

**JEFF DAVIS COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2022**



**SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS**

JEFF DAVIS COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2022

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**FINANCIAL SECTION**



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 December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the 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 December 31, 2022, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 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

February 9, 2024

JEFF DAVIS COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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 December 31, 2022. 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 \$8,288,185 (net position). Of this amount, \$4,674,539 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 \$4,563,482, an increase of \$204,823 in comparison with the prior year. Of this amount, \$2,746,959 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 \$2,746,959, or 106% 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 DECEMBER 31, 2022

**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 \$8,288,185 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 December 31, 2022.

**Table I**  
**JEFF DAVIS COUNTY, TEXAS**  
**NET POSITION**

	Governmental Activities 2022	Governmental Activities 2021	Change
<b>ASSETS</b>			
Current & Other Assets	\$ 8,227,525	\$ 7,903,758	\$ 323,767
Capital Assets	2,971,484	2,133,442	838,042
<b>Total Assets</b>	<b>11,199,009</b>	<b>10,037,200</b>	<b>1,161,809</b>
<b>DEFERRED OUTFLOWS</b>			
Deferred Outflows	144,842	213,057	(68,215)
<b>LIABILITIES</b>			
Current Liabilities	2,419,499	2,973,359	(553,860)
Long-term Liabilities	57,212	65,796	(8,584)
<b>Total Liabilities</b>	<b>2,476,711</b>	<b>3,039,155</b>	<b>(562,444)</b>
<b>DEFERRED INFLOWS</b>			
Deferred Inflows	578,955	129,355	449,600
<b>NET POSITION</b>			
Net Investment in Capital Assets, net of Related Debt	1,797,123	2,133,442	(336,319)
Restricted	1,816,523	1,985,715	(169,192)
Unrestricted	4,674,539	2,962,590	1,711,949
<b>Total Net Position</b>	<b>\$ 8,288,185</b>	<b>\$ 7,081,747</b>	<b>\$ 1,206,438</b>

JEFF DAVIS COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased by \$1,217,078 from the prior fiscal year for an ending balance of \$8,288,185. 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 December 31, 2022, the County's governmental funds reported combined fund balances of \$4,563,482 an increase of \$204,823 in comparison with the prior year fund balance of \$4,369,299 (before prior period adjustment of (\$10,640)). Of this amount, \$2,746,959 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 \$1,816,523.

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 \$2,746,959. 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 106% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$116,055 during the current fiscal year in comparison with the prior year fund balance amount of \$2,594,302 (before prior period adjustment of \$36,602). 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 \$80,716 increase in fund balance during the current fiscal year, which resulted in an overall ending fund balance amount of \$773,642. The increase in fund balance relates to inflows to the fund from the state for fees generated outpacing the current year needs for road maintenance and repairs.

The Emergency Management Services Fund, a major governmental fund, experienced a decrease of \$37,281 in fund balance during the current fiscal year, to end at \$134,722. Fund balance initially decreased as a result of regular operations by \$123,502 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 American Rescue Grant funds for qualifying expenditures made during the year.

The Grants Fund, a major governmental fund, experienced a decrease of \$51,382 in the fund balance during the current fiscal year, to end at \$379,547. The decrease in fund balance is the result of spending received grant funds on qualified projects during the year.



JEFF DAVIS COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022

The combined non-major governmental funds of the County experienced a fund balance increase of \$96,715 in fund balance during the current fiscal year, to end at \$528,612. 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.

**General Fund Budgetary Highlights**

**Original Budget Compared to Final Budget.** During the year a significant budget amendment was approved to the General Government line item to increase original appropriation by \$353,250. Two other budgetary line items, Public Safety and Capital Outlay, while amended during the year ultimately reported expenditures in excess of appropriations of \$38,250 and \$54,638, respectively.

