

JEFF DAVIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2023



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

JEFF DAVIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge, Members of the Commissioners Court and Citizens of
Jeff Davis County, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jeff Davis County, Texas, as of September 30, 2023, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension related schedules following the notes to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining schedules of non-major governmental funds and fiduciary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of non-major governmental funds and fiduciary funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Alpine, Texas

May 17, 2024

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JEFF DAVIS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

As management of Jeff Davis County, Texas (hereafter the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2023. Please read it in conjunction with the independent auditor's report on page 1 and the County's basic financial statements which follow this section.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$9,942,868 (net position). Of this amount, \$4,046,167 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$6,002,564, an increase of \$1,439,082 in comparison with the prior year. Of this amount, \$3,203,761 is available for spending at the County's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,203,761, or 145% of total General Fund current year expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, judicial, highways and streets, public facilities, health and welfare, culture and recreation, and conservation and development. The County currently does not have any business-type activities.

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

JEFF DAVIS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains twenty one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road & Bridge Fund, the Operation Stonegarden Fund, the Emergency Services District Fund, the Community Center Renovation Projects Grant Fund and the Fire Bunkhouse Projects Grant Fund, which are considered to be major funds this year. Data from the other fifteen governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its General Fund and some other selected funds. A budgetary comparison statement for the General Fund has been provided within the basic financial statements section of this report.

Proprietary Funds. The County has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County does not currently utilize an enterprise fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a County's functions. Because the services provided by internal service funds predominantly benefit governmental rather than business-type functions, they are usually included within *governmental activities* in the government-wide financial statements. The County is not currently utilizing an internal service fund.

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

The County maintains one type of fiduciary fund. The *custodial funds* reports resources held by the County in a custodial capacity for County offices, and other governments.

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

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's participation in the Texas County and District Retirement System (TCDRS) for its employees. The required supplementary information can be found immediately following the notes section of this report.

JEFF DAVIS COUNTY, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Combining and Individual Fund Financial Statements and Schedules. Other schedules supporting the basic financial statements are presented here, such as combining schedules of individual non-major governmental funds and custodial funds.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial health. In the case of the County, assets exceeded liabilities by \$9,942,868 at the close of the most recent fiscal year.

The following tables summarize the County’s Net Position and Changes in Net Position as of and for the year ended September 30, 2023.

Table I
JEFF DAVIS COUNTY, TEXAS
NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Change
ASSETS			
Current & Other Assets	\$ 7,250,450	\$ 8,227,525	\$ (977,075)
Capital Assets	3,171,902	2,971,484	200,418
Total Assets	10,422,352	11,199,009	(776,657)
DEFERRED OUTFLOWS			
Deferred Outflows	160,940	144,842	16,098
LIABILITIES			
Current Liabilities	415,502	2,419,499	(2,003,997)
Long-term Liabilities	107,032	57,212	49,820
Total Liabilities	522,534	2,476,711	(1,954,177)
DEFERRED INFLOWS			
Deferred Inflows	117,890	578,955	(461,065)
NET POSITION			
Net Investment in Capital Assets, net of Related Debt	3,097,898	1,797,123	1,300,775
Restricted	2,798,803	1,816,523	982,280
Unrestricted	4,046,167	4,674,539	(628,372)
Total Net Position	\$ 9,942,868	\$ 8,288,185	\$ 1,654,683

JEFF DAVIS COUNTY, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Table II
JEFF DAVIS COUNTY, TEXAS
CHANGES IN NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 266,063	\$ 295,880	\$ (29,817)
Operating Grants & Contributions	1,984,560	1,105,566	878,994
General Revenues:			
Property Taxes	2,147,644	2,177,184	(29,540)
General Sales and Use Taxes	403,471	482,614	(79,143)
Investment Earnings	47,209	36,901	10,308
Miscellaneous	95,999	292,731	(196,732)
Total Revenue	4,944,946	4,390,876	554,070
Expenses:			
General Government	1,617,226	1,883,441	(266,215)
Public Safety	612,224	798,285	(186,061)
Judicial System	106,525	132,579	(26,054)
Highways and Streets	241,231	111,122	130,109
Public Facilities	44,016	15,678	28,338
Health and Welfare	494,009	361,411	132,598
Culture and Recreation	175,032	181,282	(6,250)
Total Expenses	3,290,263	3,483,798	(193,535)
Increase (Decrease) in Net Position Before Special Items:	1,654,683	907,078	747,605
Special Item - Sale of Building	-	310,000	(310,000)
Change in Net Position	1,654,683	1,217,078	437,605
Net Position - Beginning	8,288,185	7,081,747	1,206,438
Prior Period Adjustment	-	(10,640)	10,640
Net Position - Ending	\$ 9,942,868	\$ 8,288,185	\$ 1,654,683

Of the total net position, \$3,064,870 is comprised of investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County’s net position, \$2,798,803, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,046,167 is unrestricted and may be used to meet the government’s ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position.

JEFF DAVIS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$1,654,683 from the prior fiscal year for an ending balance of \$9,942,868. The increase in overall net position of governmental activities is primarily due to fund balance changes at the governmental funds level discussed below, net of the difference in the accounting treatment of some transactions under the full-accrual accounting method utilized by the government-wide financial statements.

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Commissioners Court.

At September 30, 2023, the County's governmental funds reported combined fund balances of \$6,002,564 an increase of \$1,439,082 in comparison with the prior year fund balance of \$4,563,482. Of this amount, \$3,203,761 constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remaining amount of the fund balance is currently reported as restricted in the amount of \$2,798,803.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,203,761. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. The unassigned fund balance of the General Fund represents approximately 145% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$313,561 during the current fiscal year in comparison with the prior year fund balance amount of \$2,890,200 after Prior Period Adjustments to split Fund 081 Grants Fund into separate funds for each grant. This near break-even in revenues versus expenditures for the General Fund is largely in line with the originally adopted budget of the County for the year.

The Road & Bridge Fund, a major governmental fund, experienced an \$118,892 decrease in fund balance during the current fiscal year, which resulted in an overall ending fund balance amount of \$654,750. The decrease in fund balance relates to an increase in the current year needs for road maintenance and repairs.

The Operation Stonegarden Grant Fund, a major governmental fund, experienced an \$2,158 decrease in fund balance during the current fiscal year, which resulted in an overall ending fund balance amount of \$0. Grants received should generally not report fund balances due to funds received not counting as revenues until expended. As a result the Operation Stonegarden Grant Fund did not report a fund balance as of year-end. This fund accounts for grant and expenses related to enhancing border protection.

The Emergency Services District Fund, a major governmental fund, experienced a decrease of \$134,722 in fund balance during the current fiscal year, to end at \$0. Fund balance initially decreased as a result of regular operations by \$213,247 due to higher than anticipated personnel and equipment costs during the year. However, most of this decrease due to operations was offset by a Transfer In of \$78,525 from the General Fund.

The Community Center Renovation Projects Grant Fund, a major governmental fund, experienced an increase of \$1,179,907 in the fund balance during the current fiscal year, to end at \$1,179,907. The increase in fund balance is the result of not spending received grant funds on qualified projects during the year.

JEFF DAVIS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

The Fire Bunkhouse Projects Grant Fund, a major governmental fund, experienced an increase of \$32,202 in the fund balance during the current fiscal year, to end at \$209,108. The increase in fund balance is the result of not spending received grant funds on qualified projects during the year.

The combined non-major governmental funds of the County experienced a fund balance increase of \$169,184 in fund balance during the current fiscal year, to end at \$755,038. The increase in fund balance is mainly attributed to an increase in fund balance of the Hotel/Motel Tax Fund (which experienced larger collections of taxes than were appropriated for qualifying purposes during the year) and the Operation Lonestar Grant Fund (which received more funds than were expended for qualifying purposes during the year).

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. During the year there were no significant budget amendments approved. Two budgetary line items, General Government and Capital Outlay, ultimately reported expenditures in excess of appropriations of \$48,562 and \$43,724, respectively.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of September 30, 2023, amounts to \$3,171,902 (net of accumulated depreciation). This investment in capital assets includes buildings, machinery, equipment, and vehicles. Additional information on the County's capital assets can be found in the notes to the financial statements section of this report.

