598,217	\$ 20,304,996	\$ (2,706,779)
Changes for the year:			
Service cost	1,175,953	-	1,175,953
Interest on total pension liability ⁽¹⁾	1,403,020	-	1,403,020
Effect of economic/demographic gains or losses	(533,807)	-	(533,807)
Effect of assumptions changes or inputs	2,706	-	2,706
Refund of contributions	(227,356)	(227,356)	-
Benefit payments	(411,097)	(411,097)	-
Administrative expenses	-	(13,949)	13,949
Member contributions	-	478,979	(478,979)
Net investment income	-	4,563,184	(4,563,184)
Employer contributions	-	1,057,116	(1,057,116)
Other ⁽³⁾	-	31,024	(31,024)
Balance at 12/31/2021	\$ 19,007,636	\$ 25,782,897	\$ (6,775,261)

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability (asset) of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-higher (8.6%) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 21,831,245	\$ 19,007,636	\$ 16,675,100
Fiduciary net position	<u>25,782,897</u>	<u>25,782,897</u>	<u>25,782,897</u>
Net pension liability/(asset)	\$ <u>(3,951,652)</u>	\$ <u>(6,775,261)</u>	\$ <u>(9,107,797)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the County recognized pension expense of \$181,029. At September 30, 2022, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 368,028
Changes in actuarial assumptions	563,779	-
Difference between projected and actual investment earnings	-	2,775,646
Contributions subsequent to the measurement date	<u>746,555</u>	<u>-</u>
Totals	\$ <u>1,310,334</u>	\$ <u>3,143,674</u>

\$746,555 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as an increase to the net pension asset for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For The Year Ended September 30	
2023	\$(527,646)
2024	(788,712)
2025	(666,360)
2026	(597,177)

Commitments and Contingencies

There are various lawsuits outstanding against the County at September 30, 2022 involving property rights claims, taxation issues and damages to property and various other matters. The County believes the resolution of these matters will not have a material adverse effect on the financial condition of the County.

The County participates in several federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants refunds of any money received may be required, and collectability of any related receivable may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

New Accounting Principles

Significant new accounting standards not yet implemented by the County includes the following.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Information Technology Arrangements* - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

Prior Period Adjustment

During the fiscal year, the County determined that capital assets understated at the beginning of the year due to capital assets not being reported in the statement of net position or being incorrectly accounted for. Therefore, the County increased its governmental activities beginning net position by \$3,199,172.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

DIMMIT COUNTY, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 12,289,694	\$ 12,289,694	\$ 12,323,305	\$ 33,611
Sales taxes	1,685,000	1,685,000	2,996,506	1,311,506
Other taxes	2,700	2,700	-	(2,700)
Licenses and permits	81,300	81,300	30,962	(50,338)
Intergovernmental	91,566	91,566	56,553	(35,013)
Fees and commissions	1,788,710	1,788,710	1,955,473	166,763
Fines and forfeitures	633,535	633,535	494,763	(138,772)
Investment earnings	110,000	110,000	(406,802)	(516,802)
Rents and royalties	112,311	112,311	136,394	24,083
Miscellaneous	<u>150,450</u>	<u>150,450</u>	<u>174,494</u>	<u>24,044</u>
Total revenues	<u>16,945,266</u>	<u>16,945,266</u>	<u>17,761,648</u>	<u>816,382</u>
EXPENDITURES				
Current:				
General government:				
County judge & commissioners court	621,118	619,978	611,711	8,267
County clerk	368,590	377,270	365,735	11,535
Tax assessor-collector	388,801	388,801	343,438	45,363
Courthouse & associated buildings	658,919	658,619	346,956	311,663
County auditor	394,146	394,146	379,381	14,765
County treasurer	228,018	228,018	214,691	13,327
HIDTA	129,710	129,710	119,353	10,357
Information technology	168,739	167,289	157,733	9,556
Grants and planning	141,511	141,511	124,252	17,259
General administration	5,667,700	5,609,758	927,789	4,681,969
Intergovernmental	<u>811,636</u>	<u>837,636</u>	<u>799,248</u>	<u>38,388</u>
Total general government	<u>9,578,888</u>	<u>9,552,736</u>	<u>4,390,287</u>	<u>5,162,449</u>
Public safety:				
County sheriff	3,228,318	3,216,518	2,973,096	243,422
County jail	2,130,393	2,135,235	1,834,961	300,274
Fire department	91,867	93,167	57,096	36,071
Probation	86,750	86,750	82,865	3,885
Department of public safety	93,090	93,090	56,305	36,785
Constable, precinct #1	34,582	34,582	14,580	20,002
Constable, precinct #2	50,519	50,519	39,076	11,443
Constable, precinct #3	80,116	80,116	61,590	18,526
Constable, precinct #4	<u>64,058</u>	<u>64,058</u>	<u>58,860</u>	<u>5,198</u>
Total public safety	<u>5,859,693</u>	<u>5,854,035</u>	<u>5,178,429</u>	<u>675,606</u>
Judicial:				
County attorney	182,617	182,617	165,027	17,590
District clerk	263,046	263,046	252,554	10,492
293rd judicial district court	176,340	176,340	151,962	24,378
365th judicial district court	247,451	247,451	221,568	25,883
Justice of the peace, precinct #1	153,262	153,262	138,121	15,141
Justice of the peace, precinct #2	147,769	147,769	141,081	6,688
Justice of the peace, precinct #3	151,155	151,155	140,004	11,151
Justice of the peace, precinct #4	<u>142,126</u>	<u>136,546</u>	<u>122,728</u>	<u>13,818</u>
Total judicial	<u>1,463,766</u>	<u>1,458,186</u>	<u>1,333,045</u>	<u>125,141</u>

