

**DICKENS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**LUBBOCK, TEXAS**

**DICKENS COUNTY, TEXAS**

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**DICKENS COUNTY, TEXAS**

**COUNTY OFFICIALS  
SEPTEMBER 30, 2015**

<b>Kevin Brendle</b>	<b>County Judge</b>
<b>Dennis Wyatt</b>	<b>Commissioner Precinct 1</b>
<b>Mike Smith</b>	<b>Commissioner Precinct 2</b>
<b>Charlie Morris</b>	<b>Commissioner Precinct 3</b>
<b>Sheldon Parsons</b>	<b>Commissioner Precinct 4</b>
<b>Becky Hill</b>	<b>County Clerk</b>
<b>Sandy Vickrey</b>	<b>County Treasurer</b>
<b>Rebecca Haney</b>	<b>Tax-Assessor-Collector</b>
<b>Nancy Stone</b>	<b>Justice of the Peace</b>
<b>Terry Braly</b>	<b>Sheriff</b>

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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

**FAX: (806) 747-3818**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

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

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Dickens County, Texas (the County), as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Dickens County, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flow thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

As discussed in the Notes to the Financial Statements under "Summary of Significant Accounting Policies" - in 2015 the County adopted new accounting guidance, *GASB Statement No. 68, "Accounting and Financial Reporting for Pensions: An Amendment of GASB Statement 27"*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, and budgetary comparison information on pages 4 through 10 and 37 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report March 29, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the County's internal control over financial reporting and compliance.

*Balinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

March 29, 2016



# DICKENS COUNTY, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Dickens County, Texas' (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2015. Please read it in conjunction with the County's financial statements.

### FINANCIAL HIGHLIGHTS

- The County's total combined net position was \$3.8 million at September 30, 2015. Of this amount, \$1 million (unrestricted net position) may be used to meet the County's ongoing obligations.
- The General Fund reported a fund balance this year of \$4.3 million, of which \$151,426 is restricted by enabling legislation and \$1.29 million is assigned for restoration.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

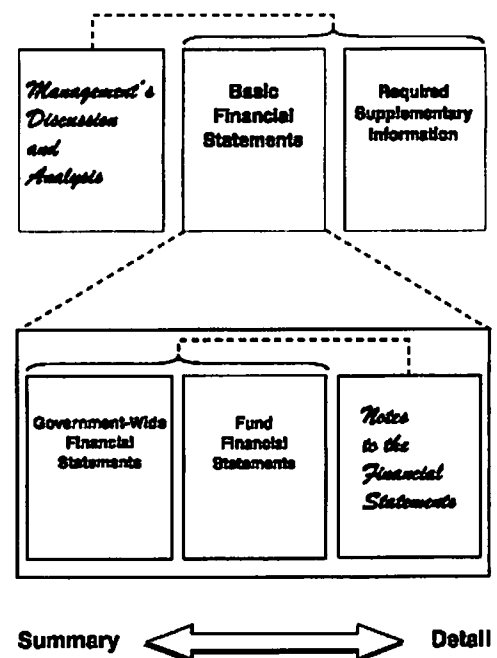


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each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

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

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

**Government-Wide Statements**

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

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

The County does not have business-type activities.

## **Fund Financial Statements**

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

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 14 and 16 of the basic financial statements section.

The County maintains five individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Debt Service Fund, Road and Bridge Fund, Caprock Regional Defender Grant Fund, and Valley Water Grant Fund.

The County adopts an annual appropriated budget for its funds. A budgetary comparison schedule has been provided on pages 38 and 39 to demonstrate compliance with this budget.

- *Fiduciary funds*—The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position on page 17. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the County cannot use these assets to finance its operations.

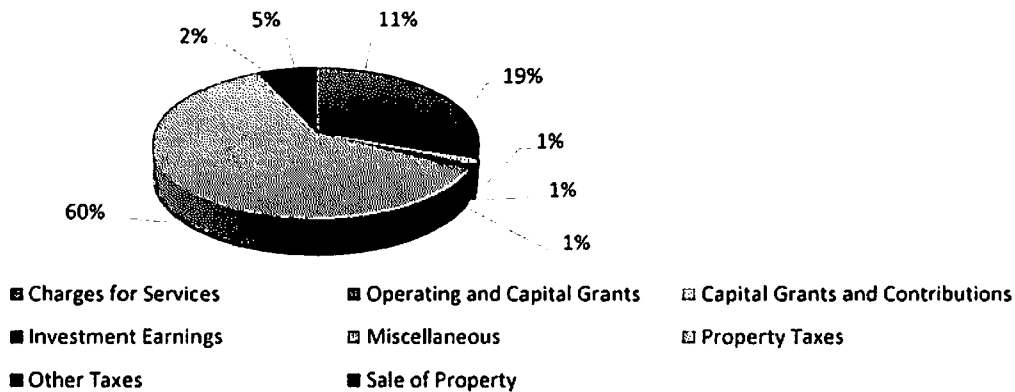
## **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

The County's combined net position was approximately \$3.8 million at September 30, 2015. The largest portion of the County's total assets (\$11.5 million) reflects its capital assets with the remainder (\$5 million) reported as cash, investments, accounts receivable, and other assets.