	Governmental Activities 2023	Governmental Activities 2022	Change
Construction in Progress	\$ 993,019	\$ 679,927	\$ 313,092
Buildings	5,190,375	5,190,375	-
Furniture and Equipment	4,094,881	3,874,724	220,157
Infrastructure	824,268	824,268	-
Total	11,102,543	10,569,294	533,249
Less Accumulated Depreciation	(7,930,641)	(7,597,810)	(332,831)
Capital assets, net of depreciation	\$ 3,171,902	\$ 2,971,484	\$ 200,418

Long-term Debt. At the end of the current fiscal year, the County had long-term obligations consisting of liabilities for accrued employee vacation time and a note payable for the Kofile Records Digitation Agreement.

	Governmental Activities 2023	Governmental Activities 2022	Change
Notes Payable	\$ 74,004	\$ -	\$ 74,004
Compensated Absences	33,028	57,212	(24,184)
Total	\$ 107,032	\$ 57,212	\$ 49,820

JEFF DAVIS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Economic Factors and Next Year's Budgets and Rates

The adopted budget for fiscal year 2023-2024 for the County's General Fund is approximately \$3.5 million, which reflects an increase of roughly \$1.1 million from the fiscal year 2022-2023 General Fund final year-end expenditures. The County adopted a total tax rate of \$0.72945 for fiscal year 2023-2024, which is noted to be a one-time 9-month fiscal year due to the County changing to a September 30th year-end entity.

Requests for Information

This financial report is designed to provide a general overview of the County finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Treasurer's Office, P. O. Box 605, Fort Davis, Texas, 79734, or by calling (432) 426-3243.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

JEFF DAVIS COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government Governmental Activities
ASSETS	
Cash and Temporary Investments	\$ 3,767,638
Investments	2,459,545
Property Taxes Receivable	309,944
Allowance for Uncollectible Taxes	(61,989)
Accounts Receivable	130,279
Net Pension Asset	645,033
Capital Assets not Being Depreciated:	
Construction in Progress	993,019
Capital Assets, Being Depreciated	
Buildings and Improvements	5,190,375
Infrastructure	824,268
Machinery, Equipment, and Vehicles	4,094,881
Accumulated Depreciation	(7,930,641)
Total Assets	10,422,352
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pension Plan Items	160,940
Total Deferred Outflows of Resources	160,940
LIABILITIES	
Accounts Payable	290,510
Payroll Deductions and Withholdings	106
Accrued Salaries and Wages	29,742
Unearned Revenues	95,144
Long-Term Liabilities:	
Due in One Year	33,684
Notes Payable	56,834
Due in More Than One Year	16,514
Total Liabilities	522,534
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pension Items	117,890
Total Deferred Inflows of Resources	117,890
NET POSITION	
Net Investment in Capital Assets	3,097,898
Restricted for Capital Projects	1,389,015
Restricted for Roads and Bridges	654,750
Restricted for Other Purposes	755,038
Unrestricted	4,046,167
Total Net Position	\$ 9,942,868

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

JEFF DAVIS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs:	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 1,617,226	\$ 62,978	\$ 1,290,565	\$ -	\$ (263,683)
Public Safety	612,224	2,645	590,055	-	(19,524)
Judicial System	106,525	36,728	24,906	-	(44,891)
Transportation	241,231	97,612	1,562	-	(142,057)
Culture and Recreation	44,016	1,186	-	-	(42,830)
Health and Human Services	494,009	60,414	77,472	-	(356,123)
Economic Development	175,032	4,500	-	-	(170,532)
Total Governmental Activities:	<u>\$ 3,290,263</u>	<u>\$ 266,063</u>	<u>\$ 1,984,560</u>	<u>\$ -</u>	<u>(1,039,640)</u>
General Revenues:					
					2,147,644
					403,471
					47,209
					95,999
					<u>2,694,323</u>
					<u>1,654,683</u>
					<u>8,288,185</u>
					<u>\$ 9,942,868</u>

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

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FUND BASIS FINANCIAL STATEMENTS

JEFF DAVIS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	<u>010</u>	<u>015</u>	<u>021</u>
	General Fund	Road & Bridge Fund	Operation Stonegarden Grant Fund
ASSETS			
Cash and Temporary Investments	\$ 888,092	\$ 654,750	\$ -
Investments	2,459,545	-	-
Property Taxes Receivable	309,944	-	-
Allowance for Uncollectible Taxes	(61,989)	-	-
Accounts Receivable	32,757	-	61,995
Due from Other funds	113,050	-	-
Total Assets	<u>\$ 3,741,399</u>	<u>\$ 654,750</u>	<u>\$ 61,995</u>
LIABILITIES			
Accounts Payable	\$ 271,866	\$ -	\$ 3,822
Payroll Deductions and Withholdings	106	-	-
Accrued Salaries and Wages	17,711	-	3,746
Due to Other Funds	-	-	54,427
Unearned Revenues	-	-	-
Total Liabilities	<u>289,683</u>	<u>-</u>	<u>61,995</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Property Taxes	247,955	-	-
Total Deferred Inflows of Resources	<u>247,955</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted for:			
Roads and Bridges	-	654,750	-
Capital Projects	-	-	-
Other Purposes	-	-	-
Unassigned	3,203,761	-	-
Total Fund Balances	<u>3,203,761</u>	<u>654,750</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 3,741,399</u>	<u>\$ 654,750</u>	<u>\$ 61,995</u>

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

<i>030</i>	<i>301</i>	<i>302</i>		
Emergency Services District Fund	Community Center Renovation Projects Grant	Fire Bunkhouse Projects Grant	Total Non-Major Funds	Total Governmental Funds
\$ 2	\$ 1,215,201	\$ 209,108	\$ 800,485	\$ 3,767,638
-	-	-	-	2,459,545
-	-	-	-	309,944
-	-	-	-	(61,989)
18,369	-	-	17,158	130,279
-	-	-	-	113,050
<u>\$ 18,371</u>	<u>\$ 1,215,201</u>	<u>\$ 209,108</u>	<u>\$ 817,643</u>	<u>\$ 6,718,467</u>
\$ 2,200	\$ -	\$ -	\$ 12,622	\$ 290,510
-	-	-	-	106
6,082	-	-	2,203	29,742
10,089	35,294	-	13,240	113,050
-	-	-	34,540	34,540
<u>18,371</u>	<u>35,294</u>	<u>-</u>	<u>62,605</u>	<u>467,948</u>
-	-	-	-	247,955
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,955</u>
-	-	-	-	654,750
-	1,179,907	209,108	-	1,389,015
-	-	-	755,038	755,038
-	-	-	-	3,203,761
<u>-</u>	<u>1,179,907</u>	<u>209,108</u>	<u>755,038</u>	<u>6,002,564</u>
<u>\$ 18,371</u>	<u>\$ 1,215,201</u>	<u>\$ 209,108</u>	<u>\$ 817,643</u>	<u>\$ 6,718,467</u>

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JEFF DAVIS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances - Governmental Funds		\$ 6,002,564
<p>Capital assets and related accumulated depreciation used in governmental activities are not current financial resources, and therefore not reported in the funds. These are detailed as follows:</p>		
Governmental activities capital assets	\$ 11,102,543	
Less accumulated depreciation	<u>(7,930,641)</u>	3,171,902
<p>Net pension and other post-employment assets or liabilities as well as related deferred inflows and outflows are not reported in the governmental funds, but are reported on the Statement of Net Position. These amounts are detailed as follows:</p>		
Current net pension asset	645,033	
Deferred outflows related to pensions	160,940	
Deferred inflows related to pensions	<u>(117,890)</u>	688,083
<p>Uncollected property taxes are not available to pay for current operations and are therefore not recorded within the fund balance of the governmental funds. These amounts are however recorded in the statement of net position, net of an allowance for uncollectible amounts.</p>		
		187,351
<p>Long-term liabilities, such as bonds and notes payable, are not due and payable in the current period, and therefore not reported as liabilities in the governmental funds. These are detailed as follows:</p>		
Notes payable	(74,004)	
Compensated absences	<u>(33,028)</u>	<u>(107,032)</u>
Net Position of Governmental Activities		<u><u>\$ 9,942,868</u></u>