**Capital Assets and Debt Administration**

**Capital Assets.** The County's investment in capital assets for its governmental activities as of December 31, 2022, amounts to \$2,971,484 (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 2022	Governmental Activities 2021	Change
Construction in Progress	\$ 679,927	\$ 4,873	\$ 675,054
Buildings	5,190,375	5,190,375	-
Furniture and Equipment	3,874,724	3,375,417	499,307
Infrastructure	824,268	824,268	-
Total	<u>10,569,294</u>	<u>9,394,933</u>	<u>1,174,361</u>
Less Accumulated Depreciation	<u>(7,597,810)</u>	<u>(7,261,491)</u>	<u>(336,319)</u>
Capital assets, net of depreciation	<u>\$ 2,971,484</u>	<u>\$ 2,133,442</u>	<u>\$ 838,042</u>

**Long-term Debt.** At the end of the current fiscal year, the County had long-term obligations consisting only of liabilities for accrued employee vacation time.

	Governmental Activities 2022	Governmental Activities 2021	Change
Compensated Absences	\$ 57,212	\$ 65,796	\$ (8,584)
Total	<u>\$ 57,212</u>	<u>\$ 65,796</u>	<u>\$ (8,584)</u>

**Economic Factors and Next Year's Budgets and Rates**

The adopted budget for fiscal year 2022-2023 for the County's General Fund is approximately \$2.3 million, which reflects a decrease of roughly \$300,000 from the fiscal year 2021-2022 General Fund final year-end expenditures. The County adopted a total tax rate of \$0.72017 for fiscal year 2022-2023, which is noted to be a one-time 9-month fiscal year due to the County changing to a September 30<sup>th</sup> 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.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

JEFF DAVIS COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs:	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 1,883,441	\$ 91,226	\$ 692,100	\$ -	\$ (1,100,115)
Public Safety	798,285	3,390	364,128	-	(430,767)
Judicial System	132,579	75,594	884	-	(56,101)
Transportation	111,122	118,041	17,871	-	24,790
Culture and Recreation	15,678	1,629	-	-	(14,049)
Health and Human Services	361,411	-	30,583	-	(330,828)
Economic Development	181,282	6,000	-	-	(175,282)
<b>Total Governmental Activities:</b>	<b>\$ 3,483,798</b>	<b>\$ 295,880</b>	<b>\$ 1,105,566</b>	<b>\$ -</b>	<b>(2,082,352)</b>
General Revenues:					
					2,177,184
					482,614
					36,901
					292,731
					<u>2,989,430</u>
					Change in Net Position Before Special Item: 907,078
Special Items:					
					310,000
					<u>1,217,078</u>
					Net Position - Beginning <u>7,081,747</u>
					Prior Period Adjustments <u>(10,640)</u>
					<u>\$ 8,288,185</u>

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

FUND BASIS FINANCIAL STATEMENTS

Grants Fund	Total Non-Major Funds	Total Governmental Funds
\$ 425,771	\$ 531,487	\$ 5,054,508
-	-	834,663
-	-	1,051,206
-	-	(210,241)
-	108,950	148,925
50,000	-	177,221
-	-	313,723
<u>\$ 475,771</u>	<u>\$ 640,437</u>	<u>\$ 7,370,005</u>
\$ 253	\$ 49,885	\$ 286,629
-	4,168	55,579
61,431	57,772	177,221
34,540	-	1,446,129
<u>96,224</u>	<u>111,825</u>	<u>1,965,558</u>
-	-	840,965
-	-	840,965
379,547	2,158	381,705
-	-	134,722
-	-	773,642
-	526,454	526,454
-	-	2,746,959
<u>379,547</u>	<u>528,612</u>	<u>4,563,482</u>
<u>\$ 475,771</u>	<u>\$ 640,437</u>	<u>\$ 7,370,005</u>

JEFF DAVIS COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022

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

Total Fund Balances - Governmental Funds		\$ 4,563,482
<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	\$ 10,569,294	
Less accumulated depreciation	<u>(7,597,810)</u>	2,971,484
<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	1,034,741	
Deferred outflows related to pensions	144,842	
Deferred inflows related to pensions	<u>(578,955)</u>	600,628
<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>		
		209,803
<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>		
Compensated absences	<u>(57,212)</u>	<u>(57,212)</u>
Net Position of Governmental Activities		<u><u>\$ 8,288,185</u></u>