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

	Governmental Activities	
	2015	2014
Current and Other Assets	\$ 5,037	\$ 5,627
Capital and Non-current Assets	11,531	10,798
<b>Total Assets</b>	<b>\$ 16,568</b>	<b>\$ 16,425</b>
Deferred Outflows of Resources	\$ 119	\$ 80
Current Liabilities	\$ 5,707	\$ 4,166
Long-term Liabilities	7,122	7,842
<b>Total Liabilities</b>	<b>\$ 12,829</b>	<b>\$ 12,008</b>
Deferred Inflows of Resources	\$ 24	\$ 5
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 2,340	\$ 1,616
Restricted	502	409
Unrestricted	992	2,467
<b>Total Net Position</b>	<b>\$ 3,834</b>	<b>\$ 4,492</b>

**Changes in Net Position**—The County's net position decreased by approximately \$658,000 during the current fiscal year. This decrease was mainly due to accrued interest on debt.



**Governmental Activities**—Total revenues for the fiscal year ending September 30, 2015 were \$3.5 million. Approximately 11% of the County's revenue comes from charges for services, while 62% comes from property taxes and other taxes. Investment earnings accounts for 1% of total revenues. Operating grants and contributions, Capital grants and contributions, sale of property, and miscellaneous revenue account for another 26% of total revenues.

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

	Governmental Activities	
	2015	2014
<b>Revenues:</b>		
<b>Program Revenues</b>		
Charge for Services	\$ 383	\$ 439
Operating Grants and Contributions	674	482
Capital Grants and Contributions	41	117
<b>General Revenues (Expenses)</b>		
Property Taxes	2,093	1,858
Other Taxes	58	64
Investment Earnings	46	47
Gain on Sale of Real and Personal Property	174	179
Miscellaneous	24	17
<b>Total Revenues</b>	<b>\$ 3,493</b>	<b>\$ 3,203</b>
<b>Expenses:</b>		
County Judge	\$ 84	\$ 72
County Clerk	69	74
County Treasurer	44	42
Tax Assessor and Collector	83	78
County Sheriff	365	342
County Attorney	27	26
Justice of Peace	39	52
Extension Office	70	57
Building Maintenance	75	80
County Court	25	6
District Court	58	58
Emergency Management Office	18	19
Indigent Health	30	37
General Administration	1,298	1,559
Road and Bridge	935	1,002
Interest on Long-term Debt	931	693
<b>Total Expenses</b>	<b>\$ 4,151</b>	<b>\$ 4,197</b>
<b>Decrease in Net Position</b>	<b>\$ (658)</b>	<b>\$ (994)</b>
<b>Beginning Net Position</b>	<b>4,492</b>	<b>5,486</b>
<b>Ending Net Position</b>	<b>\$ 3,834</b>	<b>\$ 4,492</b>

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of the end of the fiscal year, the County's General Fund reported a fund balance of \$4.3 million, a decrease of \$560,000 from the prior year. The unassigned fund balance is \$2.9 million and is available for spending at the government's discretion. The County has assigned \$1.3 million to be used for courthouse restoration.

As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 99.4% of total General Fund expenditures.

**General Fund Budgetary Highlights** — At the end of the year, actual expenditures were \$1.07 million under final budgeted amounts. Revenues came in under the budget by \$29,000.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** — As of September 30, 2015, the County had invested \$17.6 million in a broad range of capital assets, including land, buildings, roads, bridges, equipment, a correctional facility, and leasehold improvements on the correctional facility.

Major events affecting capital assets during the year were:

- The County purchased a motor grader and pickup.
- The County Annex building was completed.
- The County purchased a generator for the County Annex building.

More detailed information about the County's capital assets can be found in Note III C.

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

	Governmental Activities	
	2015	2014
Land	\$ 106	\$ 106
Buildings and Improvements	2,558	585
Correctional Facility	10,622	10,622
Furniture and Equipment	115	115
Vehicles and Heavy Equipment	2,408	2,336
Leasehold Improvements	848	848
Infrastructure	844	844
Construction Work in Progress	156	1,297
Total	\$ 17,657	\$ 16,753
Total Accumulated Depreciation	6,126	5,955
Net Capital Assets	\$ 11,531	\$ 10,798

**Long-Term Debt** — As of September 30, 2015, the County had a capital lease outstanding related to a pickup purchase and the Dickens County Public Facility Corporation (a blended component unit of the County) had \$9.4 million outstanding on the Series 2001 Lease Revenue Bonds. See Note III E for debt service requirements on the above outstanding debt.

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

- The appraised value used for the 2016 budget preparation is estimated to be \$289,114,300, down 20% from 2015.
- The tax rate established for 2015 is \$.72019, which is up 22% from the 2014 tax rate of \$.59250.
- Inflationary trends in the region compare favorably to national indices.

These factors and others were taken into consideration when preparing the General Fund budget for the 2016 fiscal year.

Revenues available for appropriation in the General Fund budget are \$2,414,321, an increase of \$49,380 over the 2014 amended budget of \$2,364,941. The budget increase is attributable to an increase in property tax revenue.

Budgeted expenditures are expected to decrease approximately 21% under the 2014 amended budget of \$3,988,449 to \$3,164,321. The County has budgeted \$1,294,996 for the restoration of the existing courthouse.

If these estimates are realized, the County's budgetary General Fund balance is expected to decrease by \$750,000.