DIMMIT COUNTY, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation:				
Agriculture extension services	118,899	135,674	68,516	67,158
Arena conference center	<u>215,136</u>	<u>215,136</u>	<u>115,128</u>	<u>100,008</u>
Total culture and recreation	<u>334,035</u>	<u>350,810</u>	<u>183,644</u>	<u>167,166</u>
Highways and streets:				
Road & bridge, precinct #1	389,860	379,860	254,056	125,804
Road & bridge, precinct #2	342,073	342,073	269,722	72,351
Road & bridge, precinct #3	795,822	793,822	613,908	179,914
Road & bridge, precinct #4	<u>660,609</u>	<u>651,209</u>	<u>475,091</u>	<u>176,118</u>
Total highways and streets	<u>2,188,364</u>	<u>2,166,964</u>	<u>1,612,777</u>	<u>554,187</u>
Capital Outlay	<u>95,600</u>	<u>149,990</u>	<u>73,242</u>	<u>76,748</u>
Total expenditures	<u>19,520,346</u>	<u>19,532,721</u>	<u>12,771,424</u>	<u>6,761,297</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,575,080)</u>	<u>(2,587,455)</u>	<u>4,990,224</u>	<u>7,577,679</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(875,000)</u>	<u>(875,000)</u>	<u>(800,000)</u>	<u>75,000</u>
Total other financing sources (uses)	<u>(875,000)</u>	<u>(875,000)</u>	<u>(800,000)</u>	<u>75,000</u>
NET CHANGE IN FUND BALANCE	<u>(3,450,080)</u>	<u>(3,462,455)</u>	<u>4,190,224</u>	<u>7,652,679</u>
FUND BALANCES, BEGINNING	<u>49,252,754</u>	<u>49,252,754</u>	<u>49,252,754</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 45,802,674</u>	<u>\$ 45,790,299</u>	<u>\$ 53,442,978</u>	<u>\$ 7,652,679</u>

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DIMMIT COUNTY, TEXAS

NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2022

A. Budgetary Information

The County Judge is by statute the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the assistant designated by the County Judge to assist him and the Commissioners Court on budgetary matters. The County Judge reviews budget requests, holds informal hearings when needed, and fills in columns in budget preparation forms, setting out his budget recommendations to the Commissioners Court.

A public hearing, at which Department heads may appear, is held on the budget by the Commissioners Court. Before determining the final budget, the Commissioners Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available cash. Appropriations lapse at fiscal year-end.

Amendments are made during the year on approval by the Commissioners Court by department. The final amended budget is used in this report.

The level of control is the department. By state law, expenditures can exceed appropriations as long as the amounts do not exceed the available revenue and cash balances. The County prepares its budget on a GAAP basis. Since revenue and expenditures are carefully monitored, it is felt that with the GAAP basis, the County will be in compliance with state law.

DIMMIT COUNTY, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Plan Year Ended December 31	2014	2015	2016
Total Pension Liability			
Service cost	\$ 588,304	\$ 821,816	\$ 945,564
Interest on total pension liability	571,836	704,606	791,081
Effect of plan changes	710,648	(173,958)	-
Effect of assumption changes or inputs		98,663	-
Effect of economic/demographic (gains) or losses	310,572	(143,531)	(104,405)
Benefit payments/refunds of contributions	(284,263)	(257,997)	(420,321)
Net change in total pension liability	1,897,097	1,049,599	1,211,919
Total pension liability - beginning	<u>6,562,232</u>	<u>8,459,328</u>	<u>9,508,927</u>
Total pension liability - ending (a)	<u>\$ 8,459,329</u>	<u>\$ 9,508,927</u>	<u>\$ 10,720,846</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 617,932	\$ 1,396,772	\$ 928,351
Member contributions	337,489	385,899	424,665
Investment income net of investment expenses	443,308	(160,776)	680,845
Benefit payments/refunds of contributions	(284,263)	(257,997)	(420,321)
Administrative expenses	(5,560)	(6,121)	(7,411)
Other	<u>2,749</u>	<u>26,270</u>	<u>103,487</u>
Net change in plan fiduciary net position	1,111,655	1,384,047	1,709,616
Plan fiduciary net position - beginning	<u>6,640,161</u>	<u>7,751,816</u>	<u>9,135,863</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,751,816</u>	<u>\$ 9,135,863</u>	<u>\$ 10,845,479</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 707,513</u>	<u>\$ 373,064</u>	<u>\$ (124,633)</u>
Fiduciary net position as a percentage of total pension liability	91.64%	96.08%	101.16%
Pensionable covered payroll	\$ 4,821,269	\$ 5,512,849	\$ 6,066,646
Net pension liability (asset) as a percentage of covered payroll	14.67%	6.77%	-2.05%

