DALLAS COUNTY
PURCHASING DEPARTMENT
Records Building, 500 Elm Street, Suite 5500
Dallas, Texas 75202

Michael Frosch
Purchasing Director

June 9, 2025

ADDENDUM #1

RFQ 2025-037-7062 FINANCIAL AUDITS OF DALLAS COUNTY, JUVENILE BOARD AND COMMUNITY SUPERVISION

Whereas,

The answers to the questions have been provided below.

Question 1: Can you clarify if the bullets under Section 4. Experience on RFP page 10 are intended for our firm to respond to or if this information needs to be provided by our clients in the three letters of reference?

Answer 1: Both firm and letters of reference

Question 2: Do the letters of reference count toward the 20-page limit?

Answer 2: No, and the County has increased the limit to 30 pages to help firms write the proposal.

Question 3: Please provide us with a copy of the County's FY2024 governance letter (Conduct of Audit Letter).

Answer 3: See attached.

Question 4: Please provide us with a copy of the Agreed Upon Audit Procedures Report related to the County's IT environment, referenced in the RFQ, page 7 item f).

Answer 4: There are no agreed-upon audit procedures; the current audit firm reviewed controls around user access, user authentication, and change management.

Question 5: Is the audit team required to be onsite or is hybrid an option?

Answer 5: Hybrid, 2-3 days on site required.

Question 6: How many audit adjustments were proposed by the audit firm in FY2024 for the following? • Dallas County ACFR • Texas Juvenile Justice Department (TJJD) • Academy of Academic Excellence • Community Supervision and Corrections Department (CSCD)

Answer 6:

a) ACFR – 0
b) TJJD – 0
c) Academy – 0
d) CSCD – 0

Question 7: What were the audit fees for the last 3 years for each of the deliverables discussed in the RFQ? • Dallas County ACFR • Single Audit • Texas Juvenile Justice Department (TJJD) • Academy of Academic Excellence • Real Estate Assessment Center (REAC) • Community Supervision and Corrections Department (CSCD)

Answer 7:

Audit	FY2022	FY2023	FY2024
ACFR	363,604	399,978	439,962
TJJD	20,580	22,636	24,902
PFIA	3,030	3,332	3,666
Academy	51,674	56,838	62,525
CSCD	24,009	26,410	29,052
Single Audit	422,718	427,969	388,992
REAC	3,030	3,333	3,666
ITGC	9,604	52,820	11,620

Question 8: Will the Academy of Academic Excellence subject to a Single Audit in 2025?

Answer 8: The State-funded portion of the Academy of Academic Excellence is not subject to a single Audit.

Question 9: Please describe the County's assessment and readiness related to the adoption of GASB 101, Compensated Absences as well as impact to the County's financial statements.

Answer 9: The County expects no material impact on the Financial statements and has been conservative in properly recording the liability.

Question 10: Are there any pending or past legal disputes that might impact the financial statements in FY2025?

Answer 10: No

Question 11: Any significant turnover, specifically in the finance department, that might impact the audit process during FY2025?

Answer 11: No, the Financial audit section and the grants reporting section expect no major departures.

Question 12: Bidnet clearly states fees should not be provided, however the SBE forms ask for fees in multiple locations. How should we complete them?

Answer 12: Yes, Bidnet registration is free to all bidders, with no fees associated. The SBE Forms require <u>dollar amounts and percentages of the total bid amount</u> associated with the bidder's proposed small business enterprise/subcontractor utilization.

Question 13: Are team resumes included in the 20-page limit for our response? If so, would you accept a link to our resumes on our website? Are reference letters and Certificate of Interested Parties (Form 1295) included in the page limit as well?

Answer 13: The County has increased the limit to 30 pages, but we will accept a link to the resumes on the website. The page limit does not include letters of reference and Certificate of Interested Parties (form 1295).

Question 14: Our firm's financial statements are not audited; would you accept our internal unaudited balance sheet and income statement instead? Our firm is not rated by Standard and Poor's, should we respond N/A or what is alternative documentation?

Answer 14: Yes, and N/A if no rating.

Question 15: Are the Attachment S - Small Business Enterprise (SBE) Forms included in the 20-page limit for our proposal?

Answer 15: No, the County has increased the limit to 30 pages.

Question 16: Section II page 7 states, "The TJJD and CSCD audit is to be completed, and the report issued not later than February 21. The County's audit and CSCD's audit must be issued no later than March 20 of each contract year." Can you clarify the report completion for CSCD- is it Feb 21 or Mar 20? Also, can you provide the report completion date for REAC?

Answer 16:

a. CSCD is due February 21st
b. REAC needs to be completed prior to June 30th after the Single Audit and ACFR are complete.

Question 17: Are the client reference letters included in the 20-page limit?

Answer 17: No.

Question 18: Approximately how many auditor-generated journal entries are made each year?

Answer 18: 0

Question 19: If there were any auditor-generated journal entries, what were the nature of the adjustments?

Answer 19: Not applicable

Question 20: Has the County's Single Audits been completed for FY2024? If so, can you provide a copy? We were unable to locate it on the County's website or the Federal Audit Clearinghouse.

Answer 20: FY2024 Single Audit and REAC Audit are still in progress.

Question 21: Has your auditor provided a management letter for any of the entities in the scope of the RFQ in the past two years? If so, can that document be made available?

Answer 21: No management letters were issued, see governance letters.

Question 22: Were there any significant changes in operations or in the past fiscal year?

Answer 22: Accounts Payable and Payroll departments report to the Chief Fiscal Officer/Assistant County Administrator.

Question 23: Do you have plans to make changes to your software in the near future?

Answer 23: No

Question 24: Will the County please provide the fees for these services from the previous year?

Answer 24: See answer to question 7.

Question 25: In the RFQ, there are two outlines showing what respondents are meant to submit (one starts on page 7 under “Qualifications Requirements” and the other starts on page 9 under “V. Qualification Submittal Format”). Is there a preference of which outline respondents should use to organize the information of the responses?

Answer 25: No preference.

Question 26: Can the County clarify which pieces of content are and are not included in the 20-page limit?

Answer 26: The County has increased the limit to 30 pages, but all SBE documentation and letters of reference are not included in the 30-page limit.

Question 27: The RFQ states that respondents are to provide a Standard and Poor's business rating. If respondents don't have such a rating, can we provide other ratings, such as Dun and Bradstreet?

Answer 27: Yes

Question 28: Section II. f refers to agreed-upon procedures for testing IT and data security. Can you provide a copy of those AUP?

Answer 28: See answer to Question 4.

Question 29: What improvements would you like to see in the timing, management, communication or processes of the audit?

Answer 29: The County is looking for firms that can handle the varied audits that a large urban County has to issue.

Question 30: Was a report issued for the Information Technology General Controls (ITGC) review of Dallas County's IT system and organization? If so, can you provide a copy of the prior year report or the most recent? It is ok to redact results if confidential, as we would only like to see the format of the deliverable.

Answer 30: No separate IT report was issued.

Question 31: In the RFQ, II. Scope of Work, 2nd letter (f) on page 7 states that "the TJJD and CSCD audit is to be completed, an the report issued not later than February 21." Then the last sentence states that the CSCD audit must be issued no later than March 20. Please clarify the CSCD issuance date.

Answer 31: See answer to Question 16.

Question 32: Under a section in the RFQ, Qualifications Requirements, on page 8 (d) 2) says, "Financial audit for the Dallas County funds administered by the Dallas County Juvenile Probation Department." Is this the stand-alone audit for TJJD?

Answer 32: Yes, TJJD is a stand-alone audit.

Question 33: Please provide the following reports (or links) for 2024 (or 2023 if most recent is not yet available): a. ITGC Review of Dallas County's IT System and Organization b. TJJD annual financial report c. Academy for Academic Excellence annual financial report d. REAC report e. CSCD annual financial report f. Deliverable (reports provided to Dallas County Juvenile Bord and the Commissioners Court for the Examination of the schedules of grant receipts, disbursements, and changes in Fund balance for those funds provided by TJJD to the Dallas County Juvenile Probation

Department and the Academy of Academic Excellence for year ended 8/31/24 consistent with procedures prescribed in contracts with TJJD and Texas Education Agency guidelines.

Answer 33:

c. Attached is the FY2024 Academy and TJJD Report.
d. ACFR can be found online at Dallas County Auditor | Annual Comprehensive Financial Report (ACFR)
e. Single Audit and REAC have not been completed yet.

Question 34: What were the audit fees for the 2024 audit by deliverable, if applicable?

Answer 34: See answer to question 7.

Question 35: What date is the final trial balance ready for audit for each deliverable?

Answer: 35

f. Academy – December 20th
g. CSCD – November 30th
h. TJJD - December 29th
i. ACFR – February 21st
j. Draft Single Audit – February 21st
k. REAC – February 21st

Question 36: Does the County prepare the ACFR and the other stand-alone financial statements? What dates are they provided to the auditor?

Answer 36: Yes, the Final ACFR is provided two weeks before any agreed-upon deadlines between the Audit Firm and the County.

Question 37: For each of the past 2 years, what percentage of the SBE goal did the incumbent auditor achieve?

Answer 37: The SBE goal was 20%. The incumbent exceeded the goal by 5%.

Question 38: On page 8, under Qualifications Requirements, g) SBE data – Please provide information on the type of data you require in this section? Selected SBE vendor? Level of participation expected. Qualifications of SBE vendor?

Answer 38: SBE Data refers to the mandatory SBE Forms (attachment S) which are required to be submitted and includes all of the associated data points regarding name of firm, SBE certification (if applicable), subcontractor utilization/participation percentage and dollar amounts, etc.

Question 39: Have you had any turnover in the Finance department over the last year? Do you expect any turnover in the next 5 years?

Answer 39 :

- See answer to question 11.
- No

Question 40: Do you have any new system implementations planned over the next 5 years?

Answer 40: No

Question 41: What financially significant service providers exist? Are SOC reports received?

Answer 41:

a) 3, TCDRS, Appraisal & Collection Technologies, and Debtbook.
b) Yes

Question 42: Please provide posted and passed audit adjustments for 2024 and 2023.

Answer 42: See FY2023 governance letter, FY2024 – 0.

Question 43: Does the 20-page limit include resumes, references, and SBE information, or can those be attached as appendices?

Answer 43: See answer to Question 26

Question 44: The Cover Letter and Executive Summary sections contain duplicate information requests, specifically, a contact name, address, phone number, and fax number. Does this information need to be in both sections, or can one reference the other to save space?

Answer 44: Can be referenced within the documentation.

Question 45: Does the County of Dallas want firms to provide estimated fees or hourly rates as part of the proposal? The RFQ a best and final offers (BAFO) process but it does appear that the RFQ is asking for initial fees or rates.

Answer 45: We are not asking for fee's with the response. The fee's will be requested from the highest ranked firm.

Question 46: 1. The scope of work refers to an application control review of the County's Oracle system. Please elaborate on which controls the County is expecting or designating to be tested, or if this is the auditors' decision. 2. The scope of the ITGC review indicates a report is to be provided on understanding of the assessment of control risk and the adequacy of the system to perform as expected. Please clarify whether this is a reporting on the auditors' results of control assessment for purposes of planning the audits and not a report on control effectiveness.

Answer 46: Results of control assessment for purposes of planning.

Question 47:1. RFQ pg. 8, Item a) requests a "Transmittal letter summarizing the qualifications in executive form." Is there a specific form that must be completed for this, or is a standard letter format acceptable? 2. RFQ pg. 9, Financial Stability section requires three documents to be submitted in a separate sealed package. If the proposal is submitted via the Bidnet website, should these three documents be uploaded as a separate PDF attachment from the technical proposal? 3. Our firm's financial statements are confidential, proprietary information. Will the County accept alternative documentation (e.g., a D&B report) in lieu of financial statements to demonstrate financial stability? 4. RFQ pg. 10, Experience section requests three reference letters. To clarify, must these letters be written and submitted by the references themselves, or can we list three references along with descriptions of the work performed and their contact information for your outreach?

Answer 47:

a) No
b) A separate PDF attachment is acceptable.
c) Yes
d) Submitted by the references themselves is preferable.

Question 48: 5. RFQ pg. 10 states a maximum of 20 pages. Does this 20-page limit apply only to the Experience section, or to the entire proposal? Are divider tabs, cover page, reference letters, and attachments included in this page count? 6. RFQ pg. 10 also specifies that proposals must be submitted single-sided. Does this requirement apply only to hard copy submissions? Please confirm that electronic submission is permitted. 7. Should the SBE Questions attachment be included within the technical proposal, or submitted as a separate attachment? 8. Should Attachment S be included within the technical proposal, or submitted as a separate attachment? 9. Is the use of subcontractors mandatory for this project?

1. Answer 48:
    a. The County has increased the limit to 30 pages to help firms write the proposal. Cover page, and reference letters do not count towards
    b. Yes, electronic submission is permitted.
    c. Separate attachments are acceptable; however, they must be submitted as part of the overall bid packet.
    d. Separate attachments are acceptable.
    e. No; subcontracting is not mandatory. Dallas County encourages the commercially useful utilization of certified small business enterprises (SBEs) throughout all of our awarded contracts, and the SBE program goals are aspirational.

Whereas,

All other specifications of the original bid remain the same.

Except as provided herein/above, all other specification requirements of the original solicitation referenced shall remain unchanged in full force and effect. This addendum should be signed and returned with your Solicitation package on or before 6/12/2025, @ 2 pm (CST).

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Annual Financial Report

As of and for the year ended August 31, 2024

(With Independent Auditor's Report Thereon)

INTRODUCTORY SECTION

Certificate of Board

Name of School District	County	Co. – Dist. Number
Dallas County Academy for Academic Excellence	Dallas	057-814

We, the undersigned, do hereby certify that the independent auditors' report for the year ended August 31, 2024 of the above named school district was reviewed and the Board President has authority to accept and approve the report on this day of January 27, 2025

Signature of Board/Chief Administrative Officer

Signature of Board President

We, the undersigned, do hereby certify that to the best of our knowledge and belief, the auditor has completed the audit in accordance with TEA guidelines and the information presented is accurate and correct.

Signature of Board/Chief Administrative Officer

Signature of Board President

Reviewed by:

Fiscal Officer

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

ANNUAL FINANCIAL REPORT

AUGUST 31, 2024

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Deloitte.

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INDEPENDENT AUDITOR'S REPORT

Honorable Judge Cheryl Lee-Shannon, Chairperson
Juvenile Board of Dallas County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Dallas County Academy for Academic Excellence (the "Academy"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Academy, as of August 31, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter—Presentation

As discussed in Note 1, the financial statements of the Academy are intended to present the financial position and changes in financial position of only that portion of governmental activities and each major fund and the aggregate remaining fund information of the County that is attributable to the transactions of the Academy. They do not purport to, and do not present fairly, the financial position of the County as of August 31, 2024, or changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy'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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund and for the Federal Funds, schedule of changes in total Other Postemployment Benefits liability, schedule of changes in net pension liability, and the schedule of pension contributions, as listed in the table of contents, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying supplementary information, representing the individual combining statements of fund balances and the combining statements of revenue, expenditures, and changes in fund balance of the Federal Sub-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 GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Required Texas Education Agency Schedules Section, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2025, on our consideration of the Academy'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 Academy'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 Academy's internal control over financial reporting and compliance.

