

DALLAM COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2015

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PART I
INTRODUCTORY SECTION

DALLAM COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2015

Wes Ritchey	County Judge
Carl McCarty	Commissioner, Precinct #1
Corey Crabtree	Commissioner, Precinct #2
Don J. Bowers	Commissioner, Precinct #3
Floyd French	Commissioner, Precinct #4
Ron Enns	Judge, 69 th Judicial District
David Green	District Attorney
Terri Banks	County and District Clerk
Jon King	County Attorney
Kay Howell	County Tax Assessor/Collector
Kenda McKay	County Treasurer
Bruce Scott	County Sheriff
Carol Smith	Justice of the Peace
Shane Stevenson	Constable

PART II
FINANCIAL SECTION



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Dallam County, Texas

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the major fund and its budgetary comparison, and the aggregate remaining fund information of Dallam County, Texas as of and for the 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 the cash receipts and disbursements basis of accounting described in Note 1; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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 the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the major fund and its budgetary comparison, and the aggregate remaining fund information of Dallam County, Texas at September 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios and the schedule of employer contributions on pages 24 – 25 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 regarding 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.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, 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. The independent auditors' opinion is not affected by the omission of the MD&A.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dallam County, Texas' basic financial statements as a whole. The combining non-major and agency fund financial statements listed under other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2015, on our consideration of Dallam County, Texas' 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 Dallam County, Texas' internal control over financial reporting and compliance.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC
November 5, 2015

BASIC FINANCIAL STATEMENTS

DALLAM COUNTY, TEXAS
STATEMENT OF NET POSITION - CASH BASIS
SEPTEMBER 30, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,417,993
Investments	6,532
	1,424,525
LIABILITIES	
Employee's group insurance payable	3,595
Due to other governmental entities	34,330
Cash bonds held	57,317
	95,242
NET POSITION	
Restricted:	
By enabling legislation for special projects	109,913
Dallam/Hartley County Library	6,532
Unrestricted	1,212,838
	1,329,283
Total net position	\$ 1,329,283

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

**DALLAM COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary government					
Governmental Activities:					
Administrative	\$ 952,009	\$ 261,069	\$ 19,557	\$ -	\$ (671,383)
Judicial	448,770	147,917	23,333	-	(277,520)
Public facilities	378,610	586	71,018	-	(307,006)
Public safety	2,135,790	662,828	41,111	-	(1,431,851)
Road and bridge	687,050	458,128	19,231	-	(209,691)
Public service	270,258	242	114,169	-	(155,847)
Principal on indebtedness	160,045	-	-	-	(160,045)
Interest on indebtedness	4,618	-	-	-	(4,618)
Capital outlay	157,768	-	-	5,000	(152,768)
Total	<u>\$ 5,194,918</u>	<u>\$ 1,530,770</u>	<u>\$ 288,419</u>	<u>\$ 5,000</u>	<u>(3,370,729)</u>
General receipts:					
					3,171,042
					3,457
					181,634
					1,884
					40,377
					<u>3,398,394</u>
					27,665
					<u>1,301,618</u>
					<u>\$ 1,329,283</u>

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

DALLAM COUNTY, TEXAS
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
RECEIPTS			
Property taxes and Payments in Lieu	\$ 3,171,042	\$ -	\$ 3,171,042
Miscellaneous taxes	3,457	-	3,457
Licenses and fees	1,343,789	45,209	1,388,998
Fines and forfeitures	141,772	-	141,772
Intergovernmental	475,053	-	475,053
Interest	1,884	-	1,884
Miscellaneous	40,377	-	40,377
Total receipts	<u>5,177,374</u>	<u>45,209</u>	<u>5,222,583</u>
DISBURSEMENTS			
Administrative	936,202	15,807	952,009
Judicial	444,193	4,578	448,771
Public facilities	378,610	-	378,610
Public safety	2,133,174	2,615	2,135,789
Road and bridge	687,050	-	687,050
Public service	270,258	-	270,258
Debt service			
Principal	160,045	-	160,045
Interest	4,618	-	4,618
Capital outlay	157,768	-	157,768
Total disbursements	<u>5,171,918</u>	<u>23,000</u>	<u>5,194,918</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	5,456	22,209	27,665
CASH BASIS FUND BALANCE - Beginning of year	<u>1,191,706</u>	<u>109,912</u>	<u>1,301,618</u>
CASH BASIS FUND BALANCE - End of year	<u>\$ 1,197,162</u>	<u>\$ 132,121</u>	<u>\$ 1,329,283</u>
CASH BASIS ASSETS - End of year			
Cash, net of liabilities	<u>\$ 1,197,162</u>	<u>\$ 132,121</u>	<u>\$ 1,329,283</u>
CASH BASIS FUND BALANCES - End of Year			
Restricted:			
By enabling legislation for special projects	\$ -	\$ 132,121	\$ 132,121
Dallam/Hartley County Library	6,532	-	6,532
Committed to:			
Friends of the library	15,208	-	15,208
Unassigned	<u>1,175,422</u>	<u>-</u>	<u>1,175,422</u>
Total cash basis fund balances - end of year	<u>\$ 1,197,162</u>	<u>\$ 132,121</u>	<u>\$ 1,329,283</u>