Note: This schedule is required for 10 years of information, but the information prior to 2014 is not available.

2017	2018	2019	2020	2021
\$ 963,977	\$ 908,963	\$ 984,873	\$ 1,044,913	\$ 1,175,953
929,474	1,010,989	1,125,495	1,254,309	1,403,020
-	46,955	-	-	-
35,840	-	-	1,123,951	2,706
(389,926)	(91,213)	(47,167)	(730)	(533,807)
(428,009)	(529,958)	(546,260)	(519,104)	(638,453)
1,111,356	1,345,736	1,516,941	2,903,339	1,409,419
<u>10,720,846</u>	<u>11,832,202</u>	<u>13,177,938</u>	<u>14,694,879</u>	<u>17,598,218</u>
\$ <u>11,832,202</u>	\$ <u>13,177,938</u>	\$ <u>14,694,879</u>	\$ <u>17,598,218</u>	\$ <u>19,007,637</u>
\$ 998,045	\$ 947,992	\$ 1,062,712	\$ 1,125,601	\$ 1,057,116
421,770	443,362	464,624	488,885	478,979
1,599,014	(240,774)	2,310,711	1,798,891	4,563,184
(428,009)	(529,958)	(546,260)	(519,104)	(638,453)
(8,938)	(11,307)	(13,253)	(14,858)	(13,949)
<u>13,209</u>	<u>27,013</u>	<u>36,012</u>	<u>34,138</u>	<u>31,024</u>
2,595,091	636,328	3,314,546	2,913,553	5,477,901
<u>10,845,479</u>	<u>13,440,570</u>	<u>14,076,898</u>	<u>17,391,444</u>	<u>20,304,997</u>
\$ <u>13,440,570</u>	\$ <u>14,076,898</u>	\$ <u>17,391,444</u>	\$ <u>20,304,997</u>	\$ <u>25,782,898</u>
\$ (1,608,368)	\$ (898,960)	\$ (2,696,565)	\$ (2,706,779)	\$ (6,775,261)
113.59%	106.82%	118.35%	115.38%	135.64%
\$ 6,025,291	\$ 6,333,740	\$ 6,637,489	\$ 6,984,068	\$ 6,842,564
-26.69%	-14.19%	-40.63%	-38.76%	-99.02%

DIMIT COUNTY, TEXAS**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 317,760	\$ 318,119	\$ (359)	\$ 3,791,889	8.4%
2014	406,433	617,932	(211,499)	4,821,269	12.8%
2015	605,311	1,396,772	(791,461)	5,512,849	25.3%
2016	516,272	928,351	(412,079)	6,066,646	15.3%
2017	754,674	754,674	-	5,882,109	12.8%
2018	522,995	998,351	(475,356)	4,706,076	21.2%
2019	448,365	966,316	(517,951)	6,473,007	14.9%
2020	439,863	1,109,910	(670,047)	6,901,331	16.1%
2021	459,609	1,117,141	(657,532)	6,921,831	16.1%
2022	450,346	1,148,066	(697,719)	7,530,882	15.2%

DIMMIT COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Valuation Timing	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<u>Methods and assumptions used to determine contributions rates:</u>	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected.
	2017: New mortality assumptions were reflected.
	2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: Employer contributions reflect that the current service matching rate was increased to 250%.
	2016: No changes in plan provisions were reflected.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the schedule.
	2019: Employer contributions reflect that a 2% flat COLA was adopted.
	2020: No changes in plan provisions were reflected in the schedule.
	2021: No changes in plan provisions were reflected in the schedule.