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

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Grants Fund	Total Non-Major Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,161,769
-	239,276	482,614
-	23,511	289,080
-	-	6,800
-	184	36,901
848,490	175,545	1,105,566
8,560	80	292,731
<u>857,050</u>	<u>438,596</u>	<u>4,375,461</u>
125,900	-	1,775,241
30,928	123,758	768,851
-	-	129,896
-	-	100,923
-	256	22,131
-	-	340,997
-	168,238	168,238
975,383	49,629	1,174,361
<u>1,132,211</u>	<u>341,881</u>	<u>4,480,638</u>
<u>(275,161)</u>	<u>96,715</u>	<u>(105,177)</u>
-	-	86,221
310,000	-	310,000
<u>(86,221)</u>	<u>-</u>	<u>(86,221)</u>
<u>223,779</u>	<u>-</u>	<u>310,000</u>
(51,382)	96,715	204,823
457,480	452,588	4,369,299
<u>(26,551)</u>	<u>(20,691)</u>	<u>(10,640)</u>
<u>\$ 379,547</u>	<u>\$ 528,612</u>	<u>\$ 4,563,482</u>

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 DECEMBER 31, 2022

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

Net Change in Fund Balances - Total Governmental Funds \$ 204,823

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	\$ 1,174,361	
Less current year depreciation	<u>(336,319)</u>	838,042

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.

Change in long-term liabilities for compensated absences	<u>8,584</u>	8,584
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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. 15,415

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	150,214	<u>150,214</u>
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Change in Net Position- Governmental Activities		<u><u>\$ 1,217,078</u></u>
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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 BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		General Fund	Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 2,219,328	\$ 2,219,328	\$ 2,161,769	\$ (57,559)
General Sales and Use Taxes	75,000	75,000	125,378	50,378
Fines, Fees, and Permits	153,050	153,050	147,528	(5,522)
Rent and Lease Revenue	6,000	6,000	6,800	800
Investment Income	15,400	15,400	36,717	21,317
Intergovernmental Revenues	63,700	63,700	60,542	(3,158)
Other Revenue	88,150	88,150	170,363	82,213
Total Revenues	<u>2,620,628</u>	<u>2,620,628</u>	<u>2,709,097</u>	<u>88,469</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,345,511	1,698,761	1,649,341	49,420
Public Safety	599,415	575,915	614,165	(38,250)
Judicial System	307,592	136,998	129,896	7,102
Public Facilities	207,813	42,276	21,420	20,856
Public Works	117,977	117,977	115,082	2,895
Capital Outlay	13,074	8,500	63,138	(54,638)
Total Expenditures	<u>2,591,382</u>	<u>2,580,427</u>	<u>2,593,042</u>	<u>(12,615)</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>29,245</u>	<u>40,201</u>	<u>116,055</u>	<u>75,854</u>
Net Change in Fund Balance	29,245	40,201	116,055	75,854
Fund Balance - Beginning	2,594,302	2,594,302	2,594,302	-
Prior Period Adjustment	-	-	36,602	36,602
Fund Balance - Ending	<u>\$ 2,623,547</u>	<u>\$ 2,634,503</u>	<u>\$ 2,746,959</u>	<u>\$ 112,456</u>

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 DECEMBER 31, 2022

	Fiduciary Funds
	Custodial Funds
<b>ADDITIONS</b>	
Collections:	
Collections for District/County Clerk Services	\$ 58,633
Collections for Taxes and Fees	4,422,550
Total contributions	4,481,183
Total Additions	4,481,183
 <b>DEDUCTIONS</b>	
Remittance to County Treasurer	389,516
Remittance to Taxing Authorities	3,989,172
Other Remittances	52,688
Total Deductions	4,431,376
Change in Net Position	49,807
Net Position - Beginning	590,521
Net Position - Ending	\$ 640,328

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

NOTES TO THE FINANCIAL STATEMENTS

JEFF DAVIS COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**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 DECEMBER 31, 2022

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 December 31, 2022, expenditures exceeded appropriations in the Public Safety and Capital Outlay line items of the General Fund by \$38,250 and \$54,638, respectively.