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

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

**BASIC FINANCIAL STATEMENTS**



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DICKENS COUNTY, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

	<u>Primary Governmental Activities</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 386,847
Investments	4,204,792
Taxes Receivable, Net	18,200
Interest Receivable	9,582
Office Receivables, Net	177,421
Restricted Investments - Held by Trustee	239,119
Prepaid Items	542
Capital Assets (Net of Accumulated Depreciation):	
Land	106,284
Infrastructure	195,692
Buildings	2,193,298
Correctional Facility	7,347,221
Leasehold Improvements	683,672
Furniture & Fixtures	18,805
Machinery and Equipment	830,805
Construction Work In Progress	155,366
Total Assets	<u>\$ 16,567,646</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pension Plan - Employer Contributions Made after Measurement Period	\$ 84,689
Pension Plan - Difference in Projected and Actual Earnings	34,440
Total Deferred Outflows of Resources	<u>\$ 119,129</u>
<b>LIABILITIES:</b>	
Accounts Payable	\$ 43,641
Accrued Interest Payable	3,155,700
Wages Payable	7,157
Current Portion of Long-Term Debt	2,499,885
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Debt	6,930,099
Net Pension Liability	188,827
Accrued Compensated Absences	3,427
Total Liabilities	<u>\$ 12,828,736</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Pension Plan - Difference in Expected and Actual Experience	\$ 19,881
Unearned Revenue - Subsidy Distribution	4,150
Total Deferred Outflows of Resources	<u>\$ 24,031</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	\$ 2,340,278
Restricted For:	
Enabling Legislation	151,426
Road and Bridge	350,323
Unrestricted	<u>991,981</u>
Total Net Position	<u><u>\$ 3,834,008</u></u>

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Departments/Programs	Expenses	Program Revenues			Net (Expense) and Changes in Net Position
		Fines, Fees & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Gov. Governmental Activities
<b>PRIMARY GOVERNMENT:</b>					
Governmental Activities					
County Judge	\$ 84,025	\$	\$ 17,974	\$	\$ (66,051)
County Clerk	69,311	41,290			(28,021)
County Treasurer	43,846				(43,846)
Tax Assessor and Collector	83,257	56,763			(26,494)
County Sheriff	365,482	17,659			(347,823)
County Attorney	26,463				(26,463)
Justice of Peace	39,428	63,526			24,098
Extension Office	69,727				(69,727)
Building Maintenance	75,142				(75,142)
County Court	25,054				(25,054)
District Court	58,027				(58,027)
Emergency Management Office	18,359				(18,359)
Indigent Health	30,223		7,159		(23,064)
General Administration	1,298,035	12,457	562,020	41,420	(682,138)
Road and Bridge	934,796	190,851	87,245		(656,700)
Interest on Long-term Debt	930,881				(930,881)
Total Governmental Activities	\$ 4,152,056	\$ 382,546	\$ 674,398	\$ 41,420	\$ (3,053,692)
General Revenues:					
Property Taxes, Levied for General Purposes					\$ 1,587,819
Property Taxes, Levied for Road and Bridge					504,844
Other Taxes					57,682
Miscellaneous Revenue					21,608
Rents and Royalties					2,254
Gain on Sale of Real and Personal Property					174,261
Investment Earnings					46,302
Total General Revenues					\$ 2,394,770
Change in Net Position					\$ (658,922)
Net Position - Beginning					4,612,272
Prior Period Adjustment					
Restatement - Net Pension Liability					(199,693)
Restatement - Employer Contribution Deferral					80,351
Net Position - Ending					\$ 3,834,008

The accompanying notes are an integral part of this statement.

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DICKENS COUNTY, TEXAS

Exhibit A-3

**BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	Major Funds			
	General Fund	Road and Bridge Fund	Nonmajor Governmental Funds (See Exhibit C-1)	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 317,644	\$ 68,297	\$ 906	\$ 386,847
Investments	3,984,059	220,733		4,204,792
Investments - Held by Trustee			239,119	239,119
Taxes Receivable	46,558	20,428		66,986
Allowance for Uncollectible Taxes (Credit)	(32,735)	(16,051)		(48,786)
Accounts Receivable (Net)	80,033	75,539		155,572
Prepaid Items	542			542
<b>Total Assets</b>	<b>\$ 4,396,101</b>	<b>\$ 368,946</b>	<b>\$ 240,025</b>	<b>\$ 5,005,072</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 31,902	\$ 11,739		\$ 43,641
Wages Payable	4,650	2,507		7,157
<b>Total Liabilities</b>	<b>\$ 36,552</b>	<b>\$ 14,246</b>	<b>\$ 0</b>	<b>\$ 50,798</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - Property Taxes	\$ 13,822	\$ 4,377		\$ 18,199
Unearned Revenue - Subsidy Distribution	4,150			4,150
<b>Total Deferred Inflows of Resources</b>	<b>\$ 17,972</b>	<b>\$ 4,377</b>	<b>\$ 0</b>	<b>\$ 22,349</b>
<b>FUND BALANCES:</b>				
<b>Restricted:</b>				
Enabling Legislation	\$ 151,426			\$ 151,426
Debt Service			239,119	239,119
Road and Bridge		350,323		350,323
<b>Assigned:</b>				
Courthouse Restoration	1,294,996			1,294,996
<b>Unassigned</b>	2,895,155		906	2,896,061
<b>Total Fund Balances</b>	<b>\$ 4,341,577</b>	<b>\$ 350,323</b>	<b>\$ 240,025</b>	<b>\$ 4,931,925</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,396,101</b>	<b>\$ 368,946</b>	<b>\$ 240,025</b>	<b>\$ 5,005,072</b>

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

Total Fund Balances - Governmental Funds Balance Sheet	\$	4,931,925
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:		
Capital assets used in governmental activities are not reported in the funds.		11,531,143
Revenues unavailable to pay for current period expenditures are deferred in the funds.		18,199
Payables for notes payable which are not due in the current period are not reported in the funds.		(9,429,984)
Net pension liability, deferred outflows and deferred inflows are not recognized in the governmental funds.		(89,579)
Payables for bond interest which are not due in the current period are not reported in the funds.		(3,155,700)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(3,427)
To record the Justice of Peace and County/District Clerk fines receivable.		21,849
Interest receivable on investments is not recorded in the funds.		<u>9,582</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u><u>3,834,008</u></u>

The accompanying notes are an integral part of this statement.