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**COMBINING
FUND STATEMENTS**

DIMIT COUNTY, TEXAS**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2022

	Special Revenue				
	Public Facility Corporation	Court House Security	Court House Technology	Records Management - County Clerk	Economic Development
ASSETS					
Cash and cash equivalents	\$ 2,714,837	\$ 70,083	\$ 81,341	\$ 430,472	\$ 9
Accounts receivable, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	71,933	-	-	27	26,389
Inventory	-	-	-	-	-
Total assets	<u>2,786,770</u>	<u>70,083</u>	<u>81,341</u>	<u>430,499</u>	<u>26,398</u>
LIABILITIES					
Accounts payable	12,654	-	-	-	8,920
Accrued liabilities	1,798	585	-	284	-
Due to other funds	<u>8,472</u>	<u>452</u>	<u>-</u>	<u>10,871</u>	<u>-</u>
Total liabilities	<u>22,924</u>	<u>1,037</u>	<u>-</u>	<u>11,155</u>	<u>8,920</u>
FUND BALANCES					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted:					
Records preservation and management	-	-	-	419,344	-
Court security and technology	-	69,046	81,341	-	-
Economic development	-	-	-	-	17,478
Public safety	2,763,846	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital projects	-	-	-	-	-
Cemetery	-	-	-	-	-
Total fund balances	<u>2,763,846</u>	<u>69,046</u>	<u>81,341</u>	<u>419,344</u>	<u>17,478</u>
Total liabilities and fund balances	\$ <u>2,786,770</u>	\$ <u>70,083</u>	\$ <u>81,341</u>	\$ <u>430,499</u>	\$ <u>26,398</u>

Special Revenue

Dimmit County Grant	Records Management - District Clerk	Law Library	Operation Stone Garden 2010	Local Border Security Sheriff 11001	Forfeiture Account (State)	Forfeiture Account (Federal)	Valley Wells Cemetery
\$ 120,324	\$ 11,768	\$ 7,804	\$ -	\$ -	\$ 6,213	\$ 79,374	\$ 327,000
-	-	-	-	-	-	-	-
-	-	-	397,746	1,397	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>120,324</u>	<u>11,768</u>	<u>7,804</u>	<u>397,746</u>	<u>1,397</u>	<u>6,213</u>	<u>79,374</u>	<u>327,000</u>
-	-	-	-	-	-	-	-
-	-	-	763	-	-	-	-
-	-	93	396,983	1,397	-	-	-
<u>-</u>	<u>-</u>	<u>93</u>	<u>397,746</u>	<u>1,397</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	11,768	7,711	-	-	-	-	-
120,324	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	6,213	79,374	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	327,000
<u>120,324</u>	<u>11,768</u>	<u>7,711</u>	<u>-</u>	<u>-</u>	<u>6,213</u>	<u>79,374</u>	<u>327,000</u>
\$ <u>120,324</u>	\$ <u>11,768</u>	\$ <u>7,804</u>	\$ <u>397,746</u>	\$ <u>1,397</u>	\$ <u>6,213</u>	\$ <u>79,374</u>	\$ <u>327,000</u>

DIMMIT COUNTY, TEXAS**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2022

	Special Revenue				
	Catarina Water Well Project	Catarina Water Well Project Phase II	American Rescue Plan Fund	Operation Lone Star	CDBG - Community Development
ASSETS					
Cash and cash equivalents	\$ -	\$ 590,081	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-
Due from other governments	-	32,712	114,259	-	30,000
Due from other funds	428,068	161,288	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>428,068</u>	<u>784,081</u>	<u>114,259</u>	<u>-</u>	<u>30,000</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	428,068	784,081	114,259	-	30,000
Total liabilities	<u>428,068</u>	<u>784,081</u>	<u>114,259</u>	<u>-</u>	<u>30,000</u>
FUND BALANCES					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted:					
Records preservation and management	-	-	-	-	-
Court security and technology	-	-	-	-	-
Economic development	-	-	-	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital projects	-	-	-	-	-
Cemetery	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>428,068</u>	\$ <u>784,081</u>	\$ <u>114,259</u>	\$ <u>-</u>	\$ <u>30,000</u>

Capital Projects							
CDBG - Colonia Fund Construction	Golf Course	Certificates of Obligation 2015	Certificates of Obligation 2017	Certificates of Obligation 2018	Certificates of Obligation 2019	Certificates of Obligation 2020	Certificates of Obligation 2021
\$ -	\$ 9,638	\$ 1,609,108	\$ 4,029,684	\$ 2,680,294	\$ 2,967,473	\$ 4,264,745	\$ 5,035,255
-	-	-	-	-	-	-	-
97,800	-	-	-	-	-	-	-
-	-	-	109,939	-	-	-	-
-	5,906	-	-	-	-	-	-
<u>97,800</u>	<u>15,544</u>	<u>1,609,108</u>	<u>4,139,623</u>	<u>2,680,294</u>	<u>2,967,473</u>	<u>4,264,745</u>	<u>5,035,255</u>
-	1,755	334,759	-	410,152	10,350	270	9,500
-	1,120	-	-	-	-	-	-
97,800	-	-	161,288	-	117,200	918,930	-
<u>97,800</u>	<u>2,875</u>	<u>334,759</u>	<u>161,288</u>	<u>410,152</u>	<u>127,550</u>	<u>919,200</u>	<u>9,500</u>
-	5,906	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,763	-	-	-	-	-	-
-	-	1,274,349	3,978,335	2,270,142	2,839,923	3,345,545	5,025,755
-	-	-	-	-	-	-	-
<u>-</u>	<u>12,669</u>	<u>1,274,349</u>	<u>3,978,335</u>	<u>2,270,142</u>	<u>2,839,923</u>	<u>3,345,545</u>	<u>5,025,755</u>
\$ <u>97,800</u>	\$ <u>15,544</u>	\$ <u>1,609,108</u>	\$ <u>4,139,623</u>	\$ <u>2,680,294</u>	\$ <u>2,967,473</u>	\$ <u>4,264,745</u>	\$ <u>5,035,255</u>