Deloitte & Touche LLP

January 27, 2025

FINANCIAL SECTION

DALLAS COUNTY ACADEMY OF ACADEMIC EXCELLENCE

Management's Discussion and Analysis

August 31, 2024

(Unaudited)

Introduction

This section of the Annual Financial Report presents management's discussion and analysis of the Dallas County Academy for Academic Excellence (the Academy) financial activities for the fiscal year ended August 31, 2024. This discussion and analysis should be read in conjunction with the Academy's basic financial statements, which follow this section.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

Government-Wide

In total, the net position increased by $911,200. Net position of governmental activities increased from a negative position of $2,937,719 in fiscal year 2023 to a negative position of $2,026,519 in fiscal year 2024. This increase is due to an increase in Federal revenue and decreased net pension liability because of changes in assumptions, salaries, and investment returns. Expenditures this year increased in comparison to prior year; however, a $(476,443) out-of-period adjustment to deferred inflows and outflows related to other postemployment benefits decreased the expenditures in total. Please see Note 6 for further information regarding OPEB.

The Academy had general revenues of $6,978,424 and federal program revenues of $1,576,551. Total revenues were $8,554,975 which is a increase of 5.79% from the prior year.

The Academy had $7,643,775 in expenses, representing an approximate 7.78% decrease from the prior year.

Fund Level

In total, net change in fund balance was $0 compared to $0 for the prior year.

General fund revenues accounted for $6,978,424 or 81.57% of all revenues. Program specific revenues, in the form of grants, accounted for $1,576,551 or 18.43% of all revenues. Total revenues were $8,554,975.

The Academy had $8,554,975 in expenses, representing an approximate 5.79% increase from the prior year.

Management considers revenue projections for the current school year compared to actual enrollments and expenses to date to determine how much, if any, of its net position can be utilized. The net position may change based on the final "settle-up" notification from Texas Education Agency (TEA).

Overview of Financial Statements

This annual report presents the Academy's basic financial statements with three primary components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. Also presented is supplementary information either required by TEA or designed to provide additional detail and explanations of the financial statements.

Government-Wide Financial Statements

These statements provide a broad and general overview of the Academy's overall financial activities, which represents the financial picture of the Academy from the economic resources' measurement focus using the accrual basis of accounting. The statement of the net position presents the funds available to the Academy as of August 31, 2024, after accounting for liabilities. The statement of activities details revenues and expenses for September 1, 2023, to August 31, 2024, time period on an accrual basis of accounting, regardless of when revenues are actually received or expenditures paid. These two statements report on the Academy's changes in net position. This change in net position is important because it identifies whether the financial position of the Academy has improved or diminished. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Academy's enrollment, required educational programs, academic indicators, associated requirements for making school improvements, and other factors.

Fund Financial Statements

A fund is a group of major accounts used to maintain control over resources that have been segregated for specific activities. Most school districts have three types of funds: governmental, proprietary, and fiduciary. Because of the nature of the Academy, only governmental funds are utilized. The governmental funds statement focuses on what moneys flow in and out of those funds and the resulting balances at fiscal year-end for spending in future periods. The Academy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Academy's general government operations and its basic services. Governmental fund information assists in the determination of whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

The Academy's governmental funds are divided into two individual governmental funds for accounting purposes: the General Fund (State Aid) and the Federal Fund. Within the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances, information is presented separately for the General Fund and the Federal Fund. The Federal Fund is the major fund for federal awards. Sub-funds to the Federal Fund include: Elementary and Secondary Education Act (ESEA), Title I, Parts A and D, Title II Part A, IDEA B Capacity, Title III Part A, Title IV, Part A, Texas COVID Learning Acceleration Supports (TCLAS), and School Safety Grants. Together, the fund financial statements provide a more detailed analysis of how the Academy's funds were received and expended. All funds are used together for the general educational services provided by the Academy. The Academy for Academic Excellence Charter School utilized the support from Dallas County through contributions to maintain total operating expenses and the continuity of services and academic needs for the students enrolled.

Notes to the Basic Financial Statements

The notes to the basic financial statements are designed to provide a more detailed explanation essential to understanding the financial data provided in the government-wide and fund financial statements.

Other Information

The annual report contains supplementary information that is either required by TEA or Governmental Accounting Standards Board (GASB) or presented to provide more detailed information than found in the basic financial statements. Exhibits D-1 and D-2 compare actual to budgeted awards for the General Fund and the Federal Fund. Variances in actual expenditures compared to budgeted amounts are primarily due to varying enrollment levels. Exhibit E-1 and E-2 represent a breakdown of the federal funds combined. Exhibit F-1 represents indirect cost and Exhibit F-2 represents fund balance and cash flow calculation. Exhibit J-4 represents Compensatory Education Program and Bilingual Education Program Compliance Responses.

Financial Analysis of the Academy as a Whole

The Academy for Academic Excellence operates as a self-funded program and requires management to be conservative in projecting revenues and realistic in projecting expenses to ensure adequate funding being available to support the program. The majority of the Academy's revenue comes from TEA on a six-week schedule based upon actual attendance. Management must accurately manage cash flow so that financial obligations are met on a timely basis. Table 1 provides a summary comparison of the Academy's statement of net position for fiscal year 2023 and fiscal year 2024.

Table 1
Condensed Statements of Net Position
Governmental Activities
(In thousands)

	FY 2024	FY 2023	Increase (decrease)
Assets:			
Current and other assets	$ 3,173	$ 2,897	$ 276
Capital assets (net of depreciation)	-	7	(7)
Other assets (Net pension asset)	-	-	-
Total assets	3,173	2,904	269
Deferred outflow of resources- pension	1,226	2,123	(897)
Deferred outflow of resources- OPEB	169	344	(175)
Liabilities:			
Current and other liabilities	1,243	976	267
Long-term liabilities	1,793	1,611	182
Net pension liability	2,500	3,741	(1,241)
Total liabilities	5,536	6,328	(792)
Deferred inflow of resources- pension	6	12	(6)
Deferred inflow of resources- OPEB	1,053	1,969	(916)
Net position (deficit):			
Net investment in capital assets	-	7	(7)
Unrestricted (deficit)	(2,027)	(2,945)	918
Total net position (deficit)	$ (2,027)	$ (2,938)	$ 911

Total assets increased from $2,904 to $3,173 at August 31, 2024 due to an increase in the County Match funding being paid by Dallas County to Dallas County Academy of Academic Excellence in September 2024. The net position of ($2,027) reflects a deficit, as a result of accounting for long-term liabilities, including the liabilities for Other Post Employment Benefits (OPEB) and the Net Pension liability. Please see Note 6 for further information in regard to OPEB. This deficit does not mean the Academy does not have resources available as they become due. Rather, Generally Accepted Accounting Principles (GAAP) and the TEA Financial Accountability System Resource Guide require governmental organizations to recognize an actuarially calculated liability for OPEB and Pension.

DALLAS COUNTY ACADEMY OF ACADEMIC EXCELLENCE

Management's Discussion and Analysis

August 31, 2024

(Unaudited)

Table 2
Condensed Statements of Changes in Net Position
(In thousands)

	FY 2024	FY 2023	Increase (decrease)
Revenues			
Program revenues:			
Operating grants and contributions	$ 1,577	$ 1,525	$ 52
Total program revenues	1,577	1,525	52
General revenues:			
State Aid	5,293	5,197	96
Grants and contributions not restricted to specific programs	1,648	1,329	319
Investment earnings	37	35	2
Total general revenues and transfers	6,978	6,561	417
Total revenue	8,555	8,086	469
Program expenses:			
Instruction	5,488	5,855	(367)
Curriculum development and instructional staff	6	7	(1)
Instruction leadership	331	358	(27)
School leadership	771	884	(113)
Guidance, couseling and evaluation services	606	711	(105)
Student (pupil) transportation	4	4	-
General administration	388	443	(55)
Facilities maintenance and operations	-	-	-
Security and monitoring services	50	26	24
Total expenses	7,644	8,288	(644)
Change in net position	911	(202)	1,113
Net position, beginning of year	(2,938)	(2,736)	(202)
Net position, end of year	$ (2,027)	$ (2,938)	$ 911

Analysis of the Academy's Governmental Activities

Fund accounting is used to demonstrate compliance with finance related legal requirements. Expenditures were charged to appropriate revenue sources while adhering to federal and State accounting guidelines. Once federal funds were exhausted, expenditures were charged against the General Fund. All fund balances are in the General Fund. State aid revenues were exhausted due to a continued decrease in student enrollment and attendance as a result of the COVID pandemic. Revenues from governmental fund types totaled $8,555 thousand, an increase of 5.79% over the preceding year. The increase in revenue was due to an increase in student enrollment. Enrollment impacts both state and federal funding. Additionally, in Fiscal year 2024, The Academy for Academic Excellence Charter School utilized the support from Dallas County through contributions of $1,648,139 to maintain total operating expenses and the continuity of services and academic needs for the students enrolled. Fiscal year 2024 expenditures decreased by $644 thousand due to decrease in OPEB and Pension Expense. Please see Note 6 for further information in regard to OPEB.

Capital Assets and Debt Administration

Capital assets are those items with a value of over $5,000 with an expected useful life in excess of one year. Except for the Day Reporting Center, which operates within the Juvenile Justice Alternative Education Program (JJAEP) facility, all facilities in which the Academy operates are owned by Dallas County. On August 31, 2024, net capital assets used in governmental activities totaled $0. Depreciation is recognized in the Government wide financial statements. Improvements to buildings represent all net capital assets of the Academy. Annual depreciation for building and equipment totaled $7,360. The Academy has no debt. (See note 4 to the financial statements for more information)

General Fund Budgeting Highlights

The majority of revenues and expenses for the Academy are allocated to the General Fund. During Fiscal Year 2024, the Academy amended its General Fund budget as needed. Budget amendments were developed by management and approved by the Academy Board.

It is noted that when official budget amendments are sought, it serves as an opportunity to make adjustments based on the Summary of Finance payments (i.e., State Funds) due to modifications in the funding, which are made on a six-week reporting cycle.

All expenses reflect the cost of direct educational services and Dallas County's management of the Academy. The Academy has not incurred any debt. It is management's expectation that funds are budgeted with the goal being to balance expenditures and revenues such that revenues exceed expenses each year. Management determines an appropriate use for any excess funds.

Economic Factors and Next Year's Budget

The Academy is funded by local, State and federal funds distributed by the TEA. The majority of funding is based on actual student attendance and can vary with student enrollment and attendance levels.

Since onset of the COVID pandemic, student enrollment population has been extremely low. Fluctuations in the population at the detention center affects populations at other campuses. A decrease in the population at the detention center directly results in a decrease at other campuses.

With respect to the FY 2024 budget, it is the expectation of the Dallas County Commissioners Court and the Dallas County Juvenile Board (which operates as the Academy Board) that the Academy operates as a self-funded program without supplemental funding with Dallas County tax revenue. The Academy's budget for FY 2024 reflected this expectation and took into account the need to maintain adequate reserves to account for variations in student enrollment. However in FY 2024, the Academy utilized the support from Dallas County through contributions of $1,648,139 to maintain total operating expenses and the continuity of services and

Economic Factors and Next Year's Budget (Continued)

academic needs for the students enrolled. In maintaining the budget, one challenge was to comply with the Texas Juvenile Justice Department (TJJD) guidelines of teacher to student ratios. As well as the need for the core subjects and physical education at all campuses, English as a second Language (ESL) and special education teachers were also requirements at all campuses. Therefore, as the enrollment of youth is decreasing, the number of teachers must meet certain ratios.

For FY 2024, initial funding allocations are based on the number of students enrolled in FY 2024. Additionally, program-specific revenues is based on the prior year's enrollment of students.

Contacting the Academy's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, and stakeholders with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the funds received.

Questions concerning any of the information provided in this report or requests for additional information should be directed to the Deputy Director or designee of Educational Services, Dallas County Juvenile Department, 1673 Terre Colony Ct., Dallas, Texas 75212. Other information may be viewed online by visiting www.dallascounty.org.

BASIC FINANCIAL STATEMENTS

Exhibit A-1

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Statement of Net Position

August 31, 2024

Data Control Codes		Governmental activities
	Assets:	
1241	Due from state	$ 1,956
1242	Due from federal agencies	205,601
1243	Due from other governmental entities	2,964,963
1000	Total assets	3,172,520
1705	Deferred outflow of resources- pension	1,226,143
1705	Deferred outflow of resources- OPEB	169,369
	Total deferred outflow of resources	1,395,512
	Liabilities:	
2110	Accounts payable	85,796
2160	Accrued wages payable	147,970
2180	Due to other governments	865,294
2532	Vested vacation benefits payable -current	143,508
2532	Vested vacation benefits payable - long-term	64,099
2590	Other post employment benefits	1,728,800
2591	Net pension liability	2,499,650
2000	Total liabilities	5,535,117
2605	Deferred inflow of resources- pension	6,069
2605	Deferred inflow of resources- OPEB	1,053,365
	Total deferred inflow of resources	1,059,434
	Net position:	
3900	Unrestricted deficit	(2,026,519)
3000	Total net position	$ (2,026,519)

See accompanying notes to basic financial statements.

Exhibit B-1

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Statement of Activities
For the Year Ended August. 31 2024

				Net (expense) revenue and changes in net position
			Program revenues	Primary government
Data control codes	Functions/programs	Expenses	Operating grants and contributions	Governmental activities
	Primary government:			
	Governmental activities:			
11	Instruction	$ 5,488,301	$ 1,098,348	$ (4,389,953)
13	Curriculum development and instructional staff	5,367	5,326	(41)
21	Instruction leadership	331,105	108,487	(222,618)
23	School leadership	771,305	-	(771,305)
31	Guidance, couseling and evaluation services	606,109	314,127	(291,982)
34	Student (pupil) transportation	3,600	-	(3,600)
41	General administration	387,635	-	(387,635)
51	Facilities maintenance and operations	90	-	(90)
52	Security and monitoring services	50,263	50,263	-
TG	Total governmental activities	$ 7,643,775	$ 1,576,551	$ (6,067,224)
	General revenues:			
SF	State aid-formula grants			$ 5,293,136
GC	Grants and contributions not restricted to specific programs			1,648,139
IE	Investment earnings			37,149
TR	Total general revenues and transfers			6,978,424
NB	Change in net position			911,200
NE	Net position- beginning			(2,937,719)
	Net position- end of year			$ (2,026,519)

See accompanying notes to basic financial statements.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Balance Sheet – Governmental Funds
August 31, 2024

Data control codes		10 General fund	289 Federal fund	98 Total governmental funds
	Assets:			
1241	Due from state	$ 1,956	$ -	$ 1,956
1242	Due from federal agencies	-	205,601	205,601
1243	Due from other governmental entities	2,964,963	-	2,964,963
1260	Due from other funds	171,320	-	171,320
1000	Total assets	3,138,239	205,601	3,343,840
	Liabilities and fund balances:			
	Liabilities:			
2110	Accounts payable	23,271	-	23,271
2165	Accrued liabilities	62,525	-	62,525
2160	Accrued wages payable	113,689	34,281	147,970
2170	Due to other funds	-	171,320	171,320
2180	Due to other governments	865,294	-	865,294
2000	Total liabilities	1,064,779	205,601	1,270,380
	Fund balances:			
3600	Unassigned	2,073,460	-	2,073,460
3000	Total fund balances	2,073,460	-	2,073,460
4000	Total liabilities and fund balances	$ 3,138,239	$ 205,601	$ 3,343,840