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

JEFF DAVIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>010</u>	<u>015</u>	<u>021</u>
	General Fund	Road & Bridge Fund	Operation Stonegarden Grant Fund
REVENUES			
Property Taxes	\$ 2,170,096	\$ -	\$ -
General Sales and Use Taxes	106,182	-	-
Fines, Fees, and Permits	87,805	97,611	-
Charges for Services	-	-	-
Rent and Lease Revenue	4,550	-	-
Investment Income	46,501	-	-
Intergovernmental Revenues	50,471	3,971	91,421
Other Revenue	80,750	-	-
Total Revenues	<u>2,546,355</u>	<u>101,582</u>	<u>91,421</u>
EXPENDITURES			
Current:			
General Government	1,500,088	-	-
Public Safety	441,125	-	89,757
Judicial System	101,448	-	-
Transportation	-	220,474	-
Culture and Recreation	22,483	-	-
Health and Human Services	67,664	-	-
Economic Development	-	-	-
Capital Outlay	74,599	-	3,822
Total Expenditures	<u>2,207,407</u>	<u>220,474</u>	<u>93,579</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>338,948</u>	<u>(118,892)</u>	<u>(2,158)</u>
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	74,004	-	-
Transfers In	-	-	-
Transfers Out	(99,391)	-	-
Total Other Financing Sources (Uses)	<u>(25,387)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	313,561	(118,892)	(2,158)
Fund Balance - Beginning (as restated)	2,890,200	773,642	2,158
Fund Balance - Ending	<u>\$ 3,203,761</u>	<u>\$ 654,750</u>	<u>\$ -</u>

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

<u>030</u>	<u>301</u>	<u>302</u>		
Emergency Services District Fund	Community Center Renovation Projects Grant	Fire Bunkhouse Projects Grant	Total Non- Major Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,170,096
85,935	-	-	211,354	403,471
-	-	-	15,683	201,099
60,414	-	-	-	60,414
-	-	-	-	4,550
-	201	-	507	47,209
24,534	1,215,000	310,000	289,163	1,984,560
15,043	-	-	206	95,999
<u>185,926</u>	<u>1,215,201</u>	<u>310,000</u>	<u>516,913</u>	<u>4,967,398</u>
-	-	-	-	1,500,088
-	-	-	45,266	576,148
-	-	-	-	101,448
-	-	-	-	220,474
667	-	-	20,610	43,760
398,506	-	-	-	466,170
-	-	-	160,983	160,983
-	35,294	277,798	141,736	533,249
<u>399,173</u>	<u>35,294</u>	<u>277,798</u>	<u>368,595</u>	<u>3,602,320</u>
<u>(213,247)</u>	<u>1,179,907</u>	<u>32,202</u>	<u>148,318</u>	<u>1,365,078</u>
-	-	-	-	74,004
78,525	-	-	20,866	99,391
-	-	-	-	(99,391)
<u>78,525</u>	<u>-</u>	<u>-</u>	<u>20,866</u>	<u>74,004</u>
<u>(134,722)</u>	<u>1,179,907</u>	<u>32,202</u>	<u>169,184</u>	<u>1,439,082</u>
<u>134,722</u>	<u>-</u>	<u>176,906</u>	<u>585,854</u>	<u>4,563,482</u>
<u>\$ -</u>	<u>\$ 1,179,907</u>	<u>\$ 209,108</u>	<u>\$ 755,038</u>	<u>\$ 6,002,564</u>

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JEFF DAVIS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

Net Change in Fund Balances - Total Governmental Funds \$ 1,439,082

Internal service funds are used by management to charge the costs of certain activities, such as health insurance and fuel service, to individual funds. The net revenue of certain internal service funds is reported with governmental activities.

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, depreciation expense is only reported on the Statement of Activities.

Expenditures for capitalized assets	\$ 533,249	
Less current year depreciation	<u>(332,831)</u>	200,418

Long-term liabilities, such as bonds and notes payable, are not recorded within the governmental funds due to them not representing current liabilities. When principal repayments are made on these obligations, they represent expenditures in the governmental funds and reduce long-term liabilities in the statement of activities.

Issuance of new long-term debt	(74,004)	
Change in long-term liabilities for compensated absences	<u>24,184</u>	(49,820)

Revenues in the statements of activities for property taxes are recognized in the period levied, not collected. Therefore the uncollected property taxes of the current period increase the change in net position. (22,452)

Governmental funds report pension and other post-employment benefit contributions as current year expenditures. However, these costs are measured actuarially in the statement of activities. These differences in recognition between the governmental funds and Statement of Activities for these items is as follows:

Current year pension expense		<u>87,455</u>
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Change in Net Position- Governmental Activities		<u><u>\$ 1,654,683</u></u>
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The notes to the financial statements are an integral part of this statement.

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JEFF DAVIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		General Fund	Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Property Taxes	\$ 2,267,914	\$ 2,267,914	\$ 2,170,096	\$ (97,818)
General Sales and Use Taxes	157,500	157,500	106,182	(51,318)
Fines, Fees, and Permits	178,287	178,287	87,805	(90,482)
Rent and Lease Revenue	4,500	4,500	4,550	50
Investment Income	19,425	19,425	46,501	27,076
Intergovernmental Revenues	63,700	63,700	50,471	(13,229)
Other Revenue	81,279	81,279	80,750	(529)
Total Revenues	2,772,605	2,772,605	2,546,355	(226,250)
EXPENDITURES				
Current:				
General Government	1,451,526	1,451,526	1,500,088	(48,562)
Public Safety	499,938	499,938	441,125	58,813
Judicial System	133,454	133,454	101,448	32,006
Public Facilities	87,652	87,652	22,483	65,169
Public Works	81,573	81,573	67,664	13,909
Capital Outlay	30,875	30,875	74,599	(43,724)
Total Expenditures	2,285,018	2,285,018	2,207,407	77,611
Excess (Deficiency) of Revenue Over Expenditures	487,587	487,587	338,948	(148,639)
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	74,004	74,004
Transfers Out	-	-	(99,391)	(99,391)
Total Other Financing Sources (Uses)	-	-	(25,387)	(25,387)
Net Change in Fund Balance	487,587	487,587	313,561	(174,026)
Fund Balance - Beginning	2,890,200	2,890,200	2,890,200	-
Fund Balance - Ending	\$ 3,377,787	\$ 3,377,787	\$ 3,203,761	\$ (174,026)

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

JEFF DAVIS COUNTY, TEXAS
 STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2023

	Fiduciary Funds
	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 315,562
Total Assets	315,562
NET POSITION	
Restricted for Remittance to County	315,562
Total Net Position	\$ 315,562

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

JEFF DAVIS COUNTY, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Fiduciary Funds
	Custodial Funds
ADDITIONS	
Collections:	
Collections for District/County Clerk Services	\$ 43,227
Collections for Taxes and Fees	1,909,288
Total contributions	1,952,515
Total Additions	1,952,515
 DEDUCTIONS	
Remittance to County Treasurer	197,765
Remittance to Taxing Authorities	2,053,831
Other Remittances	25,685
Total Deductions	2,277,281
Change in Net Position	(324,766)
Net Position - Beginning	640,328
Net Position - Ending	\$ 315,562

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

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NOTES TO THE FINANCIAL STATEMENTS

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JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE-1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Jeff Davis County, Texas (the “County”) is the primary government and is governed by an elected County Judge and four-member Commissioners Court (the “Court”). The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. Based on these criteria, no blended or discretely presented component units have been included within the financial statements of Jeff Davis County.

Description of government-wide financial statements

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

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of presentation – fund financial statements

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

The County reports the following major governmental funds:

The *General Fund* is the County’s primary operating fund. It accounts for all financial resources of the County, except those accounted for in other funds.

The *Road & Bridge Fund* is a special revenue fund that is used to account for resources used by the County in connection with providing transportation infrastructure and services to its citizens. This fund met the criteria to be considered a major fund this year.