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DICKENS COUNTY, TEXAS

Exhibit A-6

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Major Funds		Nonmajor Governmental Funds (See Exhibit C-2)	Total Governmental Funds
	General Fund	Road and Bridge Fund		
Revenue:				
Taxes:				
Property Taxes	\$ 1,589,119	\$ 504,844	\$	\$ 2,093,963
Other Taxes	57,671	11		57,682
License and Permits	1,000	134,437		135,437
Intergovernmental Revenue and Grants	416,573	87,244	212,000	715,817
Charges for Services	203,008	18,774		221,782
Fines and Fees	2,287	37,640		39,927
Investment Earnings	42,825	2,109	45	44,979
Rents and Royalties	2,254			2,254
Other Revenue	21,131	477		21,608
Total Revenues	\$ 2,335,868	\$ 785,536	\$ 212,045	\$ 3,333,449
Expenditures:				
Current:				
County Judge	\$ 77,855	\$	\$	\$ 77,855
County Clerk	69,219			69,219
County Treasurer	43,846			43,846
Tax Assessor and Collector	83,005			83,005
County Sheriff	384,937			384,937
County Attorney	26,463			26,463
Justice of Peace	39,428			39,428
Extension Office	68,921			68,921
Building Maintenance	75,094			75,094
County Court	25,054			25,054
District Court	58,027			58,027
Emergency Management Office	18,359			18,359
Indigent Health	30,223			30,223
General Administration	1,911,529		225,400	2,136,929
Road and Bridge		502,635		502,635
Special Road and Bridge		354,978		354,978
Total Expenditures	\$ 2,911,960	\$ 857,613	\$ 225,400	\$ 3,994,973
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (576,092)	\$ (72,077)	\$ (13,355)	\$ (661,524)
Other Financing Sources:				
Sale of Real and Personal Property	\$ 15,680	\$ 165,895	\$	\$ 181,575
Total Other Financing Sources	\$ 15,680	\$ 165,895	\$ 0	\$ 181,575
Net Change in Fund Balances	\$ (560,412)	\$ 93,818	\$ (13,355)	\$ (479,949)
Fund Balances - Beginning	4,901,989	256,505	253,380	5,411,874
Fund Balances - Ending	\$ 4,341,577	\$ 350,323	\$ 240,025	\$ 4,931,925

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	(479,949)
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:		
Capital assets are not reported as expenses in the SOA.		1,145,577
The depreciation of capital assets used in governmental activities is not reported in the funds.		(405,262)
The loss from the disposition of a capital asset is not recorded in the funds.		(7,314)
Payments on capital leases are not expenses in the SOA, but are reported as a reduction of long-term in the SNP.		4,670
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(1,300)
To record the change in the Justice of the Peace and County/District Clerk fines receivable.		(14,600)
Increase in accrued interest payable from beginning of period to end of period.		(930,881)
The change in accrued interest income on investments is reflected in the SOA.		1,323
Net change in pension expense to convert amounts paid in for the governmental funds to accrued pension expense for governmental activities.		29,763
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		<u>(950)</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$	<u><u>(658,923)</u></u>

The accompanying notes are an integral part of this statement.

DICKENS COUNTY, TEXAS

Exhibit A-7

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2015

	<u>Agency Fund</u>
<b>ASSETS:</b>	
Current Assets	
Cash and Cash Equivalents	\$ 229,329
Total Current Assets	<u>\$ 229,329</u>
<b>LIABILITIES:</b>	
Current Liabilities	
Due to Others	\$ 229,329
Total Current Liabilities	<u>\$ 229,329</u>

The accompanying notes are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**



**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

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

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

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

Component units are legally separate entities for which the County is considered to be financially accountable. The blended component unit, although a legally separate entity, is in substance part of the County's operations. Therefore, data from this unit is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. The blended component unit is described below and discussed further in Footnote H. The County has no discretely presented component units.

The following table describes the County's component unit:

<u>Component Unit</u>	<u>Description; Criteria for Inclusion</u>	<u>Reporting Method</u>	<u>For Separate Financial Statements</u>
Dickens County Public Facility Corporation	Formed to Finance the Acquisition of the Dickens County Correctional Facility	Blended	Not Available

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds (other funds).

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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

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

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

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

#### **D. FUND ACCOUNTING**

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

The County reports the following classifications:

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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

The County maintains the following funds:

**Major Governmental Funds:**

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

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

**Non-major Governmental Funds:**

**Debt Service Fund** – This fund is used to account for the accumulation of resources for and the payment of, the principal and interest on the tax-exempt lease revenue bonds issued by the Dickens County Public Facility Corporation.

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

**Valley Water Grant Fund** – Special Revenue Fund used to account for federal funds received to be used for water facilities improvements on behalf of the Valley Water Supply Corp., located in Spur, Texas.