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DIMMIT COUNTY, TEXAS**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2022

	Capital Projects			
	Certificates of Obligation 2022	Tax Notes 2022	Transport Reinvestment Zone	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 4,246	\$ 25,039,749
Accounts receivable, net	9,773,569	4,890,953	-	14,664,522
Due from other governments	-	-	-	673,914
Due from other funds	-	-	-	797,644
Inventory	-	-	-	5,906
Total assets	<u>9,773,569</u>	<u>4,890,953</u>	<u>4,246</u>	<u>41,181,735</u>
LIABILITIES				
Accounts payable	-	-	-	788,360
Accrued liabilities	-	-	-	4,550
Due to other funds	-	-	-	3,069,894
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,862,804</u>
FUND BALANCES				
Nonspendable:				
Inventory	-	-	-	5,906
Restricted:				
Records preservation and management	-	-	-	438,823
Court security and technology	-	-	-	270,711
Economic development	-	-	-	17,478
Public safety	-	-	-	2,849,433
Culture and recreation	-	-	-	6,763
Capital projects	9,773,569	4,890,953	4,246	33,402,817
Cemetery	-	-	-	327,000
Total fund balances	<u>9,773,569</u>	<u>4,890,953</u>	<u>4,246</u>	<u>37,318,931</u>
Total liabilities and fund balances	\$ <u>9,773,569</u>	\$ <u>4,890,953</u>	\$ <u>4,246</u>	\$ <u>41,181,735</u>

DIMMIT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue				
	Public Facility Corporation	Court House Security	Court House Technology	Records Management - County Clerk	Economic Development
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and commissions	850,000	4,696	704	52,803	-
Fines and forfeitures	-	13,731	11,903	-	-
Investment earnings	1,056	396	319	1,751	-
Rents and royalties	-	-	-	-	-
Total revenues	<u>851,056</u>	<u>18,823</u>	<u>12,926</u>	<u>54,554</u>	<u>-</u>
EXPENDITURES					
Current:					
General government	-	70,810	-	32,347	-
Public safety	156,851	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay	8,453	-	-	-	-
Debt service:					
Bond issuance cost	-	-	-	-	-
Total expenditures	<u>165,304</u>	<u>70,810</u>	<u>-</u>	<u>32,347</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>685,752</u>	<u>(51,987)</u>	<u>12,926</u>	<u>22,207</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>685,752</u>	<u>(51,987)</u>	<u>12,926</u>	<u>22,207</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>2,078,094</u>	<u>121,033</u>	<u>68,415</u>	<u>397,137</u>	<u>17,478</u>
FUND BALANCES, ENDING	<u>\$ 2,763,846</u>	<u>\$ 69,046</u>	<u>\$ 81,341</u>	<u>\$ 419,344</u>	<u>\$ 17,478</u>

Special Revenue

Dimmit County Grant	Records Management - District Clerk	Law Library	Operation Stone Garden 2010	Local Border Security Sheriff 11001	Forfeiture Account (State)	Forfeiture Account (Federal)	Valley Wells Cemetery
\$ 174,488	\$ -	\$ -	\$ 772,789	\$ 21,616	\$ -	\$ 94,369	\$ -
-	2,125	2,450	-	-	-	-	-
-	-	-	-	-	-	-	-
-	48	35	-	-	26	141	136
-	-	-	-	-	-	-	58,343
<u>174,488</u>	<u>2,173</u>	<u>2,485</u>	<u>772,789</u>	<u>21,616</u>	<u>26</u>	<u>94,510</u>	<u>58,479</u>
-	-	-	-	-	-	-	-
47,664	-	-	500,053	21,616	-	15,136	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,500	-	2,122	272,736	-	-	-	-
-	-	-	-	-	-	-	-
<u>54,164</u>	<u>-</u>	<u>2,122</u>	<u>772,789</u>	<u>21,616</u>	<u>-</u>	<u>15,136</u>	<u>-</u>
<u>120,324</u>	<u>2,173</u>	<u>363</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>79,374</u>	<u>58,479</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>120,324</u>	<u>2,173</u>	<u>363</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>79,374</u>	<u>58,479</u>
-	9,595	7,348	-	-	6,187	-	268,521
<u>\$ 120,324</u>	<u>\$ 11,768</u>	<u>\$ 7,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,213</u>	<u>\$ 79,374</u>	<u>\$ 327,000</u>