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

The *Operation Stonegarden Grant Fund* is a special revenue fund used to account for resources received and spent through the County's participation in the state grant. This fund met the criteria to be considered a major fund this year.

The *Emergency Services District Fund* is a special revenue fund used to account for revenues raised and expenditures made in connection with the County's emergency services operations. This fund met the criteria to be considered a major fund this year.

The *Community Center Renovation Projects Grants Fund* is a special revenue fund used to account for resources received and spent through the County's participation in selected local and state grants. This fund met the criteria to be considered a major fund this year.

The *Fire Bunkhouse Projects Grants Fund* is a special revenue fund used to account for resources received and spent through the County's participation in selected local, and state grants. This fund met the criteria to be considered a major fund this year.

Additionally, the County reports the following fund types:

Special revenue funds account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed to expenditures for specified purposes.

Fiduciary Funds account for funds collected and held by the County departments on behalf of others that have yet to be remitted to those other individuals or the County Treasurer for County purposes.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as *due to* or *due from* other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

In addition, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as *transfers in* or *transfers out*. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement focus and basis of accounting

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

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

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions through leasing arrangements are reported as other financing sources.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, except those property taxes which have been levied to fund the subsequent fiscal year. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the County.

Custodial funds have no measurement focus but utilize the *accrual basis of accounting* for reporting assets and liabilities.

Budgetary information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and some other selected special revenue funds. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Commissioners Court. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Excess of expenditures over appropriations

For the year ended September 30, 2023, expenditures exceeded appropriations in the General Government and Capital Outlay line items of the General Fund by \$48,562 and \$43,724, respectively.

JEFF DAVIS COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

The County’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the County are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission’s (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although they are not required to register with the SEC.

3. Inventories and prepaid items

The County generally does not report inventories of supplies for consumable items due to the unused amount of these items being on hand any given time being deemed immaterial. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column 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 of more than one year.

As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation with an offsetting recognition of donation revenue.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings	40
Machinery and Equipment	7-15
Vehicles	6
Improvements	20
Infrastructure	20

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

5. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial 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 governmental funds generally report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. *Net position flow assumption*

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. *Fund balance flow assumptions*

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. *Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County’s highest level of decision-making authority. The Commissioners Court is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Commissioners Court has by resolution authorized the County Judge to assign fund balance. The Commissioners Court may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

County policy regarding fund balance is to maintain at all times an overall Unrestricted Fund Balance (Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance) of not less than three months of regular General Fund operating expenditures, measured based on the most recently completed fiscal year. If it is determined that the County is below this minimum established fund balance level, the governing body will be informed of this condition and take necessary budgetary steps to bring the fund balance level into compliance with this policy through budgetary actions.

Revenues and expenditures/expenses

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

The County levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll as of January 1, 2022, upon which the October 1, 2022 tax levy to fund the 2023 fiscal year was based, was \$279,248,520. The assessed value of the property tax roll as of January 1, 2022, upon which the October 1, 2022 tax levy to fund the subsequent 2024 fiscal year was based, was \$286,713,639. Tax collections received in relation to the 2023 fiscal year however were recorded as unearned revenue as of September 30, 2023. County Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rate assessed for the year ended September 30, 2023, (levied October 1, 2022) to finance the General Fund and other operations was \$0.720170 per \$100 valuation. The total tax levy for the General Fund for the 2023 fiscal year based on this rate was \$2,064,826.

3. Compensated absences

Vacation

The County's policy permits employees to accumulate earned, but unused, vacation benefits which are eligible for payment upon separation from County service (subject to the following: maximum of 105 hours part time/120 hours full time of sick leave *provided a minimum of 10 years of employee service to the County*). The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Compensatory Leave

The County’s policy permits employees to accumulate earned, but unused, compensatory leave which is eligible for payment upon separation from County service. Compensatory time is granted at the rate of one and one half hours of time off for every hour of overtime worked. There is no limitation as to how many hours can be carried forward. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

4. Pensions

For purposes of measuring the net pension liability, the economic resources measurement focus and full accrual basis of accounting have been used. This includes deferred inflows and outflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from the net position of the pension plan. 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.

NOTE-2 CASH AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. However, as of September 30, 2023, and as of the highest cash balance during the year, the County’s depository bank balance was covered by the Federal Deposit Insurance Corporation (FDIC) and pledged securities. As of September 30, 2023, the total balance per books of the County’s cash deposits and certificates of deposit at Maverick Bank was \$4,894,714 and the corresponding total bank balance was \$5,058,663.

Investments

As of September 30, 2023, the County had the following investments:

Investment Type	Maturity Time in Years				Totals
	Less than 1	1-5	6-10	More Than 10	
Maverick Bank					
Certificates of Deposit	\$ 830,550	\$ -	\$ -	\$ -	\$ 830,550
Total Maverick Bank	830,550	-	-	-	830,550
UBS Investments					
Cash and Money Balances	2	-	-	-	2
U.S. Treasury Bills	820,858	-	-	-	820,858
UBS Select Treasury Institutional Fund	2,672	-	-	-	2,672
Federal Home Loan Bank - Bond	805,462	-	-	-	805,462
Total UBS Investments	1,628,994	-	-	-	1,628,994
Total Investments	\$ 2,459,544	\$ -	\$ -	\$ -	\$ 2,459,544

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE-3 RECEIVABLES

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables for the major and nonmajor funds of the governmental funds of the County, including the applicable allowances for uncollectible accounts:

Governmental Funds:

Receivables	General Fund	Operation	Emergency	Total Non-Major Funds	Total
		Stonegarden Grant Fund	Services District Fund		Governmental Funds
Property Taxes	\$ 309,944	\$ -	\$ -	\$ -	\$ 309,944
Accounts Receivable	32,757	61,995	18,369	17,158	130,279
Gross receivables	342,701	61,995	18,369	17,158	440,223
Allowance for Uncollectible	(61,989)	-	-	-	(61,989)
Net receivables	\$ 280,712	\$ 61,995	\$ 18,369	\$ 17,158	\$ 378,234

NOTE-4 CAPITAL ASSETS

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

	Balance 1/1/23	Increases	Decreases	Balance 9/30/23
Capital assets, not being depreciated:				
Construction-in-progress	\$ 679,927	\$ 313,092	\$ -	\$ 993,019
Total capital assets, not being depreciated	679,927	313,092	-	993,019
Capital assets, being depreciated:				
Buildings and improvements	5,190,375	-	-	5,190,375
Infrastructure	824,268	-	-	824,268
Machinery and equipment	3,874,724	220,157	-	4,094,881
Total capital assets, being depreciated	9,889,367	220,157	-	10,109,524
Less accumulated depreciation for:				
Buildings and improvements	(4,056,693)	(34,999)	-	(4,091,692)
Machinery and equipment	(396,383)	(34,518)	-	(430,901)
Infrastructure	(3,144,734)	(263,314)	-	(3,408,048)
Total accumulated depreciation	(7,597,810)	(332,831)	-	(7,930,641)
Total capital assets being depreciated, net	2,291,557	(112,674)	-	2,178,883
Governmental activities capital assets, net	\$ 2,971,484	\$ 200,418	\$ -	\$ 3,171,902

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows on the next page:

JEFF DAVIS COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

General Government	\$ 162,679
Public Safety	62,481
Judicial System	11,002
Highways and Streets	23,910
Public Facilities	4,746
Public Works	50,555
Health and Welfare	17,458
Total Depreciation Expense - Governmental Activities	\$ 332,831

NOTE-5 PENSION OBLIGATIONS

Texas County & District Retirement System (TCDRS)

Plan Description

- a. Jeff Davis County, Texas participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability, and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the County’s plan, 7% of each employee’s pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the County may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The County’s contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Jeff Davis County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the County and are currently 7%. Contributions to the pension plan from the County for 2022 (the most recent measurement year) are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.TCDRS.org/Employer.

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Membership Information

Members	12/31/2021	12/31/2022
Number of inactive employees entitled to but not yet receiving benefits:	38	50
Number of active employees	39	38
Average monthly salary:*	\$ 2,276	\$ 2,529
Average age:*	56.13	54.87
Average length of service in years:*	6.88	7.76
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	25	23
Average monthly benefit:	\$ 652	\$ 649

*Averages reported for active employees.