JEFF DAVIS COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**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 DECEMBER 31, 2022

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 December 31, 2022, 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 December 31, 2022, the total balance per books of the County's cash deposits and certificates of deposit at Fort Davis State Bank was \$5,733,991 and the corresponding total bank balance was \$5,762,357.

**Investments**

As of December 31, 2022, the County had the following investments:

Investment Type	Maturity Time in Years				Totals
	Less than 1	1-5	6-10	More Than 10	
<b>Fort Davis State Bank</b>					
Certificates of Deposit	\$ 834,663	\$ -	\$ -	\$ -	\$ 834,663
Total Fort Davis State Bank	834,663	-	-	-	834,663
<b>UBS Investments</b>					
U.S. Treasury Bills	399,882	-	-	-	399,882
UBS Select Treasury Institutional Fund	200,000	-	-	-	200,000
Federal Home Loan Bank - Bond	-	195,623	-	-	195,623
Total UBS Investments	599,882	195,623	-	-	795,505
Total Investments	\$ 1,434,545	\$ 195,623	\$ -	\$ -	\$ 1,630,168

JEFF DAVIS COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

**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 2021 (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](http://www.TCDRS.org/Employer).

*Membership Information*

Members	12/31/2020	12/31/2021
Number of inactive employees entitled to but not yet receiving benefits:	36	38
Number of active employees	34	39
Average monthly salary:*	\$ 2,289	\$ 2,276
Average age:*	55.77	56.13
Average length of service in years:*	5.98	6.88
<b>Inactive Employees (or their Beneficiaries) Receiving Benefits</b>		
Number of benefit recipients:	23	25
Average monthly benefit:	\$ 686	\$ 652

\*Averages reported for active employees.



JEFF DAVIS COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
Int'l Equities-Developed Mkts	MSCI World Ex USA (net)	5.00%	3.80%
Int'l Equities-Emerging Mkts	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Assoc. Distressed Securities Index (3)	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U. S. Treasury	2.00%	-1.05%
		100%	

(1) Target asset allocation adopted at the March 2022 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 2022 capital market assumptions.

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

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

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

*Discount Rate*

	12/31/2020	12/31/2021
Discount Rate <sup>(1)</sup>	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	\$ 3,999,387	\$ 3,624,257	\$ 3,299,121
Fiduciary Net Position	4,658,998	4,658,998	4,658,998
Net Pension Liability/(Asset)	\$ (659,611)	\$ (1,034,741)	\$ (1,359,877)

JEFF DAVIS COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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
2022	\$ (76,636)
2023	(202,835)
2024	(126,488)
2025	(110,489)
2026	-
Thereafter	-

**NOTE-6 ACCRUED LIABILITIES**

Accrued liabilities reported by governmental funds at December 31, 2022, were as follows:

Governmental Funds:

	General Fund	Road & Bridge	Emergency Management Services Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Accounts Payable	\$ 222,502	\$ 12,802	\$ 1,187	\$ 253	\$ 49,885	\$ 286,629
Accrued Liabilities	45,570	-	5,841	-	4,168	55,579
<b>Total</b>	<b>\$ 268,072</b>	<b>\$ 12,802</b>	<b>\$ 7,028</b>	<b>\$ 253</b>	<b>\$ 54,053</b>	<b>\$ 342,208</b>

**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.

JEFF DAVIS COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

Interfund transfers for the year were as follows:

	<b>Transfer in to:</b>	
	<b>Governmental Funds</b>	
	EMS Grant	Total
<b>Transfer out from:</b>		
Grants and Restricted Funds	\$ 86,221	\$ 86,221
Total	\$ 86,221	\$ 86,221