**Fiduciary Funds:**

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**E. OTHER ACCOUNTING POLICIES**

- Capital assets include land, buildings, furniture and equipment and are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects when constructed.

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

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

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

**F. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION**

Effective September 30, 2015, the County implemented GASB Statement 68, "Accounting and Financial Reporting for Pensions: An Amendment of GASB Statement 27" to improve the usefulness of financial reports of employer governments whose employees are provided with pensions by reporting the effects of pension-related transactions and events on the financial statements of employers and providing information about the County's pension obligations and the assets available to satisfy the obligations. Prior to implementation of GASB 68 these transactions were not reported by the County. As a result of implementation of GASB 68 a restatement in previously reported net position was required as follows:

Restatement for Prior Year Ending Net Pension Liability	\$	(199,693)
Restatement for Prior Year Ending Employer Contribution Deferral		80,351
Total Prior Year Restatement	\$	(119,342)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

## **II. PROPERTY TAX**

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

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

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

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. A practical limitation on taxes levied for debt service is \$1.50 per \$100 of assessed valuation as established by the Attorney General of the State of Texas. The tax rates assessed for the year ended September 30, 2015 to finance maintenance and operations of the County was \$.59250 per \$100 valuation.

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

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

At September 30, 2015, the carrying amount of the County's deposits (cash, short-term certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$386,847 and the bank balance was \$499,093.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. KPMG Peat Marwick, 111 Congress Avenue, Suite 1100, Austin, Texas 78701 performs the annual audit. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.



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DICKENS COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

The carrying value of investments at September 30, 2015 was \$4,204,792. The investments consist of:

	Cost	Market Value
TexPool	\$ 1	\$ 1
U.S. Treasury Notes	217,770	223,202
FNMA (Federal National Mortgage Association)	66,149	69,000
Certificates of Deposit	3,902,126	3,908,340
Money Market	4,249	4,249
	\$ 4,190,295	\$ 4,204,792

The carrying value of the restricted investments - held by trustee (US Bank) at September 30, 2015 was \$239,119. The restricted investments consist of:

	Cost	Market Value
US Bank Money Market Account	\$ 239,119	\$ 239,119

As required by GASB Statement No. 25, investments are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. Fair values for the government securities are determined by independent quotation bureaus.

**Policies Governing Deposits and Investments**

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

**Custodial Credit Risk – Deposits:** This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year end and during the year ended September 30, 2015 were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

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

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**DICKENS COUNTY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Other Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPool's investment policy allows the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies' repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. As of September 30, 2015 TexPool's investments credit quality rating was AAAM (Standard & Poor's).

**B. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2015, were as follows:

	Property Tax Receivable	Office Receivables	Total Receivables
<b>Governmental Activities</b>			
General Fund	\$ 46,558	\$ 289,488	\$ 336,046
Road and Bridge Fund	20,428	75,538	95,966
Less: Allowance for Uncollectibles	(48,786)	(187,605)	(236,391)
<b>Total - Governmental</b>	<b>\$ 18,200</b>	<b>\$ 177,421</b>	<b>\$ 195,621</b>

Payables at September 30, 2015 were as follows:

	Accounts Payable
<b>Governmental Activities</b>	
General Fund	\$ 31,902
Road and Bridge Fund	11,739
<b>Total - Governmental</b>	<b>\$ 43,641</b>

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DICKENS COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**C. CAPITAL ASSET ACTIVITY**

Capital asset activity for the County for the year ended September 30, 2015 was as follows:

	Balance October 1, 2014	Additions	Retirements	Balance September 30, 2015
<b>Governmental Activities</b>				
Land	\$ 106,284	\$	\$	\$ 106,284
Buildings and Improvements	585,313	1,972,848		2,558,161
Correctional Facility	10,622,488			10,622,488
Furniture and Equipment	115,076			115,076
Vehicles and Heavy Equipment	2,335,839	314,279	(241,728)	2,408,390
Leasehold Improvements	848,062			848,062
Infrastructure	843,532			843,532
Construction Work in Progress	1,296,916	(1,141,550)		155,366
<b>Totals at Historic Cost</b>	<b>\$ 16,753,510</b>	<b>\$ 1,145,577</b>	<b>\$ (241,728)</b>	<b>\$ 17,657,359</b>
<b>Less: Accumulated Depreciation</b>				
Buildings and Improvement	\$ 329,676	\$ 35,188	\$	\$ 364,864
Correctional Facility	3,275,267			3,275,267
Furniture and Equipment	91,131	5,140		96,271
Vehicles and Heavy Equipment	1,456,849	355,150	(234,414)	1,577,585
Leasehold Improvements	164,390			164,390
Infrastructure	638,055	9,784		647,839
<b>Total Accumulated Depreciation</b>	<b>\$ 5,955,368</b>	<b>\$ 405,262</b>	<b>\$ (234,414)</b>	<b>\$ 6,126,216</b>
<b>Net Investment in Capital Assets</b>	<b>\$ 10,798,142</b>	<b>\$ 740,315</b>	<b>\$ (7,314)</b>	<b>\$ 11,531,143</b>

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

General Administration	\$ 35,237
County Sheriff	31,433
Road and Bridge	337,904
Extension Office	688
<b>Total Depreciation Expense</b>	<b>\$ 405,262</b>

The County is no longer depreciating the correctional facility and leasehold improvement capital assets related to the Dickens County Correctional Facility. See note H. for additional information.