Actuarial Methods and Assumptions Used for Calculations

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

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis 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 (level percent of pay) ⁽¹⁾
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	4.70%
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Jeff Davis County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	PUB-2010 Mortality Table
Retirement Age	Jeff Davis County Specific Table
Turnover	Jeff Davis County Specific Table
Adjustment for Plans with the Partial-Lump Sum Payment Option (Liability and Normal Cost)	Same as funding valuation. For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Long-Term Expected Rate of Return

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 shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Note that the valuation assumption for the long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater LLC in this assessment.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
Int'l Equities-Developed Mkts	MSCI World Ex USA (net)	5.00%	4.95%
Int'l Equities-Emerging Mkts	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Assoc. Distressed Securities Index (3)	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index(5)	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalentents	90-Day U. S. Treasury	2.00%	0.20%
		100%	

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.6%, per Cliffwater's 2023 capital market assumptions.

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

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

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

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Discount Rate

	12/31/2021	12/31/2022
Discount Rate ⁽¹⁾	7.60%	7.60%
Long-Term Expected Rate of Return, net of Investment Expense (1)	7.60%	7.60%
Municipal Bond Rate (2)	Does not apply	Does not apply

(1) This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB-68.

(2) The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

The following presents the net pension liability of the County, calculated using the discount rate of 7.60% as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate.

	Discount Rate (6.60%)	Discount Rate 7.60%	Discount Rate (8.60%)
Total Pension Liability	\$ 4,094,719	\$ 3,711,851	\$ 3,379,453
Fiduciary Net Position	4,356,883	4,356,884	4,356,883
Net Pension Liability/(Asset)	\$ (262,164)	\$ (645,033)	\$ (977,430)

Pension Plan Fiduciary Net Position

A detail of the changes in the Net Pension Liability/(Asset) of the County is as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balances as of December 31, 2021	\$ 3,624,257	\$ 4,658,998	\$ (1,034,742)
Changes for the year:			
Service cost	142,209	-	142,209
Interest on total pension liability	279,036	-	279,036
Effect of plan changes	-	-	-
Effect of economic/demographic gains/losses	(140,233)	-	(140,233)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(12,840)	(12,840)	-
Benefit payments	(180,578)	(180,578)	-
Administrative expenses	-	(2,553)	2,553
Member contributions	-	82,338	(82,338)
Net investment income	-	(270,667)	270,667
Employer contributions	-	82,338	(82,338)
Other	-	(153)	153
Balances as of December 31, 2022	\$ 3,711,850	\$ 4,356,883	\$ (645,033)

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

For the year ended September 30, 2023, the County recognized pension expense of (\$87,455). This amount is inclusive of pension expense recognized within the actuarial valuation measurement at December 31, 2022 and the net change in contributions after the measurement date through December 31, 2023.

At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 106,654
Changes of assumptions	-	11,236
Net Difference between projected and actual investment earnings	83,451	-
Contributions made subsequent to the measurement date	77,489	-
Total	\$ 160,940	\$ 117,890

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the pension plan year as follows:

Measurement Year Ended December 31,	Pension Expense Amount
2023	\$ (124,864)
2024	(48,518)
2025	14,226
2026	124,717
2027	-
Thereafter	-

NOTE-6 ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at September 30, 2023, were as follows:

Governmental Funds:

	General Fund	Operation Stonegarden Grant Fund	Emergency Services District Fund	Total Non-Major Funds	Total Governmental Funds
Accounts Payable	\$ 271,866	\$ 3,822	\$ 2,200	\$ 12,622	\$ 290,510
Payroll Deductions & Withholdings	106	-	-	-	106
Accrued Liabilities	17,711	3,746	6,082	2,203	29,742
Total	\$ 289,683	\$ 7,568	\$ 8,282	\$ 14,825	\$ 320,358

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE-7 RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To reduce its risk exposure in these areas the County is a member of the Texas Association of Counties Risk Pool (the “Risk Pool”) for liability, property, and workers’ compensation. The Risk Pool is a public entity risk pool and was created based on the general objectives of formulation, developing and administering a program of self-insurance for the membership and obtaining lower costs for coverage. The Risk Pool has the power to establish fees, contributions and methods for establishing rates. Under contract with the Risk Pool, the Association provides for such services as claims administration and management, underwriting, loss control services and training, and financial reporting as its members.

The Pool is governed by a Board of Directors made up of employees or officials of counties, which are members of the Pool. Member counties make contributions to the Pool, and the Pool provides insurance coverage and applicable reinsurance or stop loss coverage. The insurance policies carry various deductibles and aggregate maximum loss totals. The by-laws of the Pool are detailed in a separate document, which can be obtained from the Texas Association of Counties, 1210 San Antonio Street, Austin TX 78701.

Health Insurance

During the year ended September 30, 2023, employees of Jeff Davis County, Texas were covered by a health insurance plan (the Plan) through the Texas Association of Counties. The County paid premiums of \$1,173.04 per month per employee for health insurance. In addition, the County paid \$26.10 for dental, \$4.58 for eye, \$0.056 for life insurance premiums per month per employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The total cost to the County for employee health insurance during the year ended September 30, 2023 was \$293,733.40.

NOTE-8 LONG-TERM LIABILITIES

The long-term liabilities of the County is comprised of compensated absences.

Changes in long-term liabilities

Changes in the County’s long-term liabilities for the year ended September 30, 2023 are as follows:

Description	Balance 1/1/23	Additions	Deletions	Balance 9/30/23	Due in One Year
Notes Payable					
Kofile Records Digitation Agreement	\$ -	\$ 74,004	\$ -	\$ 74,004	\$ 17,170
Total Notes Payable	-	74,004	-	74,004	17,170
Other Long-Term Debt					
Compensated Absences	57,212	(24,184)	-	33,028	16,514
Total Other Long-Term Debt	57,212	(24,184)	-	33,028	16,514
Gov. Activities Long-term Liabilities	\$ 57,212	\$ 49,820	\$ -	\$ 107,032	\$ 33,684

Accumulated unpaid annual leave is not accrued in governmental funds using the modified accrual basis of accounting, but is reflected in the government-wide Statement of Net Position. As of September 30, 2023, accrued employee benefits recorded as a long-term liability were for annual vacation pay, holiday pay, and compensated pay and amounted to \$33,028.

JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE-9 INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2023 was as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Operation Stonegarden Garden Grant	\$ 54,427
	Hotel Motel Tax Fund	13,240
	Health Services District	10,089
	Community Center Renovation Project	35,294
Total General Fund		<u>113,050</u>
Total		<u>\$ 113,050</u>

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

Interfund transfers for the year were as follows:

	<u>Transfer in to:</u>		
	<u>Governmental Funds</u>		
	Health Services District	Library Fund	Total
Transfer out from:			
Grants Funds	\$ 78,525	\$ 20,866	\$ 99,391
Total	<u>\$ 78,525</u>	<u>\$ 20,866</u>	<u>\$ 99,391</u>

NOTE-10 CONTINGENCIES

The County participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the County's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County anticipates such amounts, if any, will be immaterial.

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JEFF DAVIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE-11 PRIOR PERIOD ADJUSTMENT

	General Fund	Grants Fund	Operation Lonestar	American Rescue Plan	HAVA Election Grant	Fire Bunkhouse	Total Governmenta Funds
Fund balance as previously stated at 12/31/22	\$2,746,959	\$ 379,547	\$ -	\$ -	\$ -	\$ -	\$3,126,506
Effect of splitting out the cost-reimbursement grants to separate funds on the books.	143,241	(379,547)	(155,146)	194,577	19,969	176,906	-
Fund balance as restated at 12/31/22	<u>\$2,890,200</u>	<u>\$ -</u>	<u>\$ (155,146)</u>	<u>\$ 194,577</u>	<u>\$ 19,969</u>	<u>\$ 176,906</u>	<u>\$3,126,506</u>

During the fiscal year, the County split Fund 081, Grants Fund, into seven separate funds for the individual grants that were tracked there. The new funds are: Fund 103 Operation Lonestar Grants; Fund 104 EMS RAC Funding; Fund 106 EMS SB-8 Grant; Fund 201 American Rescue Plan Grant; Fund 202 HAVA Grant; Fund 301 Community Center Renovation Projects Grant; and Fund 302 Fire Bunkhouse Projects Grant. There is no effect on the Government-wide financial statements regarding the Prior Period Adjustments above.