DIMIT COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue				
	Catarina Water Well Project	Catarina Water Well Project Phase II	American Rescue Plan Fund	Operation Lone Star	CDBG - Community Development
REVENUES					
Intergovernmental	\$ -	\$ 27,000	\$ 1,097,493	\$ 13,174	\$ 30,000
Fees and commissions	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment earnings	-	-	-	-	-
Rents and royalties	-	-	-	-	-
Total revenues	<u>-</u>	<u>27,000</u>	<u>1,097,493</u>	<u>13,174</u>	<u>30,000</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	13,174	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	1,097,493	-	-
Capital outlay	-	27,000	-	-	30,000
Debt service:					
Bond issuance cost	-	-	-	-	-
Total expenditures	<u>-</u>	<u>27,000</u>	<u>1,097,493</u>	<u>13,174</u>	<u>30,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue		Capital Projects					
CDBG - Colonia Fund Construction	Golf Course	Certificates of Obligation 2015	Certificates of Obligation 2017	Certificates of Obligation 2018	Certificates of Obligation 2019	Certificates of Obligation 2020	Certificates of Obligation 2021
\$ 97,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	99,024	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	67	15,467	33,128	23,012	23,284	33,297	33,537
-	-	-	-	-	-	-	-
<u>97,800</u>	<u>99,091</u>	<u>15,467</u>	<u>33,128</u>	<u>23,012</u>	<u>23,284</u>	<u>33,297</u>	<u>33,537</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	86,422	-	-	-	-	-	-
-	-	-	-	-	-	-	-
97,800	-	2,271,814	161,176	1,190,153	1,691,768	332,898	9,500
-	-	-	-	-	-	-	-
<u>97,800</u>	<u>86,422</u>	<u>2,271,814</u>	<u>161,176</u>	<u>1,190,153</u>	<u>1,691,768</u>	<u>332,898</u>	<u>9,500</u>
-	12,669	(2,256,347)	(128,048)	(1,167,141)	(1,668,484)	(299,601)	24,037
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(918,930)	-
-	-	-	-	-	-	(918,930)	-
-	12,669	(2,256,347)	(128,048)	(1,167,141)	(1,668,484)	(1,218,531)	24,037
-	-	3,530,696	4,106,383	3,437,283	4,508,407	4,564,076	5,001,718
\$ -	\$ 12,669	\$ 1,274,349	\$ 3,978,335	\$ 2,270,142	\$ 2,839,923	\$ 3,345,545	\$ 5,025,755

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DIMMIT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Capital Projects			
	Certificates of Obligation 2022	Tax Notes 2022	Transport Reinvestment Zone	Total
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,328,729
Fees and commissions	-	-	-	1,011,802
Fines and forfeitures	-	-	-	25,634
Investment earnings	-	-	2	165,702
Rents and royalties	-	-	-	58,343
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>3,590,210</u>
EXPENDITURES				
Current:				
General government	-	-	-	103,157
Public safety	-	-	-	754,494
Culture and recreation	-	-	-	86,422
Health and welfare	-	-	-	1,097,493
Capital outlay	-	-	-	6,101,920
Debt service:				
Bond issuance cost	<u>126,431</u>	<u>109,047</u>	<u>-</u>	<u>235,478</u>
Total expenditures	<u>126,431</u>	<u>109,047</u>	<u>-</u>	<u>8,378,964</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(126,431)</u>	<u>(109,047)</u>	<u>2</u>	<u>(4,788,754)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	9,900,000	5,000,000	-	14,900,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(918,930)</u>
Total other financing sources (uses)	<u>9,900,000</u>	<u>5,000,000</u>	<u>-</u>	<u>13,981,070</u>
NET CHANGE IN FUND BALANCES	<u>9,773,569</u>	<u>4,890,953</u>	<u>2</u>	<u>9,192,316</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>4,244</u>	<u>28,126,615</u>
FUND BALANCES, ENDING	\$ <u>9,773,569</u>	\$ <u>4,890,953</u>	\$ <u>4,246</u>	\$ <u>37,318,931</u>

DIMMIT COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2022

	Custodial Funds			
	District Clerk Trust	County Clerk Trust	County Attorney Trust	Seized Funds
ASSETS				
Cash and cash equivalents	\$ 1,461,462	\$ 765,216	\$ 1,987	\$ 268
Total assets	<u>1,461,462</u>	<u>765,216</u>	<u>1,987</u>	<u>268</u>
LIABILITIES				
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for:				
Individuals and organizations	<u>1,461,462</u>	<u>765,216</u>	<u>1,987</u>	<u>268</u>
Total net position	<u>\$ 1,461,462</u>	<u>\$ 765,216</u>	<u>\$ 1,987</u>	<u>\$ 268</u>