Reconciliation of the governmental funds balance sheet to the government-wide statement of net position.	
Total fund balances – governmental funds	$ 2,073,460
Amounts reported for governmental activities in the statement of net assets (see Exhibit A-1) are different due to the following:	
Vested vacation benefits are not due and payable in the current period and, therefore are not reported in the funds.	(207,607)
Other Post Employment Benefits are not due and payable in the current period and, therefore are not reported in the funds	(1,728,800)
Net pension liability is not reported in the funds	(2,499,650)
Deferred outflows and inflows related to pension and OPEB are not reported in the funds (See Note 6)	336,078
Total net position – governmental activities (see Exhibit A-1)	$ (2,026,519)

See accompanying notes to basic financial statements.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended August. 31 2024

Data control codes		420 General fund	289 Federal fund	98 Total governmental funds
	Revenues:			
5700	Local and intermediate sources	$ 1,685,288	$ -	$ 1,685,288
5800	State program revenues	5,293,136	-	5,293,136
5900	Federal program revenues	-	1,576,551	1,576,551
5020	Total revenues	6,978,424	1,576,551	8,554,975
	Expenditures:			
	Current:			
11	Instruction	4,555,280	1,554,194	6,109,474
13	Curriculum development and instructional staff	-	5,367	5,367
21	Instruction leadership	248,588	108,487	357,075
23	School leadership	856,358	-	856,358
31	Guidance, couseling and evaluation services	392,816	314,127	706,943
34	Student (pupil) transportation	3,600	-	3,600
41	General administration	465,805	-	465,805
51	Facilities maintenance and operations	90	-	90
52	Security and monitoring services	-	50,263	50,263
6030	Total expenditures	6,522,537	2,032,438	8,554,975
1100	Excess (deficiency) of revenue over (under) expenditures	455,887	(455,887)	-
	Other financing sources (Uses):			
7915	Operating Transfers in	$ -	$ 455,887	455,887
8911	Operating Transfers out	(455,887)	-	$ (455,887)
7949	Other resources	1,648,139	-	1,648,139
8949	Other Uses	(1,648,139)	-	(1,648,139)
7080	Total other financing sources (Uses)	(455,887)	455,887	-
100	Fund balances, beginning of year	2,073,460	-	2,073,460
3000	Fund balances, end of year	$ 2,073,460	$ -	$ 2,073,460
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:			
	Net change in fund balances – total governmental funds			$ -
	Amounts reported for governmental activities in the statement of activities (see Exhibit A-1) are different because:			
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This difference is depreciation expense			(7,360)
	Other Post Employment Benefits are not due and payable in the current period and, therefore, are not reported in the funds. This is the increase in OPEB benefits payable in the current year.(see Note 6)			564,915
	Vested vacation benefits are shown as expenditures at the fund level but is accrued for on the statement of activities. This is the increase in Vested vacation benefits in the current year.			3,222
	Changes in Pension Amounts are not shown as an income at the fund level but is reported in the Statement of Activities			350,423
	Change in net position of governmental activities(see Exhibit B-1)			$ 911,200

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The basic financial statements of the Dallas County Academy for Academic Excellence (the Academy) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities and the rules prescribed by the Texas Education Agency (TEA) Financial Accountability System Resource Guide (the Guide). Data control codes refer to the account code structure prescribed by the Guide. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Dallas County Juvenile Board (the Board) received an open-enrollment charter from the State Board of Education to operate a Texas public school effective November 12, 1998. The Academy began operations on September 1, 1999. Effective with the start of the 2004-2005 school year, the Academy was operated by the Dallas County Juvenile Department. The Academy receives funding from the State of Texas (the State) and federal government sources and must comply with the applicable requirements of these funding source entities.

The following GASB Statements were implemented in FY24.

GASB Statement No. 100 - *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The provisions of this statement need not be applied to immaterial items.

(a) Reporting Entity

The Academy represents an operating unit of the Juvenile Department of Dallas County. The Academy is governed by the Board of Trustees of the Academy, which comprises the exact same members as the Juvenile Board. The financial data of the Academy is also reported within the basic financial statements of Dallas County, Texas (the County). Similarly, any funds received and expended through the federal and state agencies are reported in the Dallas County Schedule of Expenditures of Federal and State Awards.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the nonfiduciary activities of the Academy. The effect of the interfund activity has been removed from these statements. The governmental activities are supported by intergovernmental revenues.

(1) Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Items not properly included among program revenues are reported instead as general revenues.

(c) Government-Wide Basis of Accounting/Measurement Focus

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Academy gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

(d) Governmental Fund Financial Statements Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balances. The modified accrual basis of accounting is used for the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available is defined as collectible within the current period or within 60 days after fiscal year-end to be used to pay liabilities of the current period. Expenditures are recorded when the fund obligation is incurred. Revenues received from the State are recognized when susceptible to accrual. Investment earnings are recorded as earned since they are measurable and available. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received in advance they are recorded as unearned revenues until earned.

The Academy reports the following major governmental funds:

The General Fund is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those to be accounted for in another fund. Major revenue sources include State funding under the Foundation School Program and interest earnings. Expenditures include all costs associated with the daily operations of the Academy except for specific programs funded by the federal or State government.

The Federal Fund is a special revenue fund that accounts for activities of federal grants to provide opportunities for children served to acquire knowledge and skills to meet the challenging State performance standards developed for all children.

(e) Cash and Cash Equivalents

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

(1) Summary of Significant Accounting Policies (Continued)

(f) Receivables and Payables

Transfers between funds are recorded as an amount either "Due to" or "Due from." Due to/from other funds is eliminated in the government-wide financial statements. The Academy participates in a variety of Federal and State programs from which it receives grants to partially or fully finance certain activities. In addition, the Academy receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts receivable from the State and Federal agencies at year-end are reported on the financial statements as "due from State/ Federal agencies."

(g) Deferred Outflows/ Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of August 31, 2024, deferred outflows total $1,395,512.

In addition to liabilities, the Statement of Net Position may include a separate section for deferred inflows of resources applying to future periods. As of August 31, 2024, the balance of deferred inflow of resources was $1,059,434.

(h) Capital Assets

Capital assets, which include improvements to buildings and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than $5,000 with an estimated useful life in excess of one year. These assets are recorded at historical cost. Donated capital assets are reported at acquisition value at time of donation if the actual cost cannot be determined. Furniture and equipment included in capital assets is being depreciated using the straight-line method over a useful life of 5 to 20 years.

(i) Vested vacation benefits

The Academy administrative support staff and teachers, which are permanent, full-time Dallas County employees accrue vacation and sick leave every pay period except the employees on a nine month work schedule and are allowed to accumulate any earned but unused days. The accumulated earned but unused vacation and sick leave balances at year-end are carried forward to the following year. The accrued vested vacation benefits balance of $207,607 as of August 31, 2024 was calculated by multiplying the number of accrued but not used vacation and sick leave days times the daily rate at year-end and has been recorded as vested vacation benefits in the government-wide financial statements.

This liability includes related amounts for Social Security, Medicare, and retirement benefits. The Academy's general fund and federal fund incurs the expenditures for compensated absences.

The Academy's permanent, full-time employees accrue annually 80 hours of vacation from date of employment to 6 years of service, 120 hours from 6 to 15 years of service, and 160 hours in excess of 15 years of continuous employment. The maximum accrual is 4, 5 or 6 weeks of vacation for each respective accrual categories. Upon termination, an employee is entitled to payment for total accrued but unused hours of vacation.

(1) Summary of Significant Accounting Policies (Continued)

The Academy's permanent, full-time employees accrue annually 96 hours of sick leave. Sick leave is paid to current employees if absent from work due to illness, injury, or other situations requiring medical attention. An employee who terminates for any reason is paid a percentage of their accrued unused sick leave. Amounts payable are initially 5% after 5 years of service, increasing thereafter at 5% for each additional 5 years of service to a maximum of 50%.

Vested vacation benefits

Beginning balance	Additions	Reductions	Ending balance	Due within one year
$ 210,829	$ 346,346	$ 349,568	$ 207,607	$ 143,508

(j) Other Administrative Services

The Dallas County Juvenile Department provides certain administrative services such as transportation, food services, use of facilities, and security to the Academy. Dallas County also provides certain fiscal services to the Academy. The value of these services is not reflected in the accompanying basic financial statements since it is not susceptible to objective measurement or value.

(k) Net Position

In the government-wide financial statements, net position is net investment in capital assets, reduced by accumulated depreciation and, the remaining portion of the net position consists of all other unrestricted assets.

The Academy participates in both State and federal programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. The Academy's policy is to first utilize all restricted resources for eligible costs prior to utilizing unrestricted funds.

(l) Fund Balance Classification

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

(m) Use of Estimates

Preparation of financial statements and related note disclosures conforms with GAAP and requires use of management's estimates. Accordingly, actual results could differ from those estimates. Significant management estimates relate to actuarial estimates and assumptions of the value of the retirement plan and other postemployment benefits and useful lives of depreciable capital assets.

(n) Data Control Codes

Data control codes appear in the rows above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

(2) Cash and Cash Equivalents

The Academy's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the Academy's agent approved pledged securities in an amount sufficient to protect Academy funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. Under the depository contract, the Academy, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates. At August 31, 2024, the carrying amount of the Academy's cash, savings, and time deposits was a negative $ 822,479 and was reclassified as a liability within due to Other Governments. Additionally, County Match funding came in after year end (September 30, 2024) which then resulted in a positive cash balance for Dallas County Academy for Academic Excellence. The Academy's cash is pooled with cash funds of Dallas County. As of August 31, 2024, Dallas County's combined deposits were fully insured by FDIC insurance or collateralized with securities pledged to the County, and held by the County's agent. Cash deposits held at financial institutions are insured and collateralized with securities held by the financial institution in the County's name.

(3) Interfund Receivables and Payables

	As of August 31, 2023	
	Interfund receivables	Interfund payables
Due from/to other funds:		
General fund	$ 171,320	$ —
Federal fund	—	171,320
	$ 171,320	$ 171,320

Interfund balances consist of short-term lending/ borrowing arrangements that result primarily from payroll and other regularly occurring charges for grants that are on a reimbursement basis, which are paid by the General fund and then charged back to the Federal fund. All interfund balances are expected to be repaid within one year.

(4) Capital Assets

Capital asset activities for the year ended August 31, 2024 are as follows:

	Balance September 1, 2023	Additions	Deletions	Balance August 31, 2024
Improvements to buildings	$ 148,808	$ -	$ -	$ 148,808
Less accumulated depreciation	(141,448)	(7,360)	-	(148,808)
Total	7,360	(7,360)	-	-
Furniture and equipment	204,723	-	-	204,723
Less accumulated depreciation	(204,723)	-	-	(204,723)
Total	-	-	-	-
Total capital assets being depreciated, net	$ 7,360	$ (7,360)	$ -	$ -

Depreciation expense of $7,360 was charged to the following functions:

	Amount
Function:	
11	$ 6,624
41	736
	$ 7,360

(4) Capital Assets (Continued)

Improvements to buildings represents a $148,808 improvement and renovation cost related to relocating the Substance Abuse Unit of the Academy. Accumulated depreciation as of August 31, 2024 is $148,808 using the straight-line method over its useful life of 20 years. The County provides facilities and buildings, not reflected in the basic financial statements.

(5) Retirement Commitments

(a) Retirement Plan Description

The Academy administration support staff and teachers employed since July 29, 2004, are permanent, full-time Dallas County employees and participate in its pension plan (the Plan). The Academy's employees represent 1.24% of the total County active employees. The County provides retirement, disability and death benefits for all of its full-time employees through a non-traditional agent or multiple employer defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The TCDRS Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 870 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an Annual Comprehensive Financial Report (ACFR) on a calendar year basis. The ACFR is available online at www.tcdrs.org or upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The governing body of the employer adopts the plan provisions within options available in Texas State Statutes (TCDRS Act) governing TCDRS. Members employed by the County are vested and may retire at age 60 and above with 10 or more years of service; with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after combined 10 years of employment with any organization with an accredited plan (not just the County), but must leave their accumulated contributions in the Plan to receive any employer financed benefit.

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

At December 31, 2023 the following County employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4,162
Inactive employees entitled but not yet receiving benefits	4,977
Active employees	6,586
Total	15,725

(5) Retirement Commitments (Continued)

(b) Funding Policy

The County has chosen a fixed rate plan under the provisions of the TCDRS Act. County employees with 1,000 or more hours of service a year are members of the Plan. The Plan is funded by monthly contributions from both the County and its employees based on the covered payroll of employee members. Regulated by the TCDRS Act, the previously required 13.23% contribution rate of the County (effective January 1, 2023) decreased to 12.91% January 1, 2024, is a fixed percentage adopted by the Commissioners Court matched by a 7% contribution rate payable by employee members.

The financing objective for the plan is to provide benefits for the employee members that can be adequately financed by a fixed employer contribution rate that remains level as a percentage of covered payroll. Employee and County contribution rates may be changed by the Commissioners Court with options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act provisions allow an employer to contribute a fixed supplemental contribution rate determined by the TCDRS actuary above the regular rate for 30 years, or to reduce benefits earned in the future.

(c) Net Pension Liability

The County's net pension Liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension Liability was determined by an actuarial valuation as of that date. The Academy's net pension Liability was calculated based on five year average Academy contributions compared to the County.

(5) Retirement Commitments (Continued)

Actuarial Methods and Assumptions

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percentage of pay) (1)
Amortization Method	
Recognition of economic / demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or input	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% The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.
Investment Rate of Return	7.60% (Gross of administrative expenses.)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Dallas 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.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for Males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for Males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for Males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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

(5) Retirement Commitments (Continued)

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 amounts are based on January 2024 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is reassessed in detail at a minimum of every four years, and is set based on a long-term horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2024 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with relevant actuarial standards of practice. Milliman, TCDRS' actuarial consultant, relies on the expertise of Cliffwater LLC in the assessment of the long-term expected rate of return. TCDRS may be contacted at TCDRS.org for more details.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return(2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.65%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33%	2.00%	4.10%
Master Limited – Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate – Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity &	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

(1) Target asset allocation adopted at the March 2024 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.2%, per Cliffwater LLC's 2024 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.

(5) Retirement Commitments (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate [1]	7.60%
Long-term expected rate of return, net of investment expense [1]	7.60%
Municipal bond rate [2]	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 proportionate change in the plan liability for the Academy is described below.

Changes in Net Pension Liability / (Asset)

	Total pension liability (a)	Fiduciary net position (b)	Net pension liability / (asset) (a) - (b)
Balance as of December 31, 2022	$ 42,132,933	$ 38,391,528	$ 3,741,405
Service cost	841,480	-	841,480
Interest on total pension liability [1]	2,768,434	-	2,768,434
Effect of plan changes [2]	-	-	-
Effect of economic/demographic gains or losses	16,422	-	16,422
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(84,266)	(84,266)	-
Benefit payments	(1,736,310)	(1,736,310)	-
Administrative expenses	-	(18,916)	18,916
Member contributions	-	436,582	(436,582)
Net investment income	-	3,640,723	(3,640,723)
Employer contributions	-	825,139	(825,139)
Other [3]	-	(15,437)	15,437
Balance as of December 31, 2023	$ 43,938,693	$ 41,439,043	$ 2,499,650

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

[2] No plan changes.

[3] Relates to allocation of system-wide items.

(5) Retirement Commitments (Continued)

Sensitivity of the net pension liability to changes in the discount rate is below. The following presents the proportionate net pension liability of the Academy, calculated using the discount rate of 7.60% as well as the effect of a 1% higher and 1% lower discount rate.