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REQUIRED SUPPLEMENTARY INFORMATION

JEFF DAVIS COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Measurement Date			
	2022	2021	2020	2019
Total Pension Liability				
Service Cost	\$ 142,209	\$ 129,554	\$ 125,862	\$ 112,523
Interest on Total Pension Liability	279,036	268,762	256,427	239,091
Effect of Plan Changes	-	-	-	-
Effect of Assumption Changes or Inputs	-	(33,710)	157,924	-
Effect of Economic/Demographic (Gains)/Losses	(140,233)	(39,495)	29,597	36,837
Benefit Payments/Refunds of Contributions	(193,418)	(211,401)	(194,550)	(181,243)
Net Change in Total Pension Liability	87,594	113,710	375,260	207,208
Total Pension Liability, Beginning	3,624,257	3,510,547	3,135,287	2,928,079
Total Pension Liability, Ending (a)	3,711,851	3,624,257	3,510,547	3,135,287
Fiduciary Net Position				
Employer Contributions	82,338	75,764	77,998	62,702
Member Contributions	82,338	75,764	77,998	62,702
Investment Income Net of Investment Expenses	(270,667)	844,761	365,594	507,759
Benefit Payments/Refunds of Contributions	(193,418)	(211,401)	(194,551)	(181,243)
Administrative Expenses	(2,553)	(2,521)	(2,837)	(2,697)
Other	(153)	(628)	13,652	(1,419)
Net Change in Fiduciary Net Position	(302,115)	781,739	337,854	447,804
Fiduciary Net Position, Beginning	4,658,998	3,877,259	3,539,405	3,091,602
Fiduciary Net Position, Ending (b)	\$ 4,356,883	\$ 4,658,998	\$ 3,877,259	\$ 3,539,406
Net Pension Liability/(Asset), Ending = (a) - (b)	\$ (645,032)	\$ (1,034,741)	\$ (366,712)	\$ (404,119)
Fiduciary Net Position as a % of Total Pension Liab.	117.38%	128.55%	110.45%	112.89%
Pension Covered Payroll	\$ 1,176,264	\$ 1,082,341	\$ 1,114,252	\$ 895,737
Net Pension Liability as a % of Covered Payroll	-54.84%	-95.60%	-32.91%	-45.12%

Measurement Date

	2018	2017	2016	2015	2014
\$	114,753	\$ 129,224	\$ 122,114	\$ 98,228	\$ 107,660
	230,526	214,910	195,573	184,174	172,930
	-	-	-	(11,703)	-
	-	22,033	-	30,127	-
	(58,992)	6,427	7,013	(20,397)	(53,071)
	(175,497)	(155,551)	(155,111)	(130,135)	(57,515)
	110,790	217,043	169,589	150,294	170,004
	2,817,289	2,600,246	2,430,657	2,280,364	2,110,360
	2,928,079	2,817,289	2,600,246	2,430,658	2,280,364
	65,427	65,237	71,078	64,197	63,041
	65,427	65,387	71,078	64,197	63,041
	(60,545)	412,612	195,523	16,981	187,669
	(175,497)	(155,551)	(155,111)	(130,135)	(57,515)
	(2,483)	(2,138)	(2,126)	(1,901)	(1,953)
	(15,450)	(354)	5,651	(7,725)	(48,104)
	(123,121)	385,193	186,093	5,614	206,179
	3,214,723	2,829,530	2,643,437	2,637,822	2,431,644
\$	3,091,602	\$ 3,214,723	\$ 2,829,530	\$ 2,643,436	\$ 2,637,823
\$	(163,523)	\$ (397,434)	\$ (229,284)	\$ (212,778)	\$ (357,459)
	105.58%	114.11%	108.82%	108.75%	115.68%
\$	934,669	\$ 931,961	\$ 1,015,401	\$ 917,097	\$ 900,581
	-17.50%	-42.64%	-22.58%	-23.20%	-39.69%

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JEFF DAVIS COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS –
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 49,262	\$ 63,041	\$ (13,779)	\$ 900,581	7.0%
2015	46,038	64,197	(18,159)	917,097	7.0%
2016	46,302	71,078	(24,776)	1,015,401	7.0%
2017	42,125	65,237	(23,112)	931,961	7.0%
2018	41,499	65,427	(23,928)	934,669	7.0%
2019	38,427	62,702	(24,275)	895,737	7.0%
2020	75,328	75,328	-	1,076,110	7.0%
2021	75,764	75,764	-	1,079,146	7.0%
2022	82,335	82,335	-	1,176,260	7.0%
2023	77,489	77,489	-	1,106,984	7.0%

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JEFF DAVIS COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
SEPTEMBER 30, 2023

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Library and Union Building Fund – Accounts for the maintenance and renovations of the library building.

County Attorney Hot Check Fund – Accounts for County Attorney fees and charges for hot check collections.

Law Library Fund – Accounts for the fees collected for operating and maintaining the law library.

Records Management Fund – Accounts for the revenue and expenditures of providing records services by the District/County Clerk and records management purposes.

Courthouse Security Fund – Accounts for the operating activities related to security purposes for the County courthouse.

Other Restricted Funds – Accounts for revenue and expenses related to funds that have been restricted for specific use.

Ambulance Donations Fund – Accounts for donations and expenses related to purchasing an ambulance.

Library Donations Fund – Accounts for library donations received and the related usage of those funds on purposes benefiting the library.

JF Historic Fund – Accounts for the revenue and expenditures of the historic preservation fund.

Hotel/Motel Tax Fund – Accounts for the special revenues received through hotel/motel taxes for purposes of spending on economic development.

Operation Lonestar Grants Fund – Accounts for grant and expenses related to border protection.

EMS RAC Fund – Accounts for grant and expenses related to developing, implementing, and monitoring a regional emergency medical service trauma system plan through a Regional Advisory Council.

EMS SB-8 Fund – Accounts for grant and expenses related to educating and training EMS personnel. Scholarships are available based on documented need, with special attention given to rural and underserved areas within the state

American Rescue Plan Grant – Accounts for grant and expenses related to supplemental funding to meet the urgent needs of American communities to respond to and recover from the impacts of COVID-19

HAVA Grant Fund – Accounts for grant and expenses related to providing federal funds to states and territories to upgrade voting systems and improve the administration of federal elections.

JEFF DAVIS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUND
 SEPTEMBER 30, 2023

	<i>026</i>	<i>027</i>	<i>035</i>	<i>045</i>	<i>046</i>	<i>070</i>
	SPECIAL REVENUE FUNDS					
	Library and Union Building Fund	County Attorney Hot Check Fund	Law Library	Records Management Fund	Courthouse Security Fund	Other Restricted Funds
ASSETS						
Cash and Temporary Investments	\$ 80,516	\$ 1,306	\$ 12,528	\$ 174,785	\$ 43,741	\$ 20,120
Accounts Receivable	-	-	-	-	-	-
Total Assets	<u>\$ 80,516</u>	<u>\$ 1,306</u>	<u>\$ 12,528</u>	<u>\$ 174,785</u>	<u>\$ 43,741</u>	<u>\$ 20,120</u>
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Wages	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Assigned for:						
Other Purposes	80,516	1,306	12,528	174,785	43,741	20,120
Total Fund Balances	<u>80,516</u>	<u>1,306</u>	<u>12,528</u>	<u>174,785</u>	<u>43,741</u>	<u>20,120</u>
Total Liabilities and Fund Balances	<u>\$ 80,516</u>	<u>\$ 1,306</u>	<u>\$ 12,528</u>	<u>\$ 174,785</u>	<u>\$ 43,741</u>	<u>\$ 20,120</u>