Custodial Funds

Sheriff Commissary	Tax Assessor Collector	Total Custodial Funds
\$ 86,153	\$ 364,425	\$ 2,679,511
<u>86,153</u>	<u>364,425</u>	<u>2,679,511</u>
-	364,425	364,425
<u>-</u>	<u>364,425</u>	<u>364,425</u>
86,153	-	2,315,086
<u>\$ 86,153</u>	<u>\$ -</u>	<u>\$ 2,315,086</u>

DIMMIT COUNTY, TEXAS**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Custodial Funds			
	District Clerk Trust	County Clerk Trust	County Attorney Trust	Seized Funds
ADDITIONS				
Registry deposits	\$ 18,922	\$ 45,576	\$ 1,154	\$ -
Receipts from inmates	-	-	-	-
Tax collections	-	-	-	-
Vehicle registration collections	-	-	-	-
Cash bond receipts	33,358	17,014	-	-
Total additions	<u>52,280</u>	<u>62,590</u>	<u>1,154</u>	<u>-</u>
DEDUCTIONS				
Registry withdrawals	13,121	92,747	1,154	-
Disbursements to others	37,697	8,004	-	-
Tax disbursements	-	-	-	-
Vehicle registration disbursements	-	-	-	-
Total deductions	<u>50,818</u>	<u>100,751</u>	<u>1,154</u>	<u>-</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	1,462	(38,161)	-	-
NET POSITION, BEGINNING	<u>1,460,000</u>	<u>803,377</u>	<u>1,987</u>	<u>268</u>
NET POSITION, ENDING	<u>\$ 1,461,462</u>	<u>\$ 765,216</u>	<u>\$ 1,987</u>	<u>\$ 268</u>

Custodial Funds

<u>Sheriff Commissary</u>	<u>Tax Assessor Collector</u>	<u>Total Custodial Funds</u>
\$ -	\$ -	\$ 65,652
112,255	-	112,255
-	65,255,240	65,255,240
-	1,453,145	1,453,145
-	-	50,372
<u>112,255</u>	<u>66,708,385</u>	<u>66,936,664</u>
-	-	107,022
103,058	-	148,759
-	65,282,788	65,282,788
-	1,425,597	1,425,597
<u>103,058</u>	<u>66,708,385</u>	<u>66,964,166</u>
9,197	-	(27,502)
<u>76,956</u>	<u>-</u>	<u>2,342,588</u>
<u>\$ 86,153</u>	<u>\$ -</u>	<u>\$ 2,315,086</u>

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COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable County Judge and
Commissioners Court of Dimmit County
Carrizo Springs, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dimmit County, Texas (the "County"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County'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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2022-001 that we consider to be a material weakness.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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*.

Dimmit County, Texas' Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 30, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
AND STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

Honorable County Judge and
Commissioners Court of Dimmit County
Carrizo Springs, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Dimmit County, Texas' (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the State of Texas Uniform Grant Management Standards ("UGMS"), issued by the Texas Comptroller of Public Accounts, that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2022. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Uniform Grant Management Standards* ("UGMS"), issued by the Texas Comptroller of Public Accounts. Our responsibilities under those standards, the Uniform Guidance, and UGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal and state programs.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and UGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal and state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and UGMS. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 30, 2023

DIMMIT COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Agency or Pass-through Number	Expenditures
<u>U. S. Department of Housing and Urban Development (HUD)</u>			
Pass-through Texas Department of Agriculture:			
Community Development Block Grants/State's Programs	14.228	7219035	\$ 27,000
Community Development Block Grants/State's Programs	14.228	CFC21-0475	97,800
Community Development Block Grants/State's Programs	14.228	CDV21-0474	<u>30,000</u>
Total Passed through Texas Department of Agriculture			<u>154,800</u>
Total U. S. Department of Housing and Urban Development (HUD)			<u>154,800</u>
<u>U. S. Department of Justice (DOJ)</u>			
Pass-through the Office of the Texas Governor:			
Coronavirus Emergency Supplemental Funding (CESF) - COVID-19	16.034	4169501	<u>324</u>
Total Passed through the Office of the Texas Governor			<u>324</u>
Pass-through the Institute for Intergovernmental Research:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-MU-BX-K002	<u>6,500</u>
Total Passed through the Institute for Intergovernmental Research			<u>6,500</u>
Total U. S. Department of Justice (DOJ)			<u>6,824</u>
<u>U. S. Department of Treasury (DOT)</u>			
Direct program:			
Equitable Sharing Program	21.016	TX0640000	94,369
American Rescue Plan Act - COVID-19	21.027	SLT-10084 746000495	<u>1,097,493</u>
Total direct program			<u>1,191,862</u>
Total U. S. Department of Treasury (DOT)			<u>1,191,862</u>
<u>U. S. Elections Assistance Commission (EAC)</u>			
Pass-through the Secretary of State:			
HAVA Election Security Grant	90.404	TX18101001-01-064	<u>120,000</u>
Total Passed through the Secretary of State			<u>120,000</u>
Total U. S. Elections Assistance Commission (EAC)			<u>120,000</u>
<u>U. S. Department of Homeland Security (DHS)</u>			
Pass-through the Office of the Governor,			
Homeland Security Grants Division:			
Homeland Security Grant Program-Operation Stonegarden	97.067	21DRTCAR-10-001	329,999
Homeland Security Grant Program-Operation Stonegarden	97.067	22DRTCAR-10-001	<u>442,790</u>
Total Passed through the Office of the Governor,			
Homeland Security Grants Division			<u>772,789</u>
Total U. S. Department of Homeland Security (DHS)			<u>772,789</u>
Total Expenditures of Federal Awards			\$ <u>2,246,275</u>