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

DALLAM COUNTY, TEXAS
BUDGETARY COMPARISON STATEMENT - CASH BASIS
GENERAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 1,191,706	\$ 1,191,706	\$ 1,191,706	\$ -
Resources (Inflows):				
Taxes	3,194,000	3,194,000	3,171,042	(22,958)
Sales and miscellaneous taxes	3,000	3,000	3,457	457
Licenses and fees	1,505,226	1,505,226	1,343,789	(161,437)
Fines and forfeitures	165,000	165,000	141,772	(23,228)
Intergovernmental	397,229	397,229	475,053	77,824
Interest	1,600	1,600	1,884	284
Miscellaneous	4,000	4,000	40,377	36,377
Total resources	<u>5,270,055</u>	<u>5,270,055</u>	<u>5,177,374</u>	<u>(92,681)</u>
Amounts available for appropriation	<u>6,461,761</u>	<u>6,461,761</u>	<u>6,369,080</u>	<u>(92,681)</u>
Appropriations (Outflows):				
Administrative	841,918	834,518	936,202	(101,684)
Judicial	472,431	459,781	444,193	15,588
Public facilities	406,967	380,967	378,610	2,357
Public safety	1,985,941	2,078,441	2,133,174	(54,733)
Road and bridge	829,442	815,442	687,050	128,392
Public service	299,262	272,812	270,258	2,554
Debt service				
Principal	160,382	160,382	160,045	337
Interest and other charges	4,618	4,618	4,618	-
Capital outlay	165,000	159,000	157,768	1,232
Total appropriations	<u>5,165,961</u>	<u>5,165,961</u>	<u>5,171,918</u>	<u>(5,957)</u>
Ending Budgetary Fund Balance	<u>\$ 1,295,800</u>	<u>\$ 1,295,800</u>	<u>\$ 1,197,162</u>	<u>\$ (98,638)</u>

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

DALLAM COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2015

ASSETS		
Cash and cash equivalents		\$ <u>60,319</u>
Total assets		\$ <u><u>60,319</u></u>
LIABILITIES		
Due to other governments		\$ 4,391
Deposits		<u>55,928</u>
Total liabilities		\$ <u><u>60,319</u></u>

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

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Dallam County, Texas (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles)(GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Financial Reporting Entity

The County, incorporated in 1876, is a public corporation and political subdivision of the State of Texas. The County is governed by the Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a variety of services to advance the welfare, morale, comfort, safety and convenience of the County and its citizens.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing the County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, but also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either, it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

Government-wide financial statements consist of the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis. These statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The County has no business-like activities.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *cash receipts and disbursements basis of accounting*. Under this measurement focus, revenues are recorded when received and expenses are recorded when spent.

The Statement of Activities – Cash Basis demonstrates the degree to which the direct expenses of the County's programs are offset by those programs' revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Taxes and other items not included among program revenue are reported instead as *general revenue*. In miscellaneous general revenues are non-program specific contributions including capital assets contributions.

Continued

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Government-Wide and Fund Financial Statements – Continuation

Government-Wide Statements – Continuation

Fiduciary funds are excluded in the government-wide presentation of the financial statements.

Fund-Level Statements

All governmental funds are reported using *current financial resources measurement focus* and the *cash receipts and disbursements basis of accounting*. Under the cash receipts and disbursements basis of accounting, revenues are recognized when received. Expenditures are recorded when cash is expended.