<i>083</i>	<i>085</i>	<i>088</i>	<i>089</i>	<i>103</i>	<i>104</i>	<i>106</i>	<i>201</i>	<i>202</i>	
SPECIAL REVENUE FUNDS									
Ambulance Donations Fund	Library Donations Fund	Historic Fund	Hotel-Motel Tax Fund	Operation Lonestar Grants	EMS RAC Funding	EMS SB-8 Grant	American Rescue Plan Grant	HAVA Grant	Total Non-Major Funds
\$ 17,459	\$ 8,057	\$ 69,849	\$ 169,431	\$ 6,724	\$ 26,104	\$ -	\$ 163,166	\$ 6,699	\$ 800,485
-	-	-	17,158	-	-	-	-	-	17,158
\$ 17,459	\$ 8,057	\$ 69,849	\$ 186,589	\$ 6,724	\$ 26,104	\$ -	\$ 163,166	\$ 6,699	\$ 817,643
\$ -	\$ 6,453	\$ -	\$ -	\$ 6,169	\$ -	\$ -	\$ -	\$ -	\$ 12,622
-	1,604	-	599	-	-	-	-	-	2,203
-	-	-	13,240	-	-	-	-	-	13,240
-	-	-	-	-	-	-	34,540	-	34,540
-	8,057	-	13,839	6,169	-	-	34,540	-	62,605
17,459	-	69,849	172,750	555	26,104	-	128,626	6,699	755,038
17,459	-	69,849	172,750	555	26,104	-	128,626	6,699	755,038
\$ 17,459	\$ 8,057	\$ 69,849	\$ 186,589	\$ 6,724	\$ 26,104	\$ -	\$ 163,166	\$ 6,699	\$ 817,643

JEFF DAVIS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	026	027	035	045	046	070
	SPECIAL REVENUE FUNDS					
	Library and Union Building Fund	County Attorney Hot Check Fund	Law Library	Records Management Fund	Courthouse Security Fund	Other Restricted Funds
REVENUES						
General Sales and Use Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, Fees, and Permits	-	-	-	13,575	691	1,417
Investment Income	-	-	-	-	-	-
Intergovernmental Revenues	-	-	-	-	-	-
Other Revenue	206	-	-	-	-	-
Total Revenues	206	-	-	13,575	691	1,417
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Public Facilities	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
Excess (Deficiency) of Revenue Over Expenditures	206	-	-	13,575	691	1,417
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balance	206	-	-	13,575	691	1,417
Fund Balance-Beginning	80,310	1,306	12,528	161,210	43,050	18,703
Fund Balance-Ending	\$ 80,516	\$ 1,306	\$ 12,528	\$ 174,785	\$ 43,741	\$ 20,120

<i>083</i>	<i>085</i>	<i>088</i>	<i>089</i>	<i>103</i>	<i>104</i>	<i>106</i>	<i>201</i>	<i>202</i>	
SPECIAL REVENUE FUNDS									
Ambulance Donations Fund	Library Donations Fund	Historic Fund	Hotel-Motel Tax Fund	Operation Lonestar Grants	EMS RAC Funding	EMS SB-8 Grant	American Rescue Plan Grant	HAVA Grant	Total Non-Major Funds
\$ -	\$ -	\$ -	\$ 211,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,354
-	-	-	-	-	-	-	-	-	15,683
-	-	84	-	124	-	-	299	-	507
-	-	-	-	186,225	32,318	20,620	50,000	-	289,163
-	-	-	-	-	-	-	-	-	206
-	-	84	211,354	186,349	32,318	20,620	50,299	-	516,913
-	-	-	-	5,162	6,214	20,620	-	13,270	45,266
-	20,610	-	-	-	-	-	-	-	20,610
-	-	-	160,983	-	-	-	-	-	160,983
-	-	-	-	25,486	-	-	116,250	-	141,736
-	20,610	-	160,983	30,648	6,214	20,620	116,250	13,270	368,595
-	(20,610)	84	50,371	155,701	26,104	-	(65,951)	(13,270)	148,318
-	20,866	-	-	-	-	-	-	-	20,866
-	20,866	-	-	-	-	-	-	-	20,866
-	256	84	50,371	155,701	26,104	-	(65,951)	(13,270)	169,184
17,459	(256)	69,765	122,379	(155,146)	-	-	194,577	19,969	585,854
\$ 17,459	\$ -	\$ 69,849	\$ 172,750	\$ 555	\$ 26,104	\$ -	\$ 128,626	\$ 6,699	\$ 755,038

JEFF DAVIS COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2023

	<i>050</i>	<i>082</i>	<i>091</i>
	Custodial Funds		
	District & County Clerk Bond Fund	Fire Reimbursement Fund	District & County Clerk Funds
ASSETS			
Cash and Temporary Investments	\$ 24,064	\$ 64,422	\$ 64,754
Total Assets	\$ 24,064	\$ 64,422	\$ 64,754
NET POSITION (DEFICITS)			
Invested in Capital Assets, net of Debt	-	-	-
Restricted for Remittance to County	\$ 24,064	\$ 64,422	\$ 64,754
Total Net Position	\$ 24,064	\$ 64,422	\$ 64,754

<i>093</i>	<i>092-001</i>	<i>092-002</i>	<i>092-003</i>	
Custodial Funds				
Mountain Medics	Tax Assessor/ Collector - Tax Account	Tax Assessor/ Collector - Registration/ Title	Tax Assessor/ Collector - Voter Registration	Total Custodial Funds
\$ 19,035	\$ 76,211	\$ 66,492	\$ 584	\$ 315,562
\$ 19,035	\$ 76,211	\$ 66,492	\$ 584	\$ 315,562
-	-	-	-	-
\$ 19,035	\$ 76,211	\$ 66,492	\$ 584	\$ 315,562
\$ 19,035	\$ 76,211	\$ 66,492	\$ 584	\$ 315,562

JEFF DAVIS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<i>050</i>	<i>082</i>	<i>091</i>
	Custodial Funds		
	District & County Clerk Bond Fund	Fire Reimbursement Fund	District & County Clerk Funds
ADDITIONS			
Collections for District/County Clerk Services	\$ -	\$ -	\$ 43,227
Collections for Taxes and Fees	-	-	-
Total Additions	-	-	43,227
DEDUCTIONS			
Remittance to County Treasurer	-	-	-
Remittance to Taxing Authorities	-	-	-
Other Remittances	-	-	25,685
Total Deductions	-	-	25,685
Change in Net Position	-	-	17,542
Net Position - Beginning	24,064	64,422	47,212
Net Position - Ending	\$ 24,064	\$ 64,422	\$ 64,754

<i>93</i>	<i>092-001</i>	<i>092-002</i>	<i>092-003</i>	
Custodial Funds				
Mountain Medics	Tax Assessor/ Collector - Tax Account	Tax Assessor/ Collector - Registration/ Title	Tax Assessor/ Collector - Voter Registration	Total Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ 43,227
31,959	1,663,716	213,613	-	1,909,288
31,959	1,663,716	213,613	-	1,952,515
-	-	197,765	-	197,765
12,924	2,040,907	-	-	2,053,831
-	-	-	-	25,685
12,924	2,040,907	197,765	-	2,277,281
19,035	(377,191)	15,848	-	(324,766)
-	453,402	50,644	584	640,328
\$ 19,035	\$ 76,211	\$ 66,492	\$ 584	\$ 315,562

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OTHER SUPPLEMENTARY INFORMATION SECTION

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

Honorable County Judge, Members of the Commissioners Court and Citizens of
Jeff Davis County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jeff Davis County, Texas (hereafter the "County"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 17, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Audit Finding 2023-001 that we consider to be a significant deficiency.

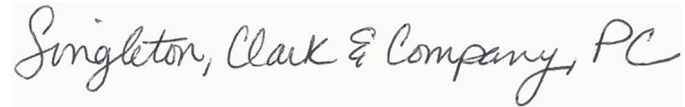
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which has been reported as Audit Finding 2023-002 in the Schedule of Findings and Questioned Costs.

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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.

A handwritten signature in black ink that reads "Singleton, Clark & Company, PC". The signature is written in a cursive, flowing style.

Singleton, Clark & Company, PC
Alpine, Texas

May 17, 2024

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JEFF DAVIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Under the guidelines of the federal Uniform Guidance, a Single Audit was not required for the year ended September 30, 2023 due to expenditures of federal awards being less than \$750,000.