**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.

**NOTE-11 PRIOR PERIOD ADJUSTMENT**

	General Fund	Other Restricted Funds	Grants Fund	Total Governmental Funds
Fund balance as previously stated at 12/31/21	\$ 2,594,302	\$ 37,929	\$ 457,480	\$ 3,401,860
Effect of removing selected cash accounts that should have been removed during the software conversion to InCode	36,602	(20,691)	(26,551)	(10,640)
Fund balance as restated at 12/31/21	\$ 2,630,904	\$ 17,238	\$ 430,929	\$ 3,391,220

The effect on beginning net position of the prior period adjustments described is summarized as follows:

	Governmental Activities
Net position as previously stated at 12/31/21	\$ 7,081,747
Effect of removing selected cash accounts that should have been removed during the software conversion to InCode	(47,242)
Correction of prior year TCDRS liability account	36,602
Net position as restated at 12/31/21	\$ 7,071,107

REQUIRED SUPPLEMENTARY INFORMATION

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%

JEFF DAVIS COUNTY, TEXAS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS –  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED DECEMBER 31, 2022

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 45,594	\$ 56,891	\$ (11,297)	\$ 812,728	7.0%
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	82,355	82,355	-	1,176,260	7.0%

JEFF DAVIS COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS  
DECEMBER 31, 2022

**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.

Operation Stonegarden Fund – Accounts for grant and expenses related to enhancing border protection.

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.

TCDP Grant Fund – Accounts for Cares Act grant and expenses related to community development upgrading living conditions of low and moderate income persons.

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.

070	072	083	085	088	089	
SPECIAL REVENUE FUNDS						
Other Restricted Funds	TCDP Grant	Ambulance Donations Fund	Library Donations Fund	JF Historic Fund	Hotel-Motel Tax Fund	Total Non-Major Funds
\$ 18,703	\$ -	\$ 17,459	\$ -	\$ 69,765	\$ 127,156	\$ 531,487
-	-	-	-	-	9,630	108,950
\$ 18,703	\$ -	\$ 17,459	\$ -	\$ 69,765	\$ 136,786	\$ 640,437
\$ -	\$ -	\$ 256	\$ -	\$ -	\$ -	\$ 49,885
-	-	-	-	-	1,167	4,168
-	-	-	-	-	13,240	57,772
-	-	256	-	-	14,407	111,825
-	-	-	-	-	-	2,158
18,703	-	17,203	-	69,765	122,379	526,454
18,703	-	17,203	-	69,765	122,379	528,612
\$ 18,703	\$ -	\$ 17,459	\$ -	\$ 69,765	\$ 136,786	\$ 640,437



070	072	083	085	088	089	
SPECIAL REVENUE FUNDS						
Other Restricted Funds	TCDP Grant	Ambulance Donations Fund	Library Donations Fund	JF Historic Fund	Hotel-Motel Tax Fund	Total Non- Major Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,276	\$ 239,276
1,465	-	-	-	-	-	23,511
-	-	-	-	184	-	184
-	10,064	-	-	-	-	175,545
-	-	-	-	-	-	80
1,465	10,064	-	-	184	239,276	438,596
-	10,064	-	-	-	-	123,758
-	-	256	-	-	-	256
-	-	-	-	-	168,238	168,238
-	-	-	-	-	-	49,629
-	10,064	256	-	-	168,238	341,881
1,465	-	(256)	-	184	71,038	96,715
1,465	-	(256)	-	184	71,038	96,715
37,929	-	17,459	-	69,581	51,341	452,588
(20,691)	-	-	-	-	-	(20,691)
\$ 18,703	\$ -	\$ 17,203	\$ -	\$ 69,765	\$ 122,379	\$ 528,612

<i>OB1</i>	<i>OB2</i>	<i>OB3</i>	
<b>Custodial Funds</b>			
<b>Tax Assessor/ Collector - Tax Account</b>	<b>Tax Assessor/ Collector - Registration/ Title</b>	<b>Tax Assessor/ Collector - Voter Registration</b>	<b>Total Custodial Funds</b>
\$ 453,402	\$ 50,644	\$ 584	\$ 640,328
\$ 453,402	\$ 50,644	\$ 584	\$ 640,328
\$ 453,402	\$ 50,644	\$ 584	\$ 640,328
\$ 453,402	\$ 50,644	\$ 584	\$ 640,328