Any proprietary funds, including internal service and fiduciary funds, including agency funds, are accounted for using the cash receipts and disbursements basis of accounting. Revenues are recognized when received, and expenses when they are spent. These funds are accounted for using an economic resources measurement focus. The agency funds are custodial in nature and involve no measurement of results of operations.

The accounts of the County are organized and operated 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 equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The County reports the following major governmental funds:

The **General Fund** is the general operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for administrative, judicial, public facilities, public safety, public services, capital acquisition, and debt service.

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and agency funds. The County has only agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Use of Restricted Assets

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Continued

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand and demand deposits. Statutes authorize the County to keep funds in demand deposits, time deposits, or securities of the United States. The County's custodial banks are required to pledge for the purpose of securing County funds, securities of the following kind, in an amount equal to the amount of such County funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes. TexPool is duly chartered and administered by the Texas Treasury Safekeeping Trust Company and the portfolio normally consists of U.S. T-Bills or T-Notes, collateralized certificates of deposit, and repurchase agreements. The carrying value (cost) and market value are equal for these deposits.

The County is required by Government Code Chapter 2256, the Public Funds Investment Act ("Act"), to adopt and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, and include a list of the types of authorized investments in which the investing entity's funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment policies. Audit procedures in this area conducted, as a part of the audit of the basic financial statements, disclosed that in areas of investment practices, management reports and establish appropriate policies. The County adheres to the requirements of the Act. Additionally, investment practices of the County are in accordance with local policies.

2. Accounts Payable

Payables recorded do not reflect an accrual entry, but are amounts collected, as an agent, in the process of payment primarily to other governments within 30 days. They are treated as fiduciary in nature.

3. Property Tax Calendar and Receipts

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year. Tax collections after February 1 are treated as late payments and are subject to penalties and interest. Uncollected taxes from the current roll become delinquent on July 1 and are subject to additional penalties and interest.

4. Capital Assets

The County's cash receipts and disbursements basis of accounting reports capital asset purchases resulting from transactions. In the government-wide and fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Continued

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, and Net Position or Equity – Continuation

5. **Compensated Absences**

Regular full-time employees are entitled to vacation of up to three weeks per year as earned. Vacation time earned, but not taken, is not allowed to accumulate from year to year unless an employee is unable to take vacation because of the needs of the County. A liability for accrued compensated absences has not been calculated for disclosure because it is immaterial to the financial statements as there is no accumulated value, and only the current year's unused vacation is paid.

6. **Long-term Obligations**

Long-term debt arising from cash receipts and disbursements basis transactions of governmental funds is not reported as liabilities in either the government-wide or fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

7. **Pensions**

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. **Fund Balances**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the Commissioners' Court. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Continued

**DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, and Net Position or Equity – Continuation

8. Fund Balances – Continuation

Assigned Fund Balance – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Commissioners' Court or (b) a body (budget, finance committee, or County Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted or committed.

Unassigned Fund Balance – this classification represents 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.

9. Net Position

In the government-wide financial statements, equity is classified as Net Position and displayed in two categories.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Unrestricted Net Position – This amount includes all net positions that do not meet the definition of “restricted net position.”

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

1. Prior to September 1, the proposed budget is submitted to the Commissioners' Court.
2. The Commissioners' Court provides for a public hearing on the County budget subsequent to August 15, and prior to the levy of taxes by the Commissioners' Court.
3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund.
4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioner's Court. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for the General Fund.

Continued

**DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continuation

A. Budgetary information – Continuation

5. Budgets for the General and Special Revenue Funds are adopted on a cash basis of accounting on an annual basis. The District Clerk Records Management, Archive Records Management, Narcotics Task Force, and the CPS Prosecutor Special Revenue Funds were not included in the annual budget because there were no projected expenditures at the time the budget was prepared.
6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund.
7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

B. Excess of Disbursements Over Appropriations

For the year ended September 30, 2015, disbursements exceeded appropriations in the Administrative function by \$101,684, and the Public Safety function by \$54,733. The over expenditures were funded by lower than expected expenditures in the other functional areas as well as fund balance reserves from the previous year.