DIMMIT COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

State Grantor/Pass-through Grantor/Program Title	Agency or Pass-through Number	Expenditures
<u>Texas Department of Public Safety</u>		
Pass-through Texas Border Sheriff's Coalition:		
Local Border Security Program	LBSP-2994607	\$ 21,616
Total Passed through Texas Border Sheriff's Coalition		21,616
Total Texas Department of Public Safety		21,616
<u>Texas Transportation Commission</u>		
Pass-through Texas Department of Transportation:		
Routine Airport Maintenance Program	M2022CRIZ	2,983
County Transportation Infrastructure Fund Grant	2020-CTIF-064	2,416,107
Total Passed through Texas Department of Transportation		2,419,090
Total Texas Transportation Commission		2,419,090
<u>Texas Office of Court Administration</u>		
Direct Program:		
Texas Indigent Defense Formula Grant	212-22-064	6,343
Total Direct Program		6,343
Total Texas Office of Court Administration		6,343
<u>Texas Office of the Governor</u>		
Direct Programs:		
Rifle Resistant Body Armor	4356401	47,664
Operation Lone Star Grant Program	4375901	13,174
Total Direct Programs		60,838
Total Texas Office of the Governor		60,838
Total Expenditures of State Awards		\$ 2,507,887

DIMMIT COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. GENERAL

The accompanying schedule of expenditures of federal and state awards presents the activity of all applicable federal and state awards of Dimmit County, Texas. The County's reporting entity is defined in Note 1 to the County's basic financial statements. Federal and state awards received directly from federal and state agencies as well as federal and state awards passed through other government agencies are included in the respective schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal and state awards is presented using modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

3. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the County were provided to subrecipients.

4. INDIRECT COSTS

The County has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

DIMMIT COUNTY, TEXAS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes - Item 2022-001

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements
noted?

None

Federal and State Awards:

Internal control over major programs:

Material weakness(es) identified? None

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance
for major programs

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR
200.516(a) or the State of Texas *Uniform
Grant Management Standards*

None

Identification of major federal program:

Assistance Listing Number:
21.027

Name of Program or Cluster:
American Rescue Plan Act - COVID-19

Identification of major state program:

Name of Program:
County Transportation Infrastructure Fund Grant
2020-CTIF-064

Dollar threshold used to distinguish between type A
and type B federal programs

\$750,000

Dollar threshold used to distinguish between type A
and type B state programs

\$300,000

Auditee qualified as low-risk auditee for federal programs?

Yes

Auditee qualified as low-risk auditee for state programs?

No

DIMMIT COUNTY, TEXAS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Financial Statement Findings:

Finding Number: **2022-001**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reporting of capital assets is a key component of effective internal control over financial reporting.

Condition: A prior period adjustment in the amount of \$3,199,172 was required to report the value of capital assets which were not previously accounted for or incorrectly accounted for.

Effect: The County's reported capital assets were incomplete, understating capital assets and net position in the government-wide financial statements.

Recommendation: We recommend enhancing internal controls to ensure that capital assets are properly accounted for on the County's capital asset listing and depreciated.

Management's Response: We agree with the finding and have begun discussions to implement controls that will ensure all capital assets are properly recorded in the capital asset listing and financial statements.

Federal and State Award Findings:

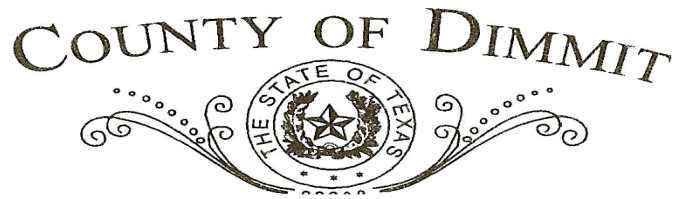
None

DIMMIT COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

None



Carrizo Springs, Texas

OFFICE OF COUNTY AUDITOR
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CORRECTIVE ACTION PLAN 2022-001
September 30, 2022

FINDING 2022-001

PERSON RESPONSIBLE FOR CORRECTIVE ACTION: Carlos Pereda, County Auditor

CORRECTIVE ACTION PLANNED: The County will implement controls that will ensure all capital assets are properly recorded in the capital asset listing and financial statements.

ANTICIPATED COMPLETION DATE: September 30, 2023