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

2023-001 Accounting and Financial Reporting (Significant Deficiency)

Criteria:

Counties carry out regular accounting activities on a daily, weekly, and monthly basis to enable them to issue external financial statements each year as required by state law. The financial statements provide information to the public and to state and federal agencies regarding a County’s finances and its financial condition. In addition, Counties also rely on internal financial reports to properly monitor ongoing financial and budgetary matters. These internal financial reports are also dependent on the ongoing accounting functions of the County.

Condition:

As a result of the audit, a significant number of audit adjusting entries were required to be applied to the accounting records of the County in order to prepare them for external financial reporting that adheres to generally accepted accounting principles. It is noted however that the needed number of audit adjusting entries has been improving over a two-year period.

Cause:

The primary cause of this condition is primarily due to the need for the Treasurer’s Office to conduct a more thorough closing of the books at the end of each fiscal year in order to prepare the accounting records of the County for external financial reporting.

Effect:

Due to the extent of the audit entries, some internal financial reports generated from the accounting system may not have been accurate during fiscal year 2023. In addition, the extent of the entries applied encroaches on the auditor firm’s ability to remain independent with respect to the County.

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JEFF DAVIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS [CONTINUED]
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*: (continued)

Recommendation:

We recommend the County Treasurer continue to improve with the accounting and financial reporting functions of the County. In addition, the County Treasurer should continue to receive outside accounting assistance on a regular basis.

2023-002 Budgetary Non-Compliance

Criteria:

As a financial control, each year the Commissioners Court adopts an expenditures budget which places legal limits on the amount of expenditures that can be made from various departmental line items by the County. As a year progresses, if unanticipated expenditures arise, the Commissioners Court may approve amendments to the originally adopted budget to accommodate higher expenditure needs in a given department.

Condition:

As of year-end, the General Government line item of the County budget was reported over budget by \$48,562 and the Capital Outlay line item was reported over budget by \$43,724.

Cause

Budget amendments for these line items were not brought to the Commissioners Court for consideration and approval as needed.

Effect:

The effect is noncompliance with the legally adopted budget of the County within these line items.

Recommendation:

We recommend each Department of the County monitor its own compliance monthly with the County Commissioners approved annual budget. This should be facilitated by the Treasurer's Office providing either monthly or at least quarterly budget-to-actual progress reports to each department. As needed, budget amendments should be proposed to the County Commissioners for consideration and approval.

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JEFF DAVIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*: (continued)

Prior Year Audit Findings for the year Ended December 31, 2022 and Current Status as Required to be Reported Under *Government Auditing Standards*

2022-001 Accounting and Financial Reporting (Significant Deficiency)

Criteria:

Counties carry out regular accounting activities on a daily, weekly, and monthly basis to enable them to issue external financial statements each year as required by state law. The financial statements provide information to the public and to state and federal agencies regarding a County's finances and its financial condition. In addition, Counties also rely on internal financial reports to properly monitor ongoing financial and budgetary matters. These internal financial reports are also dependent on the ongoing accounting functions of the County.

Condition:

As a result of the audit, a significant number of audit adjusting entries were required to be applied to the accounting records of the County in order to prepare them for external financial reporting that adheres to generally accepted accounting principles. It is noted however, there was an improvement in the number of needed entries as compared to the prior year. This condition has therefore been classified this year as a significant deficiency in the financial internal controls rather than a material weakness.

Cause:

The primary cause of this condition was due to problems encountered with the conversion to new financial accounting software in fiscal year 2021. In addition, this condition was contributed to from a lack of review of the books of the County on a regular basis, for example monthly, to check back over the previous month for a verification of the accuracy of all posted transactions, any transactions that may have been missed, and preparation of all bank reconciliations. When this issue was initially reported as a result of the fiscal year 2021 audit however, fiscal year 2022 had already concluded and therefore full corrective action was not yet able to be implemented on the fiscal year 2022 books.

Effect:

Due to the extent of the audit entries, some internal financial reports generated from the accounting system may not have been accurate during fiscal year 2022. In addition, the extent of the entries applied encroaches on the auditor firm's ability to remain independent with respect to the County. However, it does appear this condition is improving.

Recommendation:

We recommend the County Treasurer continue to improve with the accounting and financial reporting functions of the County. In addition, we understand assistance has been arranged with an outside financial accounting consultant to occur on a regular monthly basis.

Current Status:

This condition is noted to have improved during fiscal year 2023, however a similar finding was issued on the topic of accounting and financial reporting. That finding was however reduced from a significant deficiency to a general report finding.

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JEFF DAVIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*: (continued)

2022-002 State Bid Law Non-Compliance

Criteria:

State Purchasing Law requires all contracts valued at \$50,000 or more in the aggregate to a sole vendor for each 12-month period be awarded through a competitive procurement method, such as issuing a request for proposals and receiving bids from interested vendors, or by making a desired purchase through a state purchasing cooperative whereby contracts are already pre-bid for convenience. There are some noted exceptions to this rule, such as the fact that professional services are excluded from this law, and purchases otherwise subject to the law can be made at times without utilizing competitive purchasing methods if emergency conditions exist regarding timing, or a good or service is only available through a single vendor.

Condition:

During review of purchasing activity of the County, it was noted two vehicles were purchased during the year without regard to the requirements of the above noted State Bid Law.

Cause:

The cause of this condition appears to be partially related to vehicle supply chain shortages for vehicles as a result of the COVID pandemic and other issues. As a result, dealers had limited inventory on their lots and were therefore unlikely to respond to requests for proposals as vehicles were being sold right away upon arrival. This condition appears to also have been partially caused by the County not currently having documented purchasing policies which detail the requirements regarding large purchases.

Effect:

The effect of these purchases is the County did not comply with the State Purchasing Law of Texas. In addition, it is possible the County may have been able to obtain more favorable prices on the purchased vehicles if the County had solicited competitive bids.

Recommendation:

We recommend the County develop and adopt purchasing policies and communicate them to all County departments. These policies should cover key topics such as when purchases are subject to state and federal purchasing requirements. For example, federal purchases are subject to a quote rule whereby purchases that will exceed \$10,000 must have documented quotes from three different vendors. The \$50,000 State Bid Law rule should also be described. In addition, any desired local purchasing policies could be developed.

Current Status:

This condition was not present in the current year 2023.

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JEFF DAVIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*: (continued)

2022-003 Budgetary Non-Compliance

Criteria:

As a financial control, each year the Commissioners Court adopts an expenditures budget which places legal limits on the amount of expenditures that can be made from various departmental line items by the County. As a year progresses, if unanticipated expenditures arise, the Commissioners Court may approve amendments to the originally adopted budget to accommodate higher expenditure needs in a given department.

Condition:

As of year-end, the Public Safety line item of the County budget was reported over budget by \$38,250. In addition, the Capital Outlay line item was reported over budget by \$54,638.

Cause

Budget amendments for these line items were not brought to the Commissioners Court for consideration and approval as needed.

Effect:

The effect is noncompliance with the legally adopted budget of the County within these line items.

Recommendation:

We recommend each Department of the County monitor its own compliance monthly with the County Commissioners approved annual budget. This should be facilitated by the Treasurer's Office providing either monthly or at least quarterly budget-to-actual progress reports to each department. As needed, budget amendments should be proposed to the County Commissioners for consideration and approval. It is noted that needed budget amendments should be identified before related expenditures occur that would need an amendment to be approved.

Current Status:

A similar finding was reported in the current year.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance:

Not applicable.

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DAWN E. KITTS

County Treasurer
Jeff Davis County

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Current Year Audit Findings:

2023-001 Accounting and Financial Reporting

Corrective Action Planned:

Working with Malynda and together we are getting new funds and accounts straightened out.

Anticipated Completion Date: 9/30/2025

Contact Person: Dawn Kitts, Treasurer

2023-002 Budgetary Compliance

Corrective Action Planned:

Trying to do more budget amendments and catch them.

Anticipated Completion Date: 9/30/2025

Contact Person: Dawn Kitts, Treasurer