NOTE 3 – CASH AND INVESTMENTS

Following is a reconciliation of the County's cash and deposit balances as of September 30, 2015:

Cash and deposit balances consist of:

Bank deposits	\$ 1,476,922
Temporary investments - TexPool	1,390
	1,478,312
Total	\$ 1,478,312

Cash and deposit balances are reported in the basic financial statements as follows:

Government-wide Statement of Net Position - Cash Basis:	
Unrestricted	\$ 1,417,993
Fiduciary Funds Statement of Net Position - Cash Basis	60,319
	1,478,312
Total	\$ 1,478,312

Continued

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 3 – CASH AND INVESTMENTS – Continuation

As of September 30, 2015, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Governmental activities		
Certificates of deposit (interest rates at .45%)	\$ 6,532	365
Total fair value	<u>\$ 6,532</u>	
Portfolio weighted average maturity		365

Custodial credit risk – deposits. As of September 30, 2015, the carrying amount of the County's deposits with financial institutions was \$1,483,454 and the bank's balance was \$1,606,712. Of the bank balance, 417,920 was insured through the Federal Depository Insurance Corporation (FDIC) and \$1,188,792 was collateralized with securities held by the pledging institution's agent in the County's name.

As of September 30, 2015, the County had \$1,390 invested in the Texas Treasury Safekeeping Trust Company (TexPool). TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

Interest rate risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The County manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, the readily available TexPool shares, or in certificates of deposit with maturities of one year or less.

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and County policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least on nationally recognized rating service.

Concentration of credit risk – Is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of September 30, 2015, .094% of the County's carrying value of cash was invested in TexPool. All other cash was deposited with the County's depository and was adequately secured as described above.

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 4 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is \$.80 on each \$100 of assessed valuation. The tax rate on the 2014 tax roll was \$.43 per \$100, which means that the County has a tax margin of \$.37 per \$100 and could raise up to \$2,328,780 additional revenue from the 2014 assessed valuation of \$629,399,926 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

NOTE 5 – RETIREMENT PLAN

Plan Description: Hartley County provides retirement and death benefits for all of its employees, except temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 677 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided: The plan provisions are adopted by the governing body of the County (employer), within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 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 the County.

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 County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees Covered by Benefit Terms: At September 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	14
Active employees	63

Contributions: The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually.

Continued

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 – RETIREMENT PLAN – Continuation

The County contributed using the actuarially determined rate of 18.43% for the months of the accounting year in 2014 and 17.11% for the months of the accounting year in 2015. The contribution rate payable by the employee members is 7.0% for fiscal year 2015 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	General wage inflation component of 3.5% and a merit, promotion and longevity component that on average approximates 1.4% per year for career employees.
Investment rate of return	8.10%
Cost-of-living adjustments	None

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions that determined the total pension liability as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information are provided by TCDRS' investment consultant based on January 2015 information for a 7 – 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

Continued

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 – RETIREMENT PLAN – Continuation

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US 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%

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

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

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

Continued

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 – RETIREMENT PLAN – Continuation

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternatives methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 – RETIREMENT PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2013	\$ 10,176,298	\$ 8,960,289	\$ 1,216,009
Changes for the year:			
Service cost	361,459	-	361,459
Interest on total pension liability (1)	821,108	-	821,108
Effect of economic/demographic gains or losses	(232,459)	-	(232,459)
Refund of contributions	(79,511)	(79,511)	-
Benefit payments	(361,836)	(361,836)	-
Administrative expenses	-	(7,215)	7,215
Member contributions	-	156,705	(156,705)
Net investment income	-	616,210	(616,210)
Employer contributions	-	516,581	(516,581)
Other (2)	-	(55,336)	55,336
Balances as of December 31, 2014	<u>\$ 10,685,059</u>	<u>\$ 9,745,887</u>	<u>\$ 939,172</u>

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

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

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 11,954,800	\$ 10,685,058	\$ 9,631,296
Fiduciary net position	<u>9,745,887</u>	<u>9,745,887</u>	<u>9,745,887</u>
Net pension liability / (asset)	<u>\$ 2,208,913</u>	<u>\$ 939,171</u>	<u>\$ (114,591)</u>

Continued

DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5 – RETIREMENT PLAN – Continuation

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

Pension Expense / (Income):

	<u>January 1, 2014 to December 31, 2014</u>
Service cost	\$ 361,459
Interest on total pension liability (1)	821,108
Effect of plan changes	-
Administrative expenses	7,215
Member contributions	(156,705)
Expected investment return net of investment expenses	(739,725)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(58,115)
Recognition of assumption changes or inputs	-
Recognition of investment gains or losses	24,703
Other (2)	<u>55,336</u>
Pension expense / (income)	<u>\$ 315,276</u>