	1% decrease 6.60%	Current Rate Discount 7.60%	1% increase 8.60%
Total Pension Liability	$ 43,377,111	$ 43,938,693	$ 34,020,334
Fiduciary Net Position	41,439,043	41,439,043	41,439,043
Net pension liability/ (asset)	$ 1,938,068	$ 2,499,650	$ (7,418,709)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the County's ACFR.

(d) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended August 31, 2024, the Academy recognized pension expense of $505,555.

Pension (Income)/Expense	**As of August 31, 2024**
Service Cost	$ 841,480
Interest on total pension liability	2,768,434
Administrative expense	18,916
Member contributions	(436,582)
Expected Investment return (net of investment expense)	(2,499,373)
Recognition of deferred inflow/outflow or resources	-
Economic/demographic gains or losses	102,606
Assumption changes or inputs	408,048
Investment gains or losses	(713,411)
Other	15,437
Pension expense	$ 505,555

(5) Retirement Commitments (Continued)

As of August 31, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	As of August 31, 2024	
Deferred inflows/outflows of resources	**Deferred inflows of resources**	**Deferred outflows of resources**
Differences between expected and actual experience	$ -	$ 148,163
Change of Assumptions	6,069	414,117
Net difference between projected and actual earnings	-	125,862
Contributions made subsequent to measurement date[1]	-	538,001
	$ 6,069	$ 1,226,143

(1) Amounts will be recognized as reduction of the Net Pension liability in FY24.

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

Year Ended August 31:	Amount
2023	
2024	$ 219,039
2025	(78,289)
2026	769,594
2027	(228,271)
Thereafter	-
Total	$ 682,073

Annual Pension Cost

The Academy's actual employer contributions for the TCDRS plan was $769,885 based upon the period January 1, 2023 through December 31, 2023. The annual required contributions actuarially determined as a percentage of the covered actuarial payroll of the participating employees for FY 2024 were based on the actual actuarial valuation.

(6) Other Post-Employment Benefits

General Information County OPEB Plan

Plan description

Academy employees are permanent, full-time County employees and participate in the County's medical plan, a single employer OPEB Plan. The Other Post Employment Benefits (OPEB) for the Academy is apportioned from Dallas County Retiree Welfare Plan Actuarial Valuation Report for the Measurement Year ended September 30, 2023.

Benefits provided

The County is not required by State law or contractual agreement to provide funding for OPEB. However, the County allows retirees and dependents to continue currently selected health, dental and other insurance benefits upon retirement. An employee must be eligible for retirement with a minimum 10 years of service credit within the County for insurance eligibility.

The County does not maintain a trust to pay for future OPEB expenses. However, the County annually budgets amounts necessary to cover pay-as-you-go costs of benefits to retirees and eligible beneficiaries and their dependents. Contribution, adjustment, or elimination of the contribution and adjustments to OPEB eligibility are subject to the governing body's annual budgetary discretion.

Employees covered by benefit terms

At September 30, 2024, 87 active employees were covered by the benefit terms.

OPEB Liability

The Academy's total OPEB liability of $1,728,800 was measured as of September 30, 2022, and was determined by an actuarial valuation as of that date and rolled forward to September 30, 2023.

Actuarial assumptions and other inputs

The total OPEB liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

(6) Other Post-Employment Benefits (Continued)

Salary Increases	Varies by entry age and service. 3.9% over career including inflation
Discount rate	4.02
Healthcare cost trendes	6.75% for 2022, decreasing 0.25% per year to ultimate rate of 4.0% for 2033 and later years
Medicare cost trend rates	6.75% for 2022, decreasing 0.25% per year to ultimate rate of 4.0% for 2033 and later years
Retirees` share of benefit-related costs	57.50% of projected health insurance permiums for retirees

The discount rate was based on 20 year, tax exempt general obligation bonds with an average rating of AA/Aa or higher or equivalent quality on another rating scale. This rate was obtained based on the Bond Buyer 20-Bond-Go Index as reported in the Bond Buyer.

Mortality rates were based on the Pub-2010 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2021.

The actuarial assumptions used in the September 30, 2023 valuation were based on the results of an actuarial experience study for the period 2013-2016.

	OPEB Liability
Balance at September 30, 2022	$ 1,552,659
Changes for the year	
Service Cost	137,292
Interest	67,726
Difference between expected and actual experience	-
Changes in assumptions or other inputs (1)	(18,444)
Benefit payments	(10,433)
Net changes	176,141
Balance at September 30, 2023	1,728,800

(1) Changes of assumptions and other inputs reflect a change in the discount rate of 4.02 % in 2023 to 4.09% in 2024.

(6) Other Post-Employment Benefits (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Academy, as well as what the Academy's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

	1% Decrease (3.09%)	Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	$ 2,031,000	$ 1,729,000	$ 1,486,000

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Academy, as well as what the Academy's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 3.0%) or 1-percentage-point higher (7.5% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 3.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 4.0%)	1% Increase (7.5% decreasing to 5.0%)
Total OPEB Liability	$ 1,436,000	$ 1,729,000	$ 2,105,000

The total expenses recognized in the current year is $(564,915) which included the Out-of period adjustment noted below.

Out-of period adjustment

Subsequent to the issuance of the financial statements for the year ended August 31, 2023, the Academy identified certain errors in its previously issued financial statements that have been corrected through cumulative out-of-period adjustments in the financial statements as of and for the year ended August 31, 2024. The error relates to the amortization periods utilized in prior years for Deferred Inflows and Deferred Outflows for OPEB. As a result, the Academy recorded an out-of-period adjustment of $(476,443) to OPEB expenses, which cumulatively impacted the program expenses on the Statement of Activities. Further, the out of period adjustment decreased Deferred Outflows by $110,638 and the Deferred Inflows by $587,081. The overall impacts to the Statement of Net Position and Statement of Activities for the year ended August 31, 2023, is $476,443. Management considered the qualitative and quantitative factors and concluded the out-of-period adjustments are immaterial to 2024 and each of the previously issued financial statements.

(6) Other Post-Employment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the Academy recognized OPEB expense of $(564,915). On September 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		(447,224)
Changes of assumptions/ other inputs	169,369	(606,141)
Net difference between projected and actual investments	-	-
Total	$ 169,369	$ (1,053,365)

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

Year ended September 30:		
2024	$	(283,055)
2025	$	(166,908)
2026	$	(131,401)
2027	$	(148,830)
2028	$	(103,612)
Thereafter		(50,190)
	$	(883,996)

(7) Contingencies

The Academy participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Academy has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable, if any, at August 31, 2024 may be impaired. In the opinion of the Academy, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, a provision has not been recorded in the accompanying basic financial statements for such contingencies.

(8) Risk Management

The Academy's Risk Management plan is covered by the County's plan. The County has elected to self-insure against risks arising from tort claims, employee group medical insurance benefits, workers' compensation benefits due to employees who are injured while on duty, loss of funds by theft or mysterious disappearances in all fee offices of the County (with the exception of the Office of County Tax Assessor Collector, and the Office of County Treasurer), and any and all other claims asserted by employees and/or third parties against the County arising out of the normal conduct of County business. The County has chosen to be a reimbursing employer under the unemployment compensation program administered by the Texas Workforce Commission.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Budgetary Comparison Schedule
General Fund

For the Year Ended August. 31 2024

(Unaudited)

Data Control Codes		Budgeted amounts Original	Budgeted amounts Final	Actual amounts (GAAP basis)	Variance with final budget positive (negative)
	Fund balance, September 1, 2023	$ 2,073,460	$ 2,073,460	$ 2,073,460	$ -
	Resources (inflows):				
5700	Local and intermediate sources	-	-	1,685,288	1,685,288
5800	State program revenues	5,059,445	6,138,764	5,293,136	(845,628)
	Amounts available for appropriation	7,132,905	8,212,224	9,051,884	839,660
	Charges to appropriations (outflows):				
11	Instruction	4,341,767	4,341,767	4,555,280	(213,513)
13	Curriculum development and instructional staff	500	500	-	500
21	Instruction leadership	246,327	246,327	248,588	(2,261)
23	School leadership	785,475	785,475	856,358	(70,883)
31	Guidance, couseling and evaluation services	364,392	364,392	392,816	(28,424)
34	Student (pupil) transportation	7,200	7,200	3,600	3,600
41	General administration	417,390	417,390	465,805	(48,415)
51	Facilities maintenance and operations	26,300	26,300	90	26,210
	Total charges to appropriations	6,189,351	6,189,351	6,522,537	(333,186)
	Other financing sources (Uses):				
7915	Operating Transfers in	-	-	-	-
8911	Operating Transfers out	-	-	(455,887)	455,887
7949	Other resources	-	-	1,648,139	(1,648,139)
8949	Other Uses	-	-	(1,648,139)	1,648,139
7080	Total other financing sources (Uses)	-	-	(455,887)	455,887
3000	Fund balance, August 31, 2024	$ 943,554	$ 2,022,873	$ 2,073,460	$ 50,587

See accompanying notes to budgetary comparison schedules.

Exhibit D-2

Required Supplementary Information
DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Budgetary Comparison Schedule
Federal Funds
For the Year Ended August. 31 2024
(Unaudited)

Data Control Codes		Budgeted amounts Original	Budgeted amounts Final	Actual amounts (GAAP basis)	Variance with final budget positive (negative)
	Fund balance, September 1, 2023	$ -	$ -	$ -	$ -
	Resources (inflows):				
5900	Federal program revenues	1,989,532	1,586,733	1,576,551	(10,182)
	Amounts available for appropriation	1,989,532	1,586,733	1,576,551	(10,182)
	Charges to appropriations (outflows):				
11	Instruction	1,539,551	1,103,856	1,554,194	(450,338)
13	Curriculum development and instructional staff	10,000	10,000	5,367	4,633
21	Instruction leadership	103,221	108,487	108,487	-
31	Guidance, couseling and evaluation services	286,497	314,127	314,127	-
52	Security and monitoring services	50,263	50,263	50,263	-
	Total charges to appropriations	1,989,532	1,586,733	2,032,438	(445,705)
	Other financing sources (Uses):				
7915	Operating Transfers in	-	-	455,887	(455,887)
8911	Operating Transfers out	-	-	-	-
7080	Total other financing sources (Uses)	-	-	455,887	(455,887)
	Fund balance, August 31, 2024	$ -	$ -	$ -	$ -

See accompanying notes to budgetary comparison schedules.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Budgetary Comparison Schedules

August 31, 2024

Budgetary Information

The Academy is required by state law to adopt an annual budget for the general fund. Each budget is presented on the modified accrual basis of accounting, which is consistent with GAAP. However, the presentation is shown as inflows and outflows. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to August 31, of the preceding fiscal year, the Academy prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget after 10 days public notice of the meeting has been given.

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

4. Copies of the approved budget are filed in the office of the County Clerk and must be filed with the TEA no later than November 1 of the year for which the budget is adopted.

Once a budget is approved, it can be amended at the fund level only by approval of a majority of the members of the Board. The legal level of control is at the fund and function level. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

It is noted that when official budget amendments are sought, it serves as an opportunity to make adjustments based on the Summary of Finance payments (i.e., state funds) due to modifications in the funding, which are made on a six weeks reporting cycle.

Each budget is prepared and controlled by the budget coordinator at the fund level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

The variances in State Aid is due to a decrease in student enrollment and attendance because of the COVID pandemic. The Academy received additional federal funds and County Match funding to offset the decrease in State Aid.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Budgetary Comparison Schedules

August 31, 2024

Schedule of Changes in Total OPEB Liability

Measurement Year Ended September 30,2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service Cost	$ 137,292	$ 209,836	$ 212,333	$ 206,635	$ 149,294	$ 194,347
Interest	67,726	47,380	41,274	52,063	55,015	88,541
Changes of Benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(70,219)	-	(447,174)	-	(930,770)
Changes in assumptions or other inputs	(18,444)	(516,341)	(17,627)	93,133	382,606	(427,964)
Benefit payments	(10,433)	(9,258)	-	-	(6,311)	-
Net change in total OPEB liability	176,141	(338,602)	235,980	(95,343)	580,604	(1,075,846)
Total OPEB liability - beginning	1,552,659	1,891,261	1,655,281	1,750,624	1,170,020	2,245,866
Total OPEB liability - ending	$ 1,728,800	$ 1,552,659	$ 1,891,261	$ 1,655,281	$ 1,750,624	$ 1,170,020
Covered employee payroll	6,464,000	6,245,557	5,632,000	5,441,534	5,053,179	4,841,585
Total OPEB liability as a percentage of covered employee payroll	26.75%	24.86%	33.58%	30.42%	34.64%	24.17%

Notes to Schedule:

1. GASB Statement No. 75 was implemented in FY18.
2. Changes to assumptions: Changes to assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2023	4.09%
2022	4.02%
2021	2.26%
2020	2.21%
2019	2.66%
2018	4.18%
2017	3.64%

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Budgetary Comparison Schedules

August 31, 2024

Schedule of Changes in Net Pension Liability
December 31, 2023

	2023	2022	2021	2020	2019	2018
Total Pension Liability (1):						
Service Cost	$ 841,480	$ 771,412	$ 812,185	$ 693,326	$ 654,296	$ 641,323
Interest on total pension liability	2,768,434	2,741,695	2,669,863	2,555,343	2,468,926	2,322,506
Effect of assumption changes or inputs	-	-	(24,276)	2,070,587	-	-
Effect of economic/demographic gain or loss	16,422	223,660	32,741	79,156	92,846	12,736
Benefit payments/refunds of contributions	(1,820,576)	(1,771,282)	(1,665,816)	(1,593,913)	(1,546,720)	(1,383,138)
Net change in total pension liability	1,805,760	1,965,485	1,824,697	3,804,499	1,669,348	1,593,427
Total pension liability, beginning	42,132,933	40,167,448	38,342,751	34,538,252	32,868,905	31,275,478
Total pension liability, ending (a)	$ 43,938,693	$ 42,132,933	$ 40,167,448	$ 38,342,751	$ 34,538,253	$ 32,868,905
Plan Fiduciary Net Position (1):						
Employer contributions	825,139	903,681	764,432	765,673	681,016	632,090
Member contributions	436,582	454,996	408,956	401,821	383,853	360,606
Investment income net of investment expenses	3,640,723	(2,151,291)	6,910,186	3,038,102	4,303,911	(505,306)
Benefit payments/refunds of contributions	(1,820,576)	(1,771,282)	(1,665,816)	(1,593,913)	(1,546,720)	(1,383,138)
Administrative Expense	(18,916)	(20,327)	(20,618)	(23,410)	(22,855)	(20,854)
Other	(15,437)	(26,780)	(5,158)	(12,669)	(12,377)	(8,829)
Net changes in fiduciary net position	3,047,515	(2,611,003)	6,391,982	2,575,604	3,786,828	(925,431)
Fiduciary net position, beginning	38,391,528	41,002,531	34,610,549	32,034,945	28,248,118	29,173,549
Fiduciary net position, ending (b)	$ 41,439,043	$ 38,391,528	$ 41,002,531	$ 34,610,549	$ 32,034,946	$ 28,248,118
Net pension liability, ending (a)-(b)	$ 2,499,650	$ 3,741,405	$ (835,083)	$ 3,732,202	$ 2,503,307	$ 4,620,787
Net position as a % of total pension liability	94%	91%	102%	90%	93%	86%
Pensionable covered payroll	$ 6,236,879	$ 6,581,336	$ 5,842,228	$ 5,733,319	$ 5,481,428	$ 5,151,508
Net pension liability as a percentage of covered-employee payroll	40%	57%	-14%	65%	46%	90%