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DICKENS COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**D. ACCUMULATED UNPAID ANNUAL LEAVE**

Accumulated unpaid leave amounts are not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the government-wide Statement of Net Position. At September 30, 2015, accrued employee benefits recorded on the Statement of Net Position were for vacation pay in the amount of \$3,427.

**E. LONG-TERM DEBT**

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

Series 2001 Lease Revenue Bonds:

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

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

Debt service requirements on the Series 2001 Lease Revenue Bonds at September 30, 2015, are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2016	\$ 2,495,000	\$ 3,155,700	\$ 5,650,700
2017	760,000	548,144	1,308,144
2018	825,000	481,772	1,306,772
2019	895,000	409,747	1,304,747
2020	970,000	331,650	1,301,650
2021-2022	3,475,000	346,306	3,821,306
Less: Reserve Fund		<u>(239,119)</u>	<u>(239,119)</u>
<b>Totals</b>	<u>\$ 9,420,000</u>	<u>\$ 5,034,200</u>	<u>\$ 14,454,200</u>

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

The Trustee for the Dickens County Public Facility Corp. (the Facility) was unable to make payments to the bond holders during the year ended September 30, 2015, due to not having sufficient funds in the bond reserve fund. As of September 30, 2015, the County has accrued interest of \$3,155,700 related to the bonds. See note H. for additional information on the operations of the Facility.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

During the year ended September 30, 2015, the County entered into a capital lease agreement with American National Leasing Company to purchase a 2013 Ford F150 Crew Cab 4X4 for the sheriff's department. The capital lease obligation is payable annually at a rate of 4.391% from November 15, 2014 to November 15, 2016. Annual payments are \$5,320, including interest. The outstanding obligation at September 30, 2015 is \$9,984. Annual requirements needed to service this obligation is as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 4,885	\$ 438	\$ 5,323
2017	5,099	224	5,323
Totals	\$ 9,984	\$ 662	\$ 10,646

**F. RISK MANAGEMENT**

Worker's Compensation

During the fiscal year ended September 30, 2015 employees of the County were covered by a worker's compensation plan administered by TAC. The County paid a contribution of \$12,946 for the fiscal year ended September 30, 2015. These figures are subject to change based upon actual payroll figures.

Health Care

During the fiscal year ended September 30, 2015, employees of the County were covered by a health insurance plan (the Plan). The County paid \$692 of the employee's monthly premium and the employee paid \$32. Employees, at their option, authorized payroll withholdings to pay remaining premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The cost to the County for the year ended September 30, 2015 was \$183,967.

**G. RETIREMENT PENSION PLAN**

Plan Description:

The County provides retirement, disability and death benefits for all of its full time employees through a non-traditional defined benefit pension plan in TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 553 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a Comprehensive Annual Financial Report (CAFR) on a calendar basis. The CAFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Members are vested after ten years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the Texas state statutes governing TCDRS so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the Texas state statutes governing TCDRS.

**Pension Plan Fiduciary Net Position:**

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

The information provided by TCDRS shows the following information regarding the Pension Plan fiduciary net position for the County as of December 31, 2014:

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 3,912,342
Less: Plan Fiduciary Net Position	<u>(3,723,515)</u>
Net Pension Liability (Asset)	<u>\$ 188,827</u>
Net Position as Percentage of Total Pension Liability	95.17%

**Benefits Provided:**

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

**Contributions:**

The plan is funded by monthly contributions from employee deposits and from employer contributions based on the covered payroll of employee members. Under the variable rate plan provisions, the contribution rate of the employer is actuarially determined annually. The required contribution was determined as part of the December 31, 2014 actuarial valuation using the entry age actuarial cost method.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

The actuarial assumptions at December 31, 2014 included (a) an 8.00% investment rate of return (net of administrative expenses), and (b) a projected salary increase of 4.40%. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The employer contribution rate was 11.56% for 2015. The deposit rate payable by employee members is the rate of 7.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the Texas state statutes governing TCDRS.

	Contribution Rates	
	2015	2014
Member	7.00%	7.00%
Employer	11.56%	11.50%
2014 Employer Contributions	\$	106,274
2014 Member Contributions	\$	64,852

**Actuarial Assumptions:**

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Smoothing Period	Five years
Recognition Method	Non-asymptotic
Corridor	None
Remaining Amortization Period	20 years
Discount Rate	8.10%
Long-term Expected Investment	
Rate of Return*	8.10%
Salary Increases*	3.50% - 4.40%
Payroll Growth Rate	2.50%

*\*Includes Inflation of three percent*

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**Discount Rate:**

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.1%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of December 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return*</u>
U.S. Equities	16.50%	5.35%
Private Equity	12.00%	8.35%
Global Equities	1.50%	5.65%
International Equities - Developed	11.00%	5.35%
International Equities - Emerging	9.00%	6.35%
Investment-Grade Bonds	3.00%	0.55%
High-Yield Bonds	3.00%	3.75%
Opportunistic Credit	5.00%	5.54%
Direct Lending	2.00%	5.80%
Distressed Debt	3.00%	6.75%
REIT Equities	2.00%	4.00%
Commodities	2.00%	-0.20%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	3.00%	7.20%
Hedge Funds	25.00%	5.15%
<b>Total</b>	<b>100.00%</b>	<b>5.00%</b>

\* - Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 capital market assumptions



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DICKENS COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Discount Rate Sensitivity Analysis:

The following schedule shows the impact of the Net Pension Liability if the discount rate used was one percent less than and one percent greater than the discount rate that was used (8.1%) in measuring the 2014 Net Pension Liability.