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

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

Deferred Inflows / Outflows of Resources: As of December 31, 2014, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 174,344	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	98,812
Contributions made subsequent to measurement date	N/A	305,352

Continued

**DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5 – RETIREMENT PLAN – Continuation

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

Year ended December 31:	
2015	\$ (33,412)
2016	(33,412)
2017	(33,412)
2018	24,703
2019	-
Thereafter	-

NOTE 6 – CONCENTRATION OF TAXPAYERS

As of September 30, 2015, the following taxpayers accounted for a significant portion of the County’s total tax levy.

<u>Taxpayer</u>	<u>Industry</u>	<u>Tax Amount</u>	<u>Percent of Total Levy</u>
Taxpayer A	Agriculture	\$ 241,955	8.93 %

NOTE 7 – RISK MANAGEMENT

The County’s major areas of risk management are: public officials’ liability, automobile liability, airport liability, general comprehensive liability, and property damage, workers compensation, automobile liability and employee health insurance. The County has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas. The County pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current or previous years.

**DALLAM COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 8 – PROBATION DEPARTMENTS

Juvenile Probation Department

The Dallam, Hartley and Sherman Counties Juvenile Probation Department (Department) is a joint venture between the Counties. Each County makes a contribution to the Department based on a predetermined percentage of budgeted expenditures. The Department is governed by the Juvenile Probation Board whose members are the District Judge, the three County Judges and one citizen member appointed by the Board.

The Department operates on a fiscal year ending August 31 and issues a statement of revenues, expenditures and changes in fund balance – budget and actual. This financial statement is issued on a regulatory basis of accounting as mandated by the Texas Juvenile Justice Division. This report is solely the TJJD special revenue grant funds and not the Department as a whole.

Summarized information of the Dallam, Hartley and Sherman Counties Juvenile Probation Department for the year ended August 31, 2015 is as follows:

Department revenues:	
TJPC grant revenues - audited	\$ 162,669
Local funding - unaudited	83,000
Other revenues - unaudited	<u>2,364</u>
Total revenues	<u>248,033</u>
Department expenditures:	
Grant expenditures - audited	162,669
Grant and local expenditures - unaudited	<u>84,795</u>
Total expenditures	<u>247,464</u>
Excess of Revenues over Expenditures	<u><u>\$ 569</u></u>
Total assets, net - unaudited	<u><u>\$ 91,695</u></u>
Fund balance - unaudited	<u><u>\$ 89,372</u></u>

Community Supervision and Corrections (Adult Probation)

The 69th District CSCD is a joint venture between Dallam, Hartley, Sherman and Moore Counties. The County's local funding to this department for the year ended September 30, 2015 was \$5,423. This funding was not audited after it was sent to the CSCD by the County.

REQUIRED SUPPLEMENTARY INFORMATION

DALLAM COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	Year Ended December 31,			
	2014	2013	2012	2011
Total Pension Liability:				
Service cost	\$ 361,459	\$ N/A	\$ N/A	\$ N/A
Interest on total pension liability (1)	821,108	N/A	N/A	N/A
Effect of plan changes	-	N/A	N/A	N/A
Effect of assumption changes or inputs	-	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(232,459)	N/A	N/A	N/A
Benefit payments/refunds of contributions	(441,348)	N/A	N/A	N/A
Net change in total pension liability	508,760	N/A	N/A	N/A
Total pension liability, beginning	10,176,298	N/A	N/A	N/A
Total pension liability, ending (a)	<u>\$ 10,685,058</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Fiduciary Net Position:				
Employer contributions	\$ 516,581	\$ N/A	\$ N/A	\$ N/A
Member contributions	156,705	N/A	N/A	N/A
Investment income net of investment expenses	616,210	N/A	N/A	N/A
Benefit payments/refunds of contributions	(441,347)	N/A	N/A	N/A
Administrative expenses	(7,215)	N/A	N/A	N/A
Other	(55,336)	N/A	N/A	N/A
Net change in fiduciary net position	785,598	N/A	N/A	N/A
Fiduciary net position, beginning	8,960,289	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$ 9,745,887</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 939,171</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Fiduciary net position as a % of total pension liability	91.21%	N/A	N/A	N/A
Pensionable covered payroll	\$ 2,238,646	\$ N/A	\$ N/A	\$ N/A
Net pension liability as a % of covered payroll	41.95%	N/A	N/A	N/A