(1) Pensionable covered payroll amounts represents allocation from Dallas County as of measurement date.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Budgetary Comparison Schedules

August 31, 2024

Schedule of Contributions
(in thousands)

Academy	2024	2023	2022	2021	2020
Actuarially determined contribution	$ 770	$ 924	$ 752	$ 752	$ 750
Contributions in relation to the actuarially determined contribution	770	924	752	752	750
Contribution (excess)/deficiency	-	-	-	-	-
Pensionable Covered payroll	$ 5,820	$ 7,062	$ 5,747	$ 5,631	$ 6,037
Contributions as a percentage of covered-employee payroll	13.23%	13.08%	13.08%	13.35%	12.42%

Methods and assumptions used to determine contribution rates:

Actuarial Cost	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed.
Remaining Amortization Period	17.1 years (based on contribution rate calculated in 12/31/2023 valuation).
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The Average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

SUPPLEMENTARY INFORMATION

Exhibit E-1

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Federal Sub- Funds
Combining Schedule of Fund Balances
As of August 31, 2024

Data Control Codes		ESEA, Title I, Part A 7502	Title II, Part A 7503	IDEA B Capacity 7506	ESEA, Title I, Part D 7509	Title III, Part A 7511	Title IV, Part A 7512	ESSER III 7519	SCHOOL SAFETY STANDARDS 7521	Perkins Grant 7522	Total federal sub funds
	Assets										
1242	Due from federal agencies	36,369	-	-	-	(98)	(486)	125,007	44,809	-	205,601
	Total assets	$ 36,369	$ -	$ -	$ -	$ (98)	$ (486)	$ 125,007	$ 44,809	$ -	$ 205,601
	Liabilities and fund balances										
	Liabilities:										
2110	Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2160	Accrued wages payable	6,469	-	82	12,820	-	-	14,910	-	-	34,281
2170	Due to other funds	29,900	-	(82)	(12,820)	(98)	(486)	110,097	44,809	-	171,320
	Due to County	-	-	-	-	-	-	-	-	-	-
	Total liabilities	$ 36,369	-	-	-	(98)	(486)	125,007	44,809	-	205,601
	Fund balances:										
3600	Unassigned	-	-	-	-	-	-	-	-	-	-
	Total fund balances	-	-	-	-	-	-	-	-	-	-
	Total liabilities and fund balances	$ 36,369	$ -	$ -	$ -	$ (98)	$ (486)	$ 125,007	$ 44,809	$ -	$ 205,601

Exhibit E-2

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Federal Sub Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended August. 31 2024

Data Control Codes		ESEA, Title I, Part A 7502	ESEA, Title I, Part D 7509	Title II, Part A 7503	IDEA B Capacity 7506	Title III, Part A 7511	Title IV, Part A 7512	TCLAS-ESSER III 7519	SCHOOL SAFETY STANDARDS 7521	Perkins Grant 7522	Total federal sub funds
	Revenues:										
5900	Federal program revenues	$ 366,796	$ 868,616	$ 22,939	$ 62,927	4,360	25,643	173,007	50,263	2,000	1,576,551
	Total revenues	366,796	868,616	22,939	62,927	4,360	25,643	173,007	50,263	2,000	1,576,551
	Expenditures:										
	Current:										
11	Instruction	444,025	884,770	-	100,307	4,360	20,316	98,416	-	2,000	1,554,194
13	Curriculum development and instructional staff	-	-	-	-	-	5,367	-	-	-	5,367
21	Instruction leadership	-	108,487	-	-	-	-	-	-	-	108,487
31	Guidance, couseling and evaluation services	-	314,127	-	-	-	-	-	-	-	314,127
52	Security and monitoring services	-	-	-	-	-	-	-	50,263	-	50,263
	Total expenditures	444,025	1,307,384	-	100,307	4,360	25,683	98,416	50,263	2,000	2,032,438
1100	Excess (deficiency) of revenues	(77,229)	(438,768)	22,939	(37,380)	-	(40)	74,591	-	-	(455,887)
	Other financing sources (uses)										
8911	Transfers Out	77,229	438,768	(22,939)	37,380	-	40	(74,591)	-	-	455,887
7080	Total other financing sources (uses)	77,229	438,768	(22,939)	37,380	-	40	(74,591)	-	-	455,887
	Fund balances – beginning of year	-	-	-	-	-	-	-	-	-	-
3000	Fund balances – ending of year	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

Exhibit F-1

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Schedule of Expenditures for Computations of Indirect Cost for 2022-2023
General and Special Revenue Funds
For the Year Ended August. 31 2024
(Unaudited)

Function 41 – General Administration

Account number	Account name	A School Board	B Tax Collection	C Supt's Office	D Indirect Cost	E Direct Cost	F Miscellaneous	G Total
611X-6146	Payroll costs	$ -	$ -	$ -	$ 394,795	$ -	$ -	$ 394,795
6212	Audit services	-	-	-	68,186	-	-	68,186
63XX	Other supplies materials	-	-	-	2,824	-	-	2,824
6000	Total	$ -	$ -	$ -	$ 465,805	$ -	$ -	$ 465,805

Total expenditures for General and Special Revenue Funds	$ 8,554,975
Less deductions of unallowable costs	
Fiscal year:	
Column D (above) – total indirect cost	$ 465,805
Net allowed direct cost	$ 8,089,170

Exhibit F-2

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Fund Balance and Cash Flow Calculation Worksheet
General Fund
As of August 31, 2024
(Unaudited)

Data Control Codes	Explanation	Amount
1	Total General Fund Balance 8/31/24 (Exhibit C-1 object 3000 for the General Fund only)	$ 2,073,460
2	Total Reserved Fund Balance (Exhibit C-1 – total of object 3400s for the General Fund only)	—
3	Total Designated Fund Balance (Exhibit C-1 – total of object 3500s for the General Fund only)	—
4	Estimated amount needed to cover all cash flow deficits in General Fund (net of borrowed funds and funds representing deferred revenues)	—
5	Estimate of one month's average cash disbursements of the General Fund for the school year (9/1/23-8/31/2024)	543,545
6	Optimum Fund Balance and Cash Flow (2 + 3 + 4 + 5)	543,545
7	Excess (deficit) undesignated unreserved General Fund fund balance (1 – 6)	$ 1,529,916

Explanation of need for and/or projected use of net positive undesignated unreserved General Fund balance:

Management of the Academy will continue to budget conservatively to ensure adequate funds are always available. Enrollment in the Academy is typically stable in all of the campuses except for the Juvenile Detention Center. Academy enrollment at the detention center is dependent upon the number of youth being detained and will vary throughout the year based on the Juvenile Detention Center population. Consequently, it is imperatiave that the management maintain adequate funding to account for any major fluctuations in attendance. It is management's position to internally account for a minimum amount of three months of cash reserve before budgeting for additional expenses. Excess funds will be used to continue to enhance critical needs areas such as Special Education, English as a Second Language (ESL), and transition as it relates to drop out prevention. Moreover, excess funds will be used to ensure compliance with federal mandates associated with the No Child Left Behind Act of 2001.

Exhibit J-4

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Compensatory Education Program And Bilingual Education Program Compliance Responses
August 31, 2024
(Unaudited)

Data Codes	Section A: Compensatory Education Programs		Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?		Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?		Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$	580,118
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$	1,072,449
	Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?		Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?		Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$	33,623
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$	62,874

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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 Judge Cheryl Lee-Shannon, Chairperson
Juvenile Board of Dallas 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 (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Dallas County Academy for Academic Excellence (the "Academy"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated January 27, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying appendix as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Academy's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Deloitte & Touche LLP

January 27, 2025

2024-001: SIGNIFICANT DEFICIENCY IN CONTROLS OVER FINANCIAL REPORTING—AMORTIZATION OF THE DEFERRED INFLOWS AND DEFERRED OUTFLOWS PERTAINING TO THE OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY

Criteria—In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the probability of employee separation should be factored into the calculation of the average expected remaining service lives (AESL) of all employees (active and inactive) provided with benefits through the OPEB plan. The average of the expected remaining service lives is then used to amortize the requisite deferred inflows and deferred outflows pertaining to the OPEB liability.

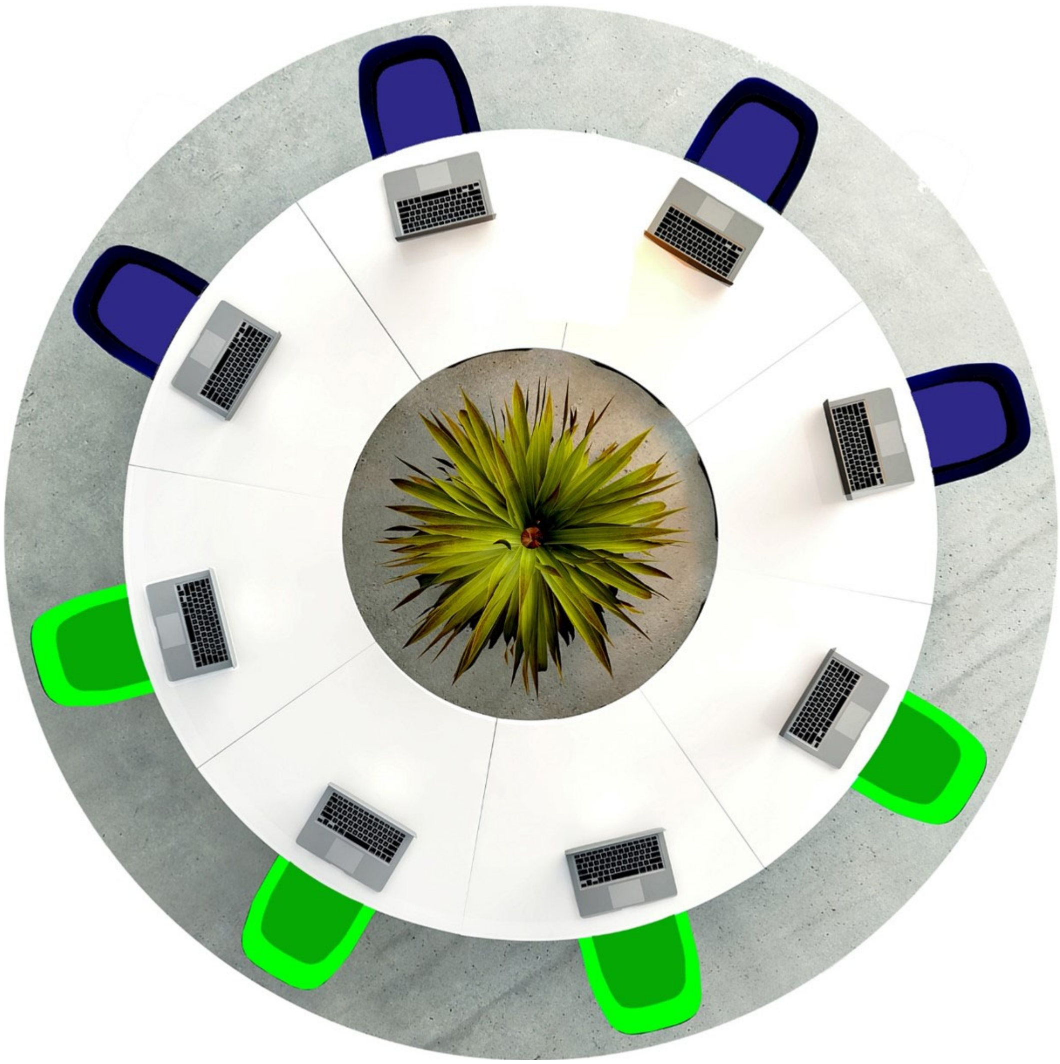
Perspective—Dallas County, Texas (the "County") offers OPEB to retirees. The County engages a third-party actuary to provide an OPEB valuation specific to the Dallas County Academy of Academic Excellence (the "Academy"). Actuarial valuations to estimate the total OPEB liability are performed biennially and rolled forward in the interim years. A new actuarial valuation was performed for the 2023 fiscal year as of September 30, 2022, and then rolled forward for the 2024 fiscal year. The OPEB balances are only reflected in the government-wide financial statements.

Condition and Cause—The 2023 actuarial valuation of the Academy the AESL, which erroneously excluded the probability of separation, was calculated to be in the range of 15 years to 9 years. The exclusion was only discovered in the current year, which was a roll-forward year for the valuation. After the correction of the AESL in the current year, the revised AESL ranged from 7.96 years to 7.37 years. The use of the incorrect AESL for amortization of the deferred inflows and outflows caused the deferred inflows and the deferred outflows related to the OPEB liability for the Academy to be recognized at an incorrect rate to the income statement in all the prior valuations (since 2018).

Effect—As a result of the revised AESL, management recorded an out-of-period adjustment as a credit of $476,000 to current year amortization expenses (as a catch-up entry) and the corresponding debit of $587,000 to the Deferred Inflow and credit of $111,000 to Deferred Outflow. This was reflected in the Academy's government-wide statements for fiscal year 2024.

Recommendation—Enhance the review procedures and discussions with the third-party actuary related to the calculation of the AESL. Further, periodically, management should consider engaging a separate actuarial specialist to perform an actuarial audit of the actuarial valuation.

View of Responsible Officials—Financial and Grants audit sections of the Auditor's Department will develop a process to review the OPEB actuarial report and ensure that there are no unexpected variances or inaccuracies in the calculation of actuarial assumptions and methods used to calculate OPEB liability. Additionally, the department will perform a review of the amortization period years for accuracy with prior years. This will be implemented by 09/30/2025.



Dallas County Community Supervision and Corrections Department

Results of the Audit—Fiscal Year 2024

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February 24, 2025

Board of Criminal Court Judges
Dallas County

Dear Members of the Board of Criminal Court Judges:

We have performed an audit of the combined financial statements of Community Supervision and Corrections Department ("CSCD") of Dallas County, Texas (the "County" and the "Department") as of and for the year ended August 31, 2024, (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards" or "GAAS") and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and have issued our report thereon dated February 24, 2025.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Department is responsible.

This report is intended solely for the information and use of management, the Board of Criminal Court Judges (the "Board"), and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

cc: The Management of Dallas County, Texas

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards has been described in our engagement letter dated September 18, 2024, a copy of which has been provided to you. As described in that letter, our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the combined financial statements that have been prepared by management with the oversight of the Board are prepared, in all material respects, in accordance with the basis of accounting prescribed by the Texas Department of Criminal Justice Community Justice Assistance Division, ("TDCJ-CJAD"), as described in Note 1 to the combined financial statements. The audit of the combined financial statements does not relieve management or the Board of their responsibilities. We considered internal control over financial reporting in order to design audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Significant Accounting Policies

The Department's significant accounting policies are set forth in Note 1 to the Department's 2024 combined financial statements. We are not aware of any significant changes in previously adopted accounting policies or their application during the year ended August 31, 2024.

We have evaluated the significant qualitative aspects of the Department's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management with respect to the accounting practices of TDCJ-CJAD.

Accounting Estimates

Accounting estimates are an integral part of the combined financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. There were no accounting estimates identified as a result of our audit procedures.

Uncorrected Misstatements

Our audit of the combined financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the combined financial statements are free of material misstatement, whether caused by error or fraud. There were no uncorrected misstatements or disclosure items passed identified during our audit.