<i>OB1</i>	<i>OB2</i>	<i>OB3</i>	
Custodial Funds			
Tax Assessor/ Collector - Tax Account	Tax Assessor/ Collector - Registration/ Title	Tax Assessor/ Collector - Voter Registration	Total Custodial Funds
\$ -	\$ -	\$ -	\$ 58,633
4,068,129	354,294	127	4,422,550
4,068,129	354,294	127	4,481,183
-	389,516	-	389,516
3,989,172	-	-	3,989,172
-	-	-	52,688
3,989,172	389,516	-	4,431,376
78,957	(35,222)	127	49,807
374,445	85,866	457	590,521
\$ 453,402	\$ 50,644	\$ 584	\$ 640,328

OTHER SUPPLEMENTARY INFORMATION SECTION



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 December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 9, 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. Given these limitations, during our audit we identified a deficiency in internal control that we consider to be a significant deficiency and which has been reported as Audit Finding 2022-001 in the Schedule of Findings and Questioned Costs.

### 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which have been reported as Audit Findings 2022-002 and 2022-003 in the Schedule of Findings and Questioned Costs.

### **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.

*Singleton, Clark & Company, PC*

Singleton, Clark & Company, PC  
Alpine, Texas

February 9, 2024

JEFF DAVIS COUNTY, TEXAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

**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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• Significant deficiencies identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**FEDERAL AWARDS**

Under the guidelines of the federal Uniform Guidance, a Single Audit was not required for the year ended December 31, 2022 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*:

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.

JEFF DAVIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS [CONTINUED]  
FOR THE YEAR ENDED DECEMBER 31, 2022

**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.



JEFF DAVIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022

In addition, at year-end during preparation of the books of the County for the annual financial audit and subsequent presentation as external financial statements, the County Treasurer should conduct analysis of the following and prepare the needed resulting accounting entries:

- Review for needed Accounts Payable entries to reflect all expenditures incurred as of year-end, but still pending payment
- Review for a needed Accrued Payroll entry, to reflect all salaries and wages earned by employees as of year-end, but still pending processing on a pay run
- Review of needed Accounts Receivable entries, to reflect all revenue earned by the County, but still pending payment

Finally, to help address these issues, the Treasurer's Office may want to consider obtaining assistance from an outside accountant on a regular basis that could assist with the informal monthly closing of the books.

Current Status:

This condition is noted to have improved during fiscal year 2022, however a similar finding was issued on the topic of accounting and financial reporting. That finding was however reduced from a material weakness to a significant deficiency.

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**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.



DAWN E. KITTS

County Treasurer

Jeff Davis County

CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2022

Current Year Audit Findings:

2022-001      Accounting and Financial Reporting (Significant Deficiency)

Corrective Action Planned:

I will continue to work with Malynda Richardson and keep learning.

We have been working closely together to get the accounts cleaned up from the Net Data Software and from me putting things in the wrong cash account. I am happy with the progression that is coming along.

Anticipated Completion Date: Ongoing

Contact Person: Dawn Kitts, Treasurer

2022-002      State Bid Law Non-Compliance (Material Non-Compliance)

Corrective Action Planned:

Still working on a policy that states the bidding process and quotes we have to get before purchasing anything.

Anticipated Completion Date:

Contact Person(s): Dawn Kitts, Treasurer  
Peggy Fonseca, EMS Director  
Mike Wright, Constable

2022-003      Budgetary Compliance

Corrective Action Planned:

I am watching Budgets as often as I can to make sure Departments are not going over. In 2022 the EMS Budget went over and I told the Judge several times and the EMS Director several times and nothing was done.

Anticipated Completion Date: Ongoing

Contact Person: Dawn Kitts, Treasurer