Year Ended December 31,

2010	2009	2008	2007	2006	2005
\$ N/A					
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ N/A					
\$ N/A					
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ N/A					
\$ N/A					
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ N/A					
\$ N/A					
N/A	N/A	N/A	N/A	N/A	N/A
\$ N/A					
\$ N/A					
N/A	N/A	N/A	N/A	N/A	N/A

DALLAM COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years

Year Ending December 31:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	\$ 111,907	\$ 111,907	\$ -	\$ 1,378,169	8.1%
2007	120,231	120,231	-	1,592,461	7.6%
2008	161,098	161,098	-	1,764,488	9.1%
2009	184,682	184,682	-	1,839,457	10.0%
2010	222,632	222,632	-	1,966,713	11.3%
2011	258,462	258,462	-	2,052,916	12.6%
2012	360,555	360,555	-	2,079,335	17.3%
2013	388,763	587,762	(198,999)	2,179,166	27.0%
2014	412,581	516,581	(104,000)	2,238,646	23.1%

Following are the key assumptions and methods used in this GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3%
Salary increases	General wage inflation component of 3.5% and a merit, promotion and longevity component that on average approximates 1.4% per year for career employees.
Investment rate of return	8.1%
Cost-of-living adjustments	None
Retirement age	Expected retirement ages have been adjusted to more closely reflect actual experience using factors of age and gender.
Mortality	The RP-2000 Mortality Tables were utilized.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the receipts of specific sources that are legally restricted to disbursements for specified purposes.

Archive – The Archive Fund accounts for receipts from fees collected by the County/District Clerk on the filing of documents of official public record and court cases. These receipts are to be used for specific archiving projects of the office.

Courthouse Security – The Courthouse Security Fund accounts for statutory filing fees collected by the County/District Clerk which are dedicated by law to maintain the security of the courthouse.

Jail Immigration and Naturalization – The Jail Immigration and Naturalization Fund accounts for receipts from the State and Federal governments restricted for use with immigrants.

Justice of the Peace Technology – The Justice of the Peace Technology Fund accounts for money charged to a defendant convicted of a misdemeanor in a justice court. It is dedicated by law for purchase of technological enhancements for a justice court.

Records Management – The Records Management Fund accounts for receipts from fees collected by the County/District Clerk on court cases. The receipts are to be used for specific records management projects of the office.

Law Library – The Law Library Fund accounts for statutory fees collected in civil cases filed in County and District Courts. These fees are dedicated by law to provide and maintain a County Law Library.

Records Preservation – The Records Preservation Fund accounts for receipts from fees collected by the County/District Clerk on documents of official public record and court cases. These receipts are to be used for specific preservation projects of the office.

District Clerk Digitizing – The District Clerk Digitizing Fund accounts for receipts from fees collected by the County/District Clerk to be used for restoring and digitizing records.

District Clerk Technology – The District Clerk Technology Fund accounts for receipts from fees collected by the County/District Clerk to be used for purchasing technological enhancements for the office.

DALLAM COUNTY, TEXAS
COMBINING STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS , DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Archive	Courthouse Security
RECEIPTS		
Licenses and fees	\$ 16,332	\$ 5,912
Total receipts	16,332	5,912
DISBURSEMENTS		
Current:		
Administrative	14,400	-
Judicial	-	428
Public safety	-	-
Total disbursements	14,400	428
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	1,932	5,484
CASH BASIS FUND BALANCE - Beginning of Year	25,495	34,831
CASH BASIS FUND BALANCE - End of Year	\$ 27,427	\$ 40,315
CASH BASIS ASSETS - End of Year		
Cash, net of liabilities	\$ 27,427	\$ 40,315
CASH BASIS FUND BALANCE - End of Year		
Restricted:		
By enabling legislation for special projects	27,427	40,315
Total cash basis fund balance - end of year	\$ 27,427	\$ 40,315