Material Corrected Misstatements

Our audit of the combined financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the combined financial statements are free of material misstatement, whether caused by error or fraud. There were no material misstatements that were brought to the attention of management as a result of our audit procedures.

Other Information Included in the Annual Report

Supplementary Information:

Our audit was conducted for the purpose of forming an opinion on the combined financial statements that collectively comprise the Department's combined financial statements as a whole. The supplementary information, representing the individual combining statements of financial position and revenue, expenditures, and changes in fund balance, the individual fund statements of revenues, expenditures, and changes in fund balance – budget, actual and variance, and the schedules of differences between audit report and CSCD reports sent to TDCJ-CJAD are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Information:

Management is responsible for the other information included in the annual report. The other information comprises the TDCJ-CJAD Independent Audit Compliance Checklist but does not include the combined financial statements and our auditor's report thereon. Our opinion on the combined financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the combined financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the combined financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Disagreements with Management

We have not had any disagreements with management related to matters that are material to the Department's 2024 combined financial statements.

Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2024.

Significant Findings or Issues Arising from the Audit Discussed, or Subject of Correspondence, with Management

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to Board.

Significant Difficulties Encountered in Performing the Audit

In our judgment, we received the full cooperation of the Department's management and staff and had unrestricted access to the Department's senior management in the performance of our audit.

Management's Representations

We have made specific inquiries of the Department's management about the representations embodied in the combined financial statements. In addition, we have requested that management provide to us the written representations the Department is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix A, a copy of the representation letter we obtained from management.

Emphasis of Matter Paragraphs

We have included the following emphasis-of-matter paragraphs in our audit report:

We draw attention to Note 1 of the combined financial statements, which describes the basis of accounting. The combined financial statements are prepared on the basis of the financial reporting provisions of the TDCJ-CJAD, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the TDCJ-CJAD. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the combined financial statements present the operations of the Department only and are not intended to present fairly the financial position of Dallas County, Texas, and the results of its operations in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

* * * * * *

APPENDIX A

MANAGEMENT REPRESENTATION LETTER

DALLAS COUNTY
COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
1300 W. Mockingbird Lane
Dallas, Texas 75247

Arnold Patrick

Director

February 24, 2025

Deloitte & Touche LLP
2200 Ross Avenue, Ste. 1600
Dallas, TX 75201-6778

We are providing this letter in connection with your audit of the combined financial statements – regulatory basis of the Dallas County (the County) Community Supervision and Corrections Department (the Department), as of and for the year ended August 31, 2024, which collectively comprise the Department's combined financial statements for the purpose of expressing an opinion as to whether the combined financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, of the Department in conformity with the financial reporting provisions of the Texas Department of Criminal Justice – Community Justice Assistance Division (TDCJ-CJAD) as described in Note 1 to the combined financial statements.

We confirm that we are responsible for the following:

a. The preparation and fair presentation in the combined financial statements of financial position – regulatory basis as of August 31, 2024, the related combined statement of revenues, expenditures and changes in fund balance – regulatory basis for the year then ended, in conformity with the financial reporting provisions of the Texas Department of Criminal Justice – Community Justice Assistance Division (TDCJ-CJAD) as described in Note 1 to the combined financial statements.

b. 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.
    - To prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

DALLAS COUNTY
COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
1300 W. Mockingbird Lane
Dallas, Texas 75247

Arnold Patrick

Director

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The combined financial statements referred to above are fairly presented in conformity with the financial reporting provisions of the TDCJ-CJAD as described in Note 1 to the combined financial statements. In addition:

   a. Department program expenditures have been charged in accordance with applicable cost principles.

   b. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

   c. The combined financial statements properly classify all funds and activities, including special and extraordinary items.

   d. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

   e. Interfund, internal, and intra-Department activity and balances have been appropriately classified and reported.

2. The Department has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

3. The Department has made available to you:

   a. All minutes of the meetings of Board of Criminal Court Judges of Dallas County, Texas or summaries of actions of recent meetings for which minutes have not yet been prepared.

   b. All financial records and related data for all financial transactions of the Department and for all funds administered by the Department. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Department and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the combined financial statements have been prepared.

c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal and state agencies.

4. There has been no:

   a. Action taken by Department management that contravenes the provisions of federal laws and Texas laws and regulations, or of contracts and grants applicable to the Department.

   b. Communications with other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the combined financial statements which have been provided to you.

5. The Department has disclosed to you the results of management's risk assessment, including the assessment of the risk that the combined financial statements may be materially misstated as a result of fraud.

6. We have no knowledge of any fraud or suspected fraud affecting the Department involving:

   a. Management

   b. Employees who have significant roles in the Department's internal control.

   c. Others, where the fraud could have a material effect on the combined financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Department's combined financial statements communicated by employees, former employees, analysts, regulators, or others.

8. The methods, significant assumptions, and the data used by us in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, or disclosure that is in accordance with the financial reporting provisions of the TDCJ-CJAD as described in Note 1 to the combined financial statements.

9. We are responsible for compliance and have complied with local, state, and federal laws, rules, and regulations, including compliance with the requirements set forth by TDCJ-CJAD, and the provisions of grants and contracts relating to the Department’s operations. We are responsible for understanding and complying with the requirements of the state statutes and

DALLAS COUNTY
COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
1300 W. Mockingbird Lane
Dallas, Texas 75247

Arnold Patrick

Director

regulations and the terms and conditions of federal and state awards related to TDCJ-CJAD. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. We are responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

10. We have informed you of all investigations or legal proceedings that have been initiated during the year ended August 31, 2024 or are in process as of August 31, 2024.

11. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards that could have a material effect on its federal and state programs.

12. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.

13. We have:

    a. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations. We have also provided the status of the follow-up on prior audit findings (and information about all management decisions) by federal and state awarding agencies and pass-through entities.

    b. Provided to you our views on the reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for your report.

    c. Identified and disclosed to you the requirements of state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have an effect on TDCJ-CJAD funds.

d. Complied, in all material respects, with the direct and material compliance requirements identified above in connection with state awards.

e. Identified and disclosed interpretations of any compliance requirements that have varying interpretations.

f. Identified and disclosed all amounts questioned and all known noncompliance with the direct and material compliance requirements of TDCJ-CJAD, including the results of other audits, program reviews, or any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance related to the objectives of the audit.

14. We are responsible for reporting identified or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, including noncompliance with TDCJ-CJAD to the Department's Board of Criminal Court Judges and to the funding agencies.

15. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

16. The reports provided to the auditor are true copies of the reports electronically transmitted to the TDCJ-CJAD.

Except where otherwise stated below, immaterial matters less than $380,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the combined financial statements.

17. We have disclosed to you all significant cyber security incidents and/or breaches in which an actual or potentially adverse effect on an information system, network, or the information residing therein occurred or there was a loss of assets.

18. There are no transactions that have not been properly recorded and reflected in the combined financial statements.

19. The Department has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

20. Regarding related parties:

    a. We have disclosed to you the identity of all the Department's related parties and all the related-party relationships and transactions of which we are aware.

    b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the combined financial statements.

21. There are no:

    a. Instances of identified or suspected noncompliance with laws, regulations, or provisions of contracts or grant agreements whose effects should be considered when preparing the combined financial statements, or other instances that warrant the attention of those charged with governance.

    b. Known actual or possible litigation and claims whose effects should be considered when preparing the combined financial statements and that have not been disclosed to you and accounted for and disclosed in conformity with the financial reporting provisions of the TDCJ-CJAD as described in Note 1 to the combined financial statements.

    c. Known actual or likely instances of abuse that have occurred that could be quantitatively or qualitatively material to the combined financial statements.

    d. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.

22. The Department has complied with all aspects of contractual agreements that may affect the combined financial statements.

23. No division or agency of the Department has reported a material instance of noncompliance to us.

24. No events have occurred after August 31, 2024, but before February 24, 2025, the date the combined financial statements were issued, that require consideration as adjustments to, or disclosures in, the combined financial statements.

DALLAS COUNTY
COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT
1300 W. Mockingbird Lane
Dallas, Texas 75247

Arnold Patrick

Director

25. Regarding supplementary information:

    a. We confirm that we are responsible for the preparation and fair presentation of the supplementary information in accordance with TDCJ-CJAD.

    b. We believe the supplementary information, including its form and content, is fairly presented in accordance with TDCJ-CJAD.

    c. The method of measurement and presentation of the supplementary information have not changed from those used in the prior period.

27. The Compliance Checklist included as Other Information with the combined financial statements has been properly completed and appropriate documentary evidence has been maintained and provided to support the requirements of the checklist.

Timothy Hicks

Timothy Hicks, County Auditor

Arnold Patrick

Mr. Patrick Arnold, Director Community Supervision and Corrections Department

Certificate Of Completion

Envelope Id: 8D5BBABB-1FC7-4319-9693-218813053C62		Status: Completed
Subject: Complete with Docusign: Management Representation Letter CSCD 2024.pdf		
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Document Pages: 7	Signatures: 2	Envelope Originator:
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Arnold Patrick Security Level: Email, Account Authentication (None)	Arnold Patrick Signature Adoption: Pre-selected Style Using IP Address: 76.164.228.5	Sent: 23/2/2025 | 20:53 Viewed: 25/2/2025 | 06:02 Signed: 25/2/2025 | 06:02

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Accepted: 25/2/2025 | 06:02
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Company Name: Deloitte

Timothy Hicks County Auditor Security Level: Email, Account Authentication (None)	Timothy Hicks Signature Adoption: Pre-selected Style Using IP Address: 166.199.152.13 Signed using mobile	Sent: 23/2/2025 | 20:53 Viewed: 24/2/2025 | 06:13 Signed: 24/2/2025 | 06:13

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Envelope Summary Events	Status	Timestamps

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	23/2/2025 | 20:53
Certified Delivered	Security Checked	24/2/2025 | 06:13
Signing Complete	Security Checked	24/2/2025 | 06:13
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Required hardware and software

Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	Allow per session cookies

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Deloitte.

Dallas County Academy for Academic Excellence

Results of the Audit—Fiscal Year 2024

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USA

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January 27, 2025

Juvenile Board
Dallas County Academy for Academic Excellence
Dallas, Texas

Dear Members of the Juvenile Board:

We have performed an audit of the basic financial statements of Dallas County Academy for Academic

Excellence (the "Academy"), as of and for the year ended August 31, 2024 (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards" or "GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and have issued our report thereon dated January 27, 2025.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Academy is responsible.

This report is intended solely for the information and use of management, the Juvenile Board, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

cc: The Management of Dallas County Texas Juvenile Justice Academic Excellence

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards has been described in our engagement letter dated September 18, 2024, a copy of which has been provided to you. As described in that letter, our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Juvenile Board are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"). The audit of the financial statements does not relieve management or the Juvenile Board of their responsibilities.

We considered internal control relevant to the Academy's preparation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting.

Significant Accounting Policies

The Academy's significant accounting policies are set forth in Note 1 to the Academy's 2024 financial statements. We are not aware of any significant changes in previously adopted accounting policies or their application during the year ended August 31, 2024.

We have evaluated the significant qualitative aspects of the Academy's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Our assessment of the significant qualitative aspects of the Academy's particularly sensitive accounting estimates has been attached to this report as Appendix A.

Uncorrected Misstatements

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no uncorrected misstatements or disclosure items passed identified during our audit.

Corrected Misstatements and Control-Related Matters

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. The following misstatements were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period.

Subsequent to the issuance of the financial statements for the year ended August 31, 2023, the Academy identified certain errors in its previously issued financial statements that have been corrected through a cumulative out-of-period adjustment in the financial statements as of and for the year ended August 31, 2024. The error relates to the amortization periods utilized in prior years for Deferred Inflows and Deferred Outflows for Other Postemployment Benefits (OPEB). As a result, the Academy recorded an out-of-period adjustment of ($476,443) to OPEB expenses, which cumulatively impacted the program expenses on the Statement of Activities. Further, the out of period adjustment decreased Deferred Outflows by $110,638 and the Deferred Inflows by $587,081. The overall impacts to the Statement of Net Position and Statement of Activities for the year ended August 31, 2024, is $476,443. Management considered the qualitative and quantitative factors and concluded the out-of-period adjustments are immaterial to 2024 and each of the previously issued financial statements.

We have identified, and included in Appendix B, this matter involving the Academy's internal control over financial reporting that we consider to be a significant deficiency under generally accepted auditing standards. The definitions of a deficiency and a material weakness or a deficiency, a material weakness, and a significant deficiency are also set forth in Appendix C. Although we have included management's written response to our comments in Appendix B, such response has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the response or the effectiveness of any corrective actions described therein.

Other Information Included in the Annual Report

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund and for the Federal Funds, schedule of changes in total Other Postemployment Benefits liability, schedule of changes in net pension liability, and the schedule of pension contributions, as listed in the table of contents, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information:

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying supplementary information, representing the individual combining statements of fund balances and the combining statements of revenue, expenditures, and changes in fund balance of the Federal Awards Sub-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

GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information:

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Texas Education Agency Schedules Section, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Disagreements with Management

We have not had any disagreements with management related to matters that are material to the Academy's 2024 financial statements.

Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2024.

Significant Findings or Issues Arising from the Audit Discussed, or Subject of Correspondence, with Management

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to Juvenile Board.

Significant Difficulties Encountered in Performing the Audit

In our judgment, we received the full cooperation of the Academy's management and staff and had unrestricted access to the Academy's senior management in the performance of our audit.

Management's Representation

We have made specific inquiries of the Academy's management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations the Academy is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix D, a copy of the representation letter we obtained from management.

Emphasis-of-Matter or Other-Matter Paragraph

We have included the following emphasis-of-matter paragraph in our audit report:

As discussed in Note 1, the financial statements of the Academy are intended to present the financial position and changes in financial position of only that portion of governmental activities, each major fund and the aggregate remaining fund information of the County that is attributable to the transactions of the Academy. They do not purport to, and do not present fairly, the financial position of the County as of August 31, 2024 or changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

ACCOUNTING ESTIMATES

Other Post-Employment Benefits

Overview	Qualitative Assessment
The measurement of the Academy's other postemployment benefits ("OPEB") liability and related costs for employers is subject to numerous actuarial assumptions including, but not limited to, the discount rate and mortality tables. As it relates to the liability, biennially Dallas County engages a third-party actuarial firm to assist in measuring the costs and obligations and performs procedures to evaluate the results. The Academy uses the results provided by the actuary (based on an allocation method) to report the OPEB liability in the government-wide financial statements.	We involved Deloitte internal actuarial specialists to assess the reasonableness of the methodologies used and selected assumptions. Further, we performed detailed procedures to verify the completeness and accuracy of the demographic data provided to the third-party actuarial firm. We also reviewed the allocation methodology and calculation. As noted Appendix B, there was a significant deficiency reported that relates to the estimate of the average remaining service lives that are used to amortize certain deferred inflows and outflows related to the OPEB liability. Except for this significant deficiency and based on the procedures performed, the methodology and the underlying assumptions of the OPEB obligations appear reasonable in the context of the financial statements taken as a whole.