	1% Decrease in <u>Discount Rate (7.1%)</u>	<u>Discount Rate (8.1%)</u>	1% Increase in <u>Discount Rate (9.1%)</u>
Total Pension Liability	\$ 4,293,574	\$ 3,912,342	\$ 3,590,694
Fiduciary Net Position	<u>(3,723,515)</u>	<u>(3,723,515)</u>	<u>(3,723,515)</u>
Net Pension Liability/(Asset)	<u>\$ 570,059</u>	<u>\$ 188,827</u>	<u>\$ (132,821)</u>

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

At December 31, 2014, the County reported a liability of \$188,827 for its proportionate share of the TCDRS net pension liability.

The net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period January 1, 2014 through December 31, 2014.

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

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

At December 31, 2014, the County reported its proportionate share of the TCDRS deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ (19,881)
Net Difference Between Projected and Actual Earnings	34,440
Contributions Paid to TCDRS Subsequent to the Measurement Date	<u>84,689</u>
Total	<u>\$ 99,248</u>

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DICKENS COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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

	Pension Expense Amount
2016	\$ 73,418
2017	8,610
2018	8,610
2019	8,610
2020	0
Thereafter	0

At December 31, 2014, the County reported deferred resource outflows for the TCDRS pension plan as follows:

	Deferred Outflows of Resources
Total Net Amounts as of December 31, 2013 Measurement Date	\$ 83,639
Contributions Made Subsequent to the Measurement Date	84,689
Contributions Made Prior to the Measurement Date	(80,351)
Amortization of Deferred Outflows	11,271
Total Net Amounts as of December 31, 2014	<u>\$ 99,248</u>

#### H. BLENDED COMPONENT UNIT

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

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

#### I. LITIGATION, COMMITMENTS, AND SUBSEQUENT EVENTS

There is no pending litigation against the County at September 30, 2015, that would have a material effect on the financial statements.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Management has evaluated subsequent events through March 29, 2016 the date which the financial statements were available to be issued.

**J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

In addition to liabilities, the balance sheet/statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also has one type of item, which arises only under the full accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item is reported on the statement of net position. This amount is related to the pension plan expected and actual differences and is being amortized to expense over a two year period.

**REQUIRED SUPPLEMENTARY INFORMATION**

DICKENS COUNTY, TEXAS

Exhibit B-1

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>12/31/2014</u>
<b>TOTAL PENSION LIABILITY/(ASSET)</b>	
Service Cost	\$ 119,918
Interest Cost	300,272
Effect of Economic/Demographic Losses	(39,761)
Benefit Payments/Refunds of Contributions	<u>(228,274)</u>
Net Change in Total Pension Liability	\$ 152,155
Total Pension Liability, Beginning	<u>3,760,187</u>
Total Pension Liability, Ending	<u>\$ 3,912,342</u>
<b>FIDUCIARY NET POSITION</b>	
Employer Contributions	\$ 106,274
Member Contributions	64,852
Benefit Payments	
Investment Income, Net of Expenses	244,901
Benefit Payments/Refunds of Contributions	(228,274)
Administrative Expenses	(2,803)
Other	<u>(21,929)</u>
Net Change in Fiduciary Net Position	\$ 163,021
Fiduciary Net Position, Beginning	<u>3,560,494</u>
Fiduciary Net Position, Ending	<u>\$ 3,723,515</u>
<b>NET PENSION LIABILITY/(ASSET)</b>	<u>\$ 188,827</u>
Fiduciary Net Position as a % of Total Pension Liability	<u>95.17%</u>
County's Covered-Employee Payroll	<u>\$ 924,619</u>
Net Pension Asset as a % of Covered Payroll	<u>20.42%</u>

Note: Only one year of data is presented in accordance with GASBS #68, paragraph 138. "The information for all periods for the ten year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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DICKENS COUNTY, TEXAS

Exhibit B-2

**BUDGETARY COMPARISON - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	(Unaudited)		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Budgeted Amounts			
	Original	Final		
<b>Revenue:</b>				
<b>Taxes:</b>				
Property Taxes	\$ 1,619,942	\$ 1,619,942	\$ 1,589,119	\$ (30,823)
Other Taxes	56,000	56,000	57,671	1,671
License and Permits	1,000	1,000	1,000	0
Intergovernmental Revenue and Grants	20,950	372,908	416,573	43,665
Charges for Services	239,750	244,250	203,008	(41,242)
Fines and Fees	700	700	2,287	1,587
Investment Earnings	52,258	52,258	42,825	(9,433)
Rents and Royalties	3,000	3,000	2,254	(746)
Other Revenue	14,883	14,883	21,131	6,248
<b>Total Revenues</b>	<b>\$ 2,008,483</b>	<b>\$ 2,364,941</b>	<b>\$ 2,335,868</b>	<b>\$ (29,073)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
County Judge	\$ 78,559	\$ 78,559	\$ 77,855	\$ 704
County Clerk	79,849	79,849	69,219	10,630
County Treasurer	49,290	49,290	43,846	5,444
Tax Assessor and Collector	82,349	82,842	83,005	(163)
County Sheriff	395,771	395,771	384,937	10,834
County Attorney	26,771	26,771	26,463	308
Justice of Peace	43,090	43,090	39,428	3,662
Extension Office	74,381	74,381	68,921	5,460
Building Maintenance	89,748	89,748	75,094	14,654
County Court	40,950	47,950	25,054	22,896
District Court	71,690	71,690	58,027	13,663
Emergency Management Office	22,882	22,882	18,359	4,523
Indigent Health	129,579	129,579	30,223	99,356
General Administration	2,444,540	2,796,005	1,911,529	884,476
<b>Total Expenditures</b>	<b>\$ 3,629,449</b>	<b>\$ 3,988,407</b>	<b>\$ 2,911,960</b>	<b>\$ 1,076,447</b>
<b>Excess (Deficiency) of Revenues     Over (Under) Expenditures</b>	<b>\$ (1,620,966)</b>	<b>\$ (1,623,466)</b>	<b>\$ (576,092)</b>	<b>\$ 1,047,374</b>
<b>Other Financing Sources (Uses):</b>				
Sale of Real and Personal Property	\$ 500	\$ 500	\$ 15,680	\$ 15,180
<b>Total Other Financing Sources</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 15,680</b>	<b>\$ 15,180</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,620,466)</b>	<b>\$ (1,622,966)</b>	<b>\$ (560,412)</b>	<b>\$ 1,062,554</b>
<b>Fund Balances - Beginning</b>	<b>4,901,989</b>	<b>4,901,989</b>	<b>4,901,989</b>	<b>0</b>
<b>Fund Balances - Ending</b>	<b>\$ 3,281,523</b>	<b>\$ 3,279,023</b>	<b>\$ 4,341,577</b>	<b>\$ 1,062,554</b>