Jail Immigration and Naturalization	JP Technology	Records Management	Law Library	Records Preservation	DC Digitizing
\$ -	\$ 3,714	\$ 18,952	\$ -	\$ -	\$ -
-	3,714	18,952	-	-	-
-	-	1,407	-	-	-
-	4,150	-	-	-	-
2,615	-	-	-	-	-
2,615	4,150	1,407	-	-	-
(2,615)	(436)	17,545	-	-	-
2,615	2,877	32,279	5,859	4,383	862
<u>\$ -</u>	<u>\$ 2,441</u>	<u>\$ 49,824</u>	<u>\$ 5,859</u>	<u>\$ 4,383</u>	<u>\$ 862</u>
<u>\$ -</u>	<u>\$ 2,441</u>	<u>\$ 49,824</u>	<u>\$ 5,859</u>	<u>\$ 4,383</u>	<u>\$ 862</u>
-	2,441	49,824	5,859	4,383	862
<u>\$ -</u>	<u>\$ 2,441</u>	<u>\$ 49,824</u>	<u>\$ 5,859</u>	<u>\$ 4,383</u>	<u>\$ 862</u>

Continued

DALLAM COUNTY, TEXAS
COMBINING STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS , DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>District Clerk Technology</u>	<u>Total Nonmajor Funds</u>
Continuation		
RECEIPTS		
Licenses and fees	\$ 299	\$ 45,209
Total receipts	<u>299</u>	<u>45,209</u>
DISBURSEMENTS		
Current:		
Administrative	-	15,807
Judicial	-	4,578
Public safety	<u>-</u>	<u>2,615</u>
Total disbursements	<u>-</u>	<u>23,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	299	22,209
CASH BASIS FUND BALANCE - Beginning of Year	<u>711</u>	<u>109,912</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 1,010</u>	<u>\$ 132,121</u>
CASH BASIS ASSETS - End of Year		
Cash, net of liabilities	<u>\$ 1,010</u>	<u>\$ 132,121</u>
CASH BASIS FUND BALANCE - End of Year		
Restricted:		
By enabling legislation for special projects	<u>1,010</u>	<u>132,121</u>
Total cash basis fund balance - end of year	<u>\$ 1,010</u>	<u>\$ 132,121</u>

FIDUCIARY

AGENCY FUNDS

The Agency Funds account for assets received in the capacity of trustee or agent for the County, other governmental entity or individual.

County and District Clerk - The County and District Clerk's Fund accounts for money collected that is remitted to various entities and for registry funds held by the County and District Clerk.

Tax Assessor Collector – The Tax Assessor Collector Fund accounts for money collected by the Tax Assessor Collector and remitted to various taxing jurisdictions.

DALLAM COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2015

	County and District Clerk	Tax Assessor Collector	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 9,992	\$ 50,327	\$ 60,319
Total assets	\$ 9,992	\$ 50,327	\$ 60,319
LIABILITIES			
Due to other governments	\$ -	\$ 4,391	\$ 4,391
Deposits	9,992	45,936	55,928
Total liabilities	\$ 9,992	\$ 50,327	\$ 60,319

PART III
COMPLIANCE



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Dallam County, Texas

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*

We have audited the cash basis financial statements of the governmental activities, the major fund and its budgetary comparison, and the aggregate remaining fund information of Dallam County, Texas as of and for the year ended September 30, 2015, which collectively comprise Dallam County, Texas' basic financial statements and have issued our report thereon dated November 5, 2015. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dallam County, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dallam County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dallam County, Texas' internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dallam County, Texas' financial statements are free of 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*.

We noted certain matters that we reported to management of Dallam County, Texas in a separate letter dated November 5, 2015.

This report is intended for the information of the Commissioners' Court and County Officials and is not intended to be and should not be used by anyone other than those specified parties.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

November 5, 2015

**DALLAM COUNTY, TEXAS
SCHEDULE OF FINDINGS
SEPTEMBER 30, 2015**

Finding 2015-1

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Inadequate segregation of duties within a significant account or accounting process is considered to be a deficiency in your financial reporting controls. Due to the small size of the offices of the Justice of the Peace and the County and District Clerk, they have not been able to adequately segregate the processes of cash receipts and deposits, and reconciling the bank accounts. This lack of segregation of duties within these processes of handling cash creates a risk that a material misstatement could be present in the financial statements or that fraud could occur and would not be detected by management timely. Though these offices may not be able to adequately segregate these processes within the office, the official should implement compensating controls over these processes.