Net Pension Balances

Overview	Qualitative Assessment
The measurement of the Academy’s net pension balances and related costs for employers is subject to numerous actuarial assumptions including, but not limited to, the discount rate, expected return on plan assets, and mortality tables. As it relates to the asset, the Texas County and District Retirement System (TCDRS) engages a third-party actuarial firm to assist in measuring the costs and obligations and performs procedures to evaluate the results. The Academy then performs a calculation to record an allocation of the Dallas County’s net pension asset based on relative employer contributions of the Academy to the total employer contributions made by Dallas County.	We involved Deloitte internal actuarial specialists to assess the reasonableness of the methodologies used and selected assumptions. Further, we performed detailed procedures to test the completeness and accuracy of the demographic data provided to the third-party actuarial firm. We also reviewed the allocation methodology and calculation. Based on the procedures performed, the methodology and underlying assumptions of the net pension balances appear reasonable in the context of the financial statements taken as a whole.

SIGNIFICANT DEFICIENCY IN CONTROLS OVER FINANCIAL REPORTING—AMORTIZATION OF THE DEFERRED INFLOWS AND DEFERRED OUTFLOWS PERTAINING TO THE OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY

Criteria—In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the probability of employee separation should be factored into the calculation of the average expected remaining service lives (AESL) of all employees (active and inactive) provided with benefits through the OPEB plan. The average of the expected remaining service lives is then used to amortize the requisite deferred inflows and deferred outflows pertaining to the OPEB liability.

Perspective—Dallas County, Texas (the "County") offers OPEB to retirees. The County engages a third-party actuary to provide an OPEB valuation specific to the Dallas County Academy of Academic Excellence (the "Academy"). Actuarial valuations to estimate the total OPEB liability are performed biennially and rolled forward in the interim years. A new actuarial valuation was performed for the 2023 fiscal year as of September 30, 2022, and then rolled forward for the 2024 fiscal year. The OPEB balances are only reflected in the government-wide financial statements.

Condition and Cause—The 2023 actuarial valuation of the Academy the AESL, which erroneously excluded the probability of separation, was calculated to be in the range of 15 years to 9 years. The exclusion was only discovered in the current year, which was a roll-forward year for the valuation. After the correction of the AESL in the current year, the revised AESL ranged from 7.96 years to 7.37 years. The use of the incorrect AESL for amortization of the deferred inflows and outflows caused the deferred inflows and the deferred outflows related to the OPEB liability for the Academy to be recognized at an incorrect rate to the income statement in all the prior valuations (since 2018).

Effect—As a result of the revised AESL, management recorded an out-of-period adjustment as a credit of $476,000 to current year amortization expenses (as a catch-up entry) and the corresponding debit of $587,000 to the Deferred Inflow and credit of $111,000 to Deferred Outflow. This was reflected in the Academy's government-wide statements for fiscal year 2024.

Recommendation—Enhance the review procedures and discussions with the third-party actuary related to the calculation of the AESL. Further, periodically, management should consider engaging a separate actuarial specialist to perform an actuarial audit of the actuarial valuation.

View of Responsible Officials—Financial and Grants audit sections of the Auditor's Department will develop a process to review the OPEB actuarial report and ensure that there are no unexpected variances or inaccuracies in the calculation of actuarial assumptions and methods used to calculate OPEB liability. Additionally, the department will perform a review of the amortization period years for accuracy with prior years. This will be implemented by 09/30/2025.

APPENDIX C

DEFINITIONS

The definitions of a deficiency, a material weakness, and a significant deficiency are as follows:

A *deficiency* in internal control over financial reporting 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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

DALLAS COUNTY JUVENILE DEPARTMENT **APPENDIX D**

Henry Wade Juvenile Justice Center **(214) 698-2200**
2600 Lone Star Drive, Box 5 Dallas, Texas 75212

January 27, 2025

Deloitte & Touche LLP
2200 Ross Avenue, Suite 1600
Dallas, TX 75201

We are providing this letter in connection with your audit of the financial statements of the governmental activities and each major fund of the Dallas County, Texas (the "County") Academy of Academic Excellence (the "Academy"), as of and for the year ended August 31, 2024, which collectively comprise the Academy's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances of the Academy in accordance with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

a. The preparation and fair presentation in the basic financial statements of financial position of the governmental activities and each major fund, in accordance with GAAP.

b. 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.
    - To prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The basic financial statements referred to above are fairly presented in accordance with GAAP. In addition:

    a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

    b. Net position components (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.

    c. Deposits and investment securities are properly classified in the category of custodial credit risk.

d. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

e. Required supplementary information is measured and presented within prescribed guidelines.

f. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

g. The Academy's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and the related net position is properly recognized under the policy.

h. The financial statements properly classify all funds and activities, including special and extraordinary items.

i. All funds that meet the quantitative criteria in the GASB Codification Section 2200.159 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

j. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

k. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

l. The Academy has followed GASB Codification Section 1800.178 regarding which resources (restricted, committed, assigned, or unassigned) are considered to be spent for expenditures to determine the fund balance classifications for financial reporting purposes.

m. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

n. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.

2. The Academy has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

3. The Academy has made available to you:

   a. All minutes of the meetings of Juvenile Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

   b. All financial records and related data for all financial transactions of the Academy and for all funds administered by the Academy. The records, books, and accounts, as

DALLAS COUNTY JUVENILE DEPARTMENT

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provided to you, record the financial and fiscal operations of all funds administered by the Academy and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal and state agencies.

4. There has been no:

   a. Action taken by Academy management that contravenes the provisions of federal laws and State of Texas laws and regulations, or of contracts and grants applicable to the Academy.

   b. Communications with other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

5. Prior to fiscal year 2024, when calculating the average expected service lives of the plan participants for the Other Post Employee Benefit (OPEB) plan, the probability of employee separation was not factored in. Accordingly, prior to fiscal 2024, the deferred outflow and deferred inflows pertaining to the OPEB liability were amortized using an incorrect average expected service life. This caused the beginning net position in fiscal year 2024 to be understated by approximately $476,000. In the current year, in order to correct the error at the Government-Wide level, the OPEB expenses were decreased by $476,000. The deferred inflows and deferred outflows were decreased by $587,000 and 111,000 respectively.

   We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Further, we believe the effects of the uncorrected financial statement misstatements detected in the current year that relate to the prior year, when combined with those misstatements aggregated by you during the prior year audit engagement and pertaining to the prior year, are immaterial, both individually and in the aggregate, to the financial statements for the year ended August 31, 2024, taken as a whole.

6. The Academy has disclosed to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.

7. We have no knowledge of any fraud or suspected fraud affecting the Academy involving:

   a. Management.

   b. Employees who have significant roles in the Academy's internal control.

   c. Others, where the fraud could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Academy's financial statements communicated by employees, former employees, analysts, regulators, or others.

9. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments.*

10. The methods, significant assumptions, and the data used by us in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, or disclosure that is in accordance with GAAP.

11. We are responsible for compliance with local, state, and federal laws, rules, and regulations, including compliance with the provisions of grants and contracts relating to the Academy's operations. We are responsible for understanding and complying with the requirements of the federal statutes and regulations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. We are responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

12. We have informed you of all investigations or legal proceedings that have been initiated during the year ended August 31, 2024 or are in process as of August 31, 2024.

13. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards that could have a material effect on its federal and state programs.

14. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.

15. No changes in internal control over compliance or other factors that might significantly affect internal control over financial reporting, including any corrective actions taken by the Academy with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to August 31, 2024.

16. We have:

    a. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations.

b. Provided to you our views on the reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for your report.

17. We believe the effects of uncorrected financial statement misstatements detected in the current year related to the prior year are immaterial both individually and in the aggregate to the financial statements for the year ended August 31, 2024, taken as a whole.

18. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

19. We believe that we have properly identified, reported, and classified each component unit of the Academy and each activity that meets the criteria established in GASB Codification Section 2100, *Defining the Financial Reporting Entity*.

20. The Academy has informed you that the annual report comprises the Academy's Annual Financial Report. The Academy's final version of the annual report has been provided to you and is consistent with the financial statements and does not contain any material misstatements. The Academy expects to issue the annual report and make it available to users electronically on or about January 27, 2025.

21. The Academy has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 101 *Compensated Absences*, GASB Statement No. 102 *Certain Risk Disclosures,* GASB Statement No. 103 *Financial Reporting Model Improvements* and GASB Statement No. 104 *Disclosure of Certain Capital Assets.* The Academy is therefore unable to disclose the impact that adopting these standards will have on its financial position, results of operations, and cash flows when such statement is adopted.

22. The Academy has recorded certain investment pools measured at amortized costs as of August 31, 2024. We have evaluated the criteria in paragraph 4 of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and have determined that the pools measured at amortized cost meet the criteria for amortized cost reporting.

23. We have disclosed to you all significant cyber security incidents and/or breaches in which an actual or potentially adverse effect on an information system, network, or the information residing therein occurred or there was a loss of assets.

Except where otherwise stated below, immaterial matters less than $20,200 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

24. There are no transactions that have not been properly recorded and reflected in the financial statements.

25. The Academy has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

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26. Regarding related parties:

    a. We have disclosed to you the identity of all the Academy's related parties and all the related-party relationships and transactions of which we are aware.

    b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

27. In preparing the financial statements in accordance with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

    a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.

    b. The effect of the change would be material to the financial statements.

28. There are no:

    a. Instances of identified or suspected noncompliance with laws, regulations, or provisions of contracts or grant agreements whose effects should be considered when preparing the financial statements, or other instances that warrant the attention of those charged with governance.

    b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.

    c. Known actual or likely instances of abuse that have occurred that could be quantitatively or qualitatively material to the financial statements.

    d. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.

29. The Academy has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.

30. The Academy has complied with all aspects of contractual agreements that may affect the financial statements.

31. No department or agency of the Academy has reported a material instance of noncompliance to us.

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32. No events have occurred after August 31, 2024, but before January 27, 2025, the date the financial statements were issued, that require consideration as adjustments to, or disclosures in, the financial statements.

33. Regarding required supplementary information:

    a. We confirm that we are responsible for the required supplementary information.

    b. The required supplementary information is measured and presented in accordance with framework established by the Governmental Accounting Standards Board.

    c. The methods of measurement *or* presentation of the supplementary information have not changed from those used in the prior period.

34. Regarding supplementary information:

    a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with the Texas Education Agency.

    b. We believe the supplementary information, including its form and content, is fairly presented in accordance with the Texas Education Agency.

    c. The methods of measurement or presentation of the supplementary information has not changed from those used in prior period.

35. We agree with the findings of management's expert in evaluating the net pension liability and OPEB obligation and have adequately considered the qualifications of management's expert in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to management's expert with respect to values or amounts derived in an attempt to bias his or her work, and we are not aware of any matters that have affected the independence or objectivity of management's expert.

36. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.

37. We believe that all expenditures that have been deferred to future periods are recoverable.

38. We have disclosed to you all new or changes to the existing pension, other postretirement benefit plans.

39. We believe that the actuarial assumptions and methods used to measure pension assets or liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, and, where applicable, deferred inflows, deferred outflows, net position and changes in net position in the or financial statements in accordance with GASB Codification Section P20, Pension Activities — Reporting for Benefits Provided through Trusts That Meet Specified Criteria

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40. We believe that the actuarial assumptions and methods used to measure postretirement liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, and, where applicable, net position and changes in net position in the financial statements in accordance with GASB Codification Section P52, Postemployment Benefits Other than Pensions — Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria — Defined Benefit.

41. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

42. We have no intention of terminating any of our pension or withdrawing from any multiemployer plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension plan or multiemployer plans to which we contribute.

43. The Academy has evaluated the effects of the COVID-19 Preparedness and Response Appropriations Act; Families First Coronavirus Response Act; Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"); Coronavirus Response and Relief Supplemental Appropriations Act; and the American Rescue Plan Act (collectively, the "COVID-19 Acts") and determined that the related financial reporting considerations are accounted for and reported appropriately under the applicable financial accounting reporting framework.

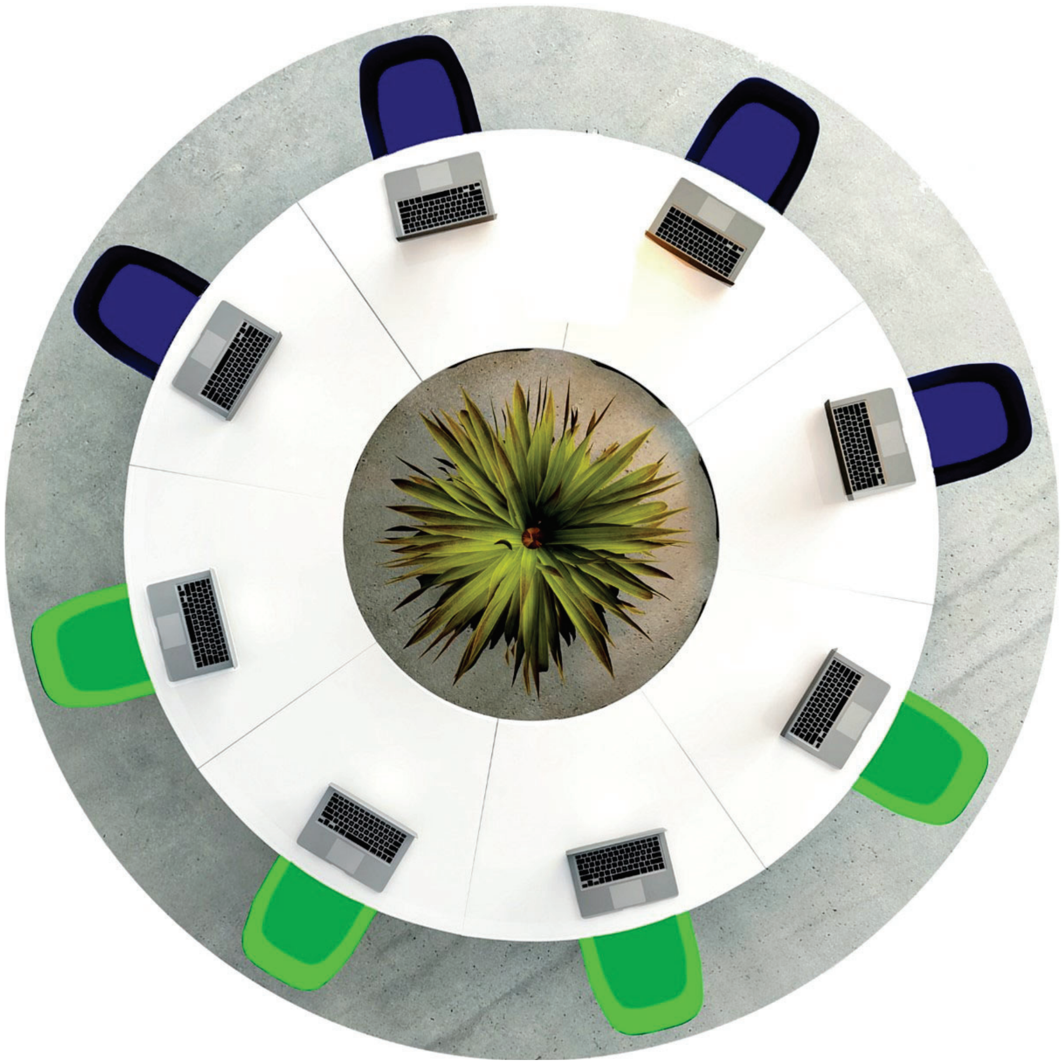
Michael Griffiths

____
Chief Michael Griffiths,
Executive Director Juvenile Services

Timothy Hicks

____
Mr. Timothy J. Hicks,
County Auditor

cc: Dallas County Juvenile Board



Dallas County, Texas

Results of the Audit

Fiscal Year 2024

Deloitte.