DICKENS COUNTY, TEXAS

BUDGETARY COMPARISON - ROAD & BRIDGE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Revenue:	(Unaudited)		Actual Amounts	Final Budget Positive or (Negative)
	Budgeted Amounts	Original		
Property Taxes	\$ 512,918	\$ 512,918	\$ 504,844	(8,074)
Other Taxes	1,000	1,000	11	(989)
License and Permits	140,000	140,000	134,437	(5,563)
Intergovernmental Revenue and Grants	15,000	87,414	87,244	(170)
Charges for Services	15,000	15,000	18,774	3,774
Fines and Fees	17,500	17,500	37,640	20,140
Investment Earnings	1,000	1,000	2,109	1,109
Other Revenue	112,730	112,730	477	(112,253)
Total Revenues	\$ 815,148	\$ 887,562	\$ 785,536	(102,026)
Expenditures:				
Current:				
Road & Bridge	\$ 620,889	\$ 620,656	\$ 502,635	118,021
Special Road & Bridge	195,459	195,692	354,978	(159,286)
Total Expenditures	\$ 816,348	\$ 816,348	\$ 857,613	(41,265)
Deficiency of Revenues	\$ (1,200)	\$ 71,214	\$ (72,077)	(143,291)
Other Financing Sources:				
Sale of Real and Personal Property	\$ 1,200	\$ 1,200	\$ 165,895	164,695
Total Other Financing Sources	\$ 1,200	\$ 1,200	\$ 165,895	164,695
Net Change in Fund Balances	\$ 0	\$ 72,414	\$ 93,818	21,404
Fund Balances - Beginning	256,505	256,505	256,505	
Fund Balances - Ending	\$ 256,505	\$ 328,919	\$ 350,323	21,404

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**A. PENSION PLAN**

**CHANGES OF BENEFIT TERMS**

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

**CHANGES OF ASSUMPTIONS**

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

**B. BUDGETARY DATA**

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

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

An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted on or about September 1. The County maintains its legal level of budgetary control at the department level. Amendments to the 2014-2015 budget were approved by the Commissioners' Court as provided by law.



**COMBINING STATEMENTS**

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DICKENS COUNTY, TEXAS

Exhibit C-1

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	<u>Debt Service Fund</u>	<u>Caprock Regional Defender Grant Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$	\$ 906	\$ 906
Investments - Held by Trustee	239,119		239,119
Total Assets	<u>\$ 239,119</u>	<u>\$ 906</u>	<u>\$ 240,025</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts Payable	\$	\$	\$
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>FUND BALANCES:</b>			
Restricted:			
Debt Service	\$ 239,119	\$	\$ 239,119
Unassigned		906	906
Total Fund Balances	<u>\$ 239,119</u>	<u>\$ 906</u>	<u>\$ 240,025</u>
Total Liabilities and Fund Balances	<u>\$ 239,119</u>	<u>\$ 906</u>	<u>\$ 240,025</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Caprock Regional Defender Grant Fund	Water Valley Grant Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenue:				
Intergovernmental Revenue and Grants	\$ 200,000	\$ 12,000	\$ 45	\$ 212,000
Investment Earnings			45	45
Total Revenues	\$ 200,000	\$ 12,000	\$ 45	\$ 212,045
Expenditures:				
Current:				
General Administration	\$ 200,000	\$ 12,000	\$ 13,400	\$ 225,400
Total Expenditures	\$ 200,000	\$ 12,000	\$ 13,400	\$ 225,400
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ (13,355)	\$ (13,355)
Net Change in Fund Balances	\$ 0	\$ 0	\$ (13,355)	\$ (13,355)
Fund Balances - Beginning	906	0	252,474	253,380
Fund Balances - Ending	\$ 906	\$ 0	\$ 239,119	\$ 240,025



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

**CERTIFIED PUBLIC ACCOUNTANTS**

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**LUBBOCK, TEXAS 79423-1054**

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dickens County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Dickens County, Texas' basic financial statements, and have issued our report thereon dated March 29, 2016.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

March 29, 2016