Deloitte & Touche LLP
Dallas Arts Tower
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Suite 1600
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USA

Tel:+1 214 840 7000
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March 28, 2025

The Honorable Judge and Members of the
Commissioners Court of Dallas County, Texas
411 Elm Street
Dallas, Texas 75202

Dear Judge Jenkins and County Commissioners:

We have performed an audit of the basic financial statements of Dallas County (the "County") as of and for the year ended September 30, 2024, (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, and have issued our report thereon dated March 28, 2025. Our report includes a reference to other auditors who audited the financial statements of the Dallas County Hospital District, which represents the County's only discretely presented component unit.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the County is responsible.

This report is intended solely for the information and use of management, the members of the Commissioners Court, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

cc: The Management of Dallas County

Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

Our responsibility under generally accepted auditing standards and *Government Auditing Standards* has been described in our engagement letter dated September 18, 2024, a copy of which has been provided to you. As described in that letter, our responsibilities under generally accepted auditing standards and *Government Auditing Standards* include forming and expressing opinions about whether the financial statements that have been prepared by management with the oversight of the Members of Commissioners Court are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"). The audit of the financial statements does not relieve management or the Members of Commissioners Court of their responsibilities. We considered internal control relevant to the County's preparation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.

Significant Accounting Policies

The County's significant accounting policies are set forth in Note 1 to the County's 2024 financial statements. We are not aware of any significant changes in previously adopted accounting policies or their application during the year ended September 30, 2024.

We have evaluated the significant qualitative aspects of the County's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Our assessment of the significant qualitative aspects of the County's particularly sensitive accounting estimates has been attached to this report as Appendix A.

Uncorrected Misstatements

Our audit of the combined financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the combined financial statements are free of material misstatement, whether caused by error or fraud. There were no uncorrected misstatements or disclosure items passed identified during our audit.

Other Information in the Annual Comprehensive Financial Report

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: General Fund, Major Projects Special Revenue Fund, Major Grants Special Revenue Fund, County Building Improvements Special Revenue Fund, American Rescue Plan Fund and related notes, the Infrastructure Assets under Modified Approach, the Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government, the Schedule of Employer Pension Contributions – Primary Government, the Schedule of Changes in Other Post Employment Benefit Liability – Primary Government, the Schedule of Changes in Net Pension Liability and Related Ratios – Discretely Presented

Component Unit, and the Schedule of Employer Pension Contributions – Discretely Presented Component Unit, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information:

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements, as listed in the table of contents, 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 and individual fund financial statements, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information:

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

When audited financial statements are included in documents containing other information such as the County's Annual Report, we read such other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. We have read the other information in the County's Annual Report and have compared selected amounts or other items in the other information with such amounts or other items in the financial statements. While reading the other information, we remained alert for indications that (1) a material inconsistency exists between the other information and our knowledge obtained in the audit and (2) a material misstatement of fact exists or the other information is otherwise misleading. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to communicate the matter to you, request that the correction be made, and, if not corrected, describe it in our report. We did not note any uncorrected material misstatements of the other information.

Disagreements with Management

We have not had any disagreements with management related to matters that are material to the County's 2024 financial statements.

Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2024.

Significant Findings or Issues Arising from the Audit Discussed, or Subject of Correspondence, with Management

As a result of our audit procedures, we ascertain a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 (Appendix C), that we consider to be a significant deficiency.

The definition of a deficiency is set forth in Appendix D.

Although we have included management's written response to our comments in Appendix C, such responses have not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the response, or the effectiveness of any corrective actions described therein.

Significant Difficulties Encountered in Performing the Audit

In our judgment, we received the full cooperation of the County's management and staff and had unrestricted access to the County's senior management in the performance of our audit.

Management's Representations

We have made specific inquiries of the County's management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations the County is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix B, a copy of the representation letter we obtained from management.

* * * * * *

ACCOUNTING ESTIMATES

Overview	Qualitative Assessment
Other Post-Employment Benefits	
The measurement of the County's other post-employment benefits ("OPEB") liability and related costs for employers is subject to numerous actuarial assumptions including, but not limited to, the discount rate and mortality tables. As it relates to the liability, biennially Dallas County engages a third-party actuarial firm to assist in measuring the costs and obligations and performs procedures to evaluate the results. The County uses the assumptions provided by the actuary to report the OPEB liability in the government-wide financial statements.	We involved Deloitte internal actuarial specialists to assess the reasonableness of the methodologies used and selected assumptions. Further, we performed detailed procedures to verify the completeness and accuracy of the demographic data provided to the third-party actuarial firm. We also reviewed the calculation. Based on the procedures performed, the methodology and the underlying assumptions of the OPEB obligations appear reasonable in the context of the financial statements taken as a whole.
Pension Balances	
The measurement of the County's pension balances and related costs for employers is subject to numerous actuarial assumptions including, but not limited to, the discount rate, expected return on plan assets, and mortality tables. As it relates to the pension balances, the Texas County and District Retirement System (TCDRS) engages a third-party actuarial firm to assist in measuring the costs and obligations and performs procedures to evaluate the results.	We involved Deloitte internal actuarial specialists to assess the reasonableness of the methodologies used and selected assumptions. Further, we performed detailed procedures to test the completeness and accuracy of the demographic data provided to the third-party actuarial firm. We also reviewed the allocation methodology and calculation. Based on the procedures performed, the methodology and underlying assumptions of the pension balances appear reasonable in the context of the financial statements taken.

DALLAS COUNTY
TIMOTHY J. HICKS
COUNTY AUDITOR

March 28, 2025

Deloitte & Touche LLP
2200 Ross Avenue, Suite 1600
Dallas, TX 75201-6778

We are providing this letter in connection with your audit of the financial statements of Dallas County, Texas (the "County"), as of September 30, 2024, which collectively comprise the County's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows, as applicable, of the County in accordance with accounting principles generally accepted in the United States of America (GAAP) and your single audits of the County for the year ended September 30, 2024.

We confirm that we are responsible for the following:

a. The preparation and fair presentation in the basic financial statements of financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, in accordance with GAAP.

b. 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.

- To prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The basic financial statements referred to above are fairly presented in accordance with GAAP. In Addition:

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a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

b. The financial statements include all fiduciary activities as required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

c. Net position components (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.

d. Deposits and investment securities are properly classified in the category of custodial credit risk.

e. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated. Related costs have been recognized as an expense in the period in which the costs are incurred, in accordance with GASB Codification Section 1400.120-.121, *Interest Cost Incurred before the End of a Construction Period*.

f. Required supplementary information is measured and presented within prescribed guidelines.

g. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

h. The County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and the related net position is properly recognized under the policy.

i. The financial statements properly classify all funds and activities, including special and extraordinary items.

j. All funds that meet the quantitative criteria in the GASB Codification Section 2200.159 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

k. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

l. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

m. The County has followed its established accounting policy regarding which resources (restricted, committed, assigned, or unassigned) are considered to be spent for expenditures to determine the fund balance classifications for financial reporting purposes.

n. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

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Dallas, TX 75207

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o. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.

p. The County meets the GASB-established requirements for using the modified approach to account for eligible infrastructure assets.

2. The County has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

3. The County has made available to you:

a. All financial records and related data for all financial transactions of the County and for all funds administered by the County. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the County and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

b. All minutes of the meetings of the Commissioner's Court or summaries of actions of recent meetings for which minutes have not yet been prepared.

c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal and state agencies.

4. There has been no:

a. Action taken by County management that contravenes the provisions of federal and State of Texas laws and regulations, or of contracts and grants applicable to the County.

b. Communications with other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

5. We believe the effects of the uncorrected financial statement misstatements detected in the current year that relate to the prior year presented, when combined with those misstatements aggregated by you during the prior year audit engagement and pertaining to the prior year, are immaterial, both individually and in the aggregate, to the financial statements for the year ended September 30, 2024, taken as a whole. We identified approximately $826k in the American Rescue Plan Act fund that was expensed in 2024 but related to 2023 transactions.

6. The County has disclosed to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.

7. We have no knowledge of any fraud or suspected fraud affecting the County involving:

a. Management.

b. Employees who have significant roles in the County's internal control.

c. Others, where the fraud could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the County's financial statements communicated by employees, former employees, analysts, regulators, or others.

9. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, Claims and Judgments.

10. The methods, significant assumptions, and the data used by us in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, or disclosure that is in accordance with GAAP.

11. We are responsible for the preparation of the Schedule of Expenditures of Federal and State Awards in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“OMB Uniform Guidance”) and the *Texas Grants Management Standards* (TxGMS). We have identified and disclosed all of the County’s government programs and related activities subject to the OMB Uniform Guidance and TxGMS compliance audits. In addition, we will accurately complete the appropriate sections of the data collection form.

12. We are responsible for compliance with local, state, and federal laws, rules, and regulations, including compliance with the requirements of OMB Uniform Guidance and TxGMS, and the provisions of grants and contracts relating to the County’s operations. We are responsible for understanding and complying with the requirements of the federal and state statutes and regulations and the terms and conditions of federal and state awards related to each of the County's federal and state programs. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The County is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

13. We have informed you of all investigations or legal proceedings that have been initiated during the year ended September 30, 2024 or are in process as of September 30, 2024.

14. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards that could have a material effect on its federal and state programs.

15. No events have occurred subsequent to September 30, 2024, that require consideration as adjustments to or disclosures in the schedule of federal and state awards and related notes or that existed at the end of the reporting period that affect non-compliance during the reporting period.

16. We have disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to September 30, 2024.

17. No changes in internal control over financial reporting or other factors that might significantly affect internal control over financial reporting, including any corrective actions taken by the County with regard to significant deficiencies and material weaknesses, have occurred subsequent to September 30, 2024.

18. Federal and State awards expenditures have been charged in accordance with applicable cost principles.

19. The Reporting Package to be submitted to the Federal Audit Clearinghouse (FAC) as defined by the OMB Uniform Guidance section 2CFR200.512(3)(c) does not contain protected personally identifiable information.

20. We have disclosed all contracts or other agreements with service organizations.

21. We have disclosed to you all communications from service organizations relating to noncompliance with the requirements of federal statutes, regulations, and terms and conditions of federal and state awards at those organizations.

22. We have:

a. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations. We have also provided the status of the follow-up on prior audit findings (and information about all management decisions) by federal and state awarding agencies and pass-through entities.

b. Provided to you our views on the reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for your report.

c. Identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program under audit.

d. Complied, in all material respects, with the direct and material compliance requirements identified above in connection with federal and state awards, except as disclosed in the Schedule of Findings and Questioned Costs.

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e. Identified and disclosed interpretations of any compliance requirements that have varying interpretations.

f. Made available all federal and state awards (including amendments, if any) and any other correspondence relevant to federal and state programs and related activities that have taken place with federal and state agencies or pass-through entities. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements. Federal and State financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal and State Awards. The copies of federal and state program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal and state agency or pass-through entity, as applicable.

g. Identified and disclosed all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards, including the results of other audits, program reviews, or any communications from federal and state awarding agencies and pass-through entities concerning possible non-compliance related to the objectives of the audit.

h. Monitored subrecipients to determine that they have expended subawards in compliance with federal and state statutes, regulations, and terms and conditions of the subaward and have met the other pass-through entity requirements of OMB Uniform Guidance and TxGMS.

i. Issued management decisions for audit findings that relate to federal and state awards made to subrecipients. Such management decisions were issued within six months of acceptance of the audit report by the FAC. In addition, we have followed up to determine whether the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from the County.

j. Considered the results of the subrecipient’s audits and made any necessary adjustments to the County’s own books and records

23. We are responsible for follow-up on all prior-year findings. We have prepared a summary schedule of prior-year findings by federal and state awarding agency and pass-through entity, including all management decisions, to report the status of our efforts in implementation of the prior-year’s corrective action plan. The summary schedule of prior audit findings includes all findings required to be included in accordance with *Government Auditing Standards*, OMB Uniform Guidance and TxGMS.

24. We are responsible for taking corrective action on audit findings and have developed a corrective action plan. that meets the requirements of OMB Uniform Guidance and TxGMS. We have included in the corrective action plan for current-year findings the name of the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a

completion date. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements that you report.

25. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

26. We believe that we have properly identified, reported and classified each component unit of the County and each activity that meets the criteria established in GASB Codification Section 2100, *Defining the Financial Reporting Entity*.

27. The County has informed you that the annual report comprises the Annual Comprehensive Financial Report (the "annual report"). The County's final version of the annual report has been provided to you and is consistent with the financial statements and does not contain any material misstatements. The County expects to issue the annual report and make it available to users in electronically on or about March 28, 2025.

28. The County has appropriately identified and recorded all intangible assets under GASB Codification Section 1400.138 – 1400.153, *Intangible Assets*.

29. The County has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 101 *Compensated Absences,* GASB Statement No. 102 *Certain Risk Disclosures,* GASB Statement No. 103 *Financial Reporting Model Improvements* and GASB Statement No. 104 *Disclosure of Certain Capital Assets*. The County is therefore unable to disclose the impact that adopting these standards will have on its financial position, results of operations, and cash flows when such statement is adopted.

30. The County has recorded certain investment pools measured at amortized cost as of September 30, 2024. We have evaluated the criteria in paragraph 4 of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and have determined that the pools measured at amortized cost meet the criteria for amortized cost reporting.

31. Tax-exempt bonds issued have retained their tax-exempt status.

32. We have complied with all applicable provisions of the Foreign Corrupt Practices Act.

33. We have disclosed to you all significant cyber security incidents and/or breaches in which an actual or potentially adverse effect on an information system, network, or the information residing therein occurred or there was a loss of assets.

Except where otherwise stated below, immaterial matters less than $2,545,800, collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

34. There are no transactions that have not been properly recorded and reflected in the financial statements.

35. The County has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

36. Regarding related parties:

   a. We have disclosed to you the identity of all the County's related parties and all the related-party relationships and transactions of which we are aware.

   b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

37. In preparing the financial statements in accordance with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

   a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.

   b. The effect of the change would be material to the financial statements.

38. There are no:

   a. Instances of identified or suspected noncompliance with laws, regulations, or provisions of contracts or grant agreements whose effects should be considered when preparing the financial statements, or other instances that warrant the attention of those charged with governance.

   b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.

   c. Known actual or likely instances of abuse that have occurred that could be quantitatively or qualitatively material to the financial statements.

   d. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.

39. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral .

40. The County has complied with all aspects of contractual agreements that may affect the financial statements.

41. No department or agency of the County has reported a material instance of noncompliance to us.

42. No events have occurred after September 30, 2024, but before March 28, 2025, the date the financial statements were issued, that require consideration as adjustments to, or disclosures in, the financial statements.

43. Regarding required supplementary information:

a. We confirm that we are responsible for the required supplementary information.

b. The required supplementary information is measured and presented in accordance with GAAP.

c. The method of measurement and presentation of the supplementary information have not changed from those used in the prior period.

d. The significant assumptions underlying the measurement and presentation of the required supplementary information are described as part of the presentation of the required supplementary information.

44. Regarding supplementary information:

a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with prescribed guidelines.

b. We believe the supplementary information, including its form and content, is fairly presented in accordance with prescribed guidelines.

c. The method of measurement and presentation of the supplementary information have not changed from those used in the prior period.

d. We confirm that when the Schedule of Expenditures of Federal and State Awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the Schedule of Expenditures of Federal and State Awards no later than the date of issuance of the Schedule of Expenditures of Federal and State Awards and our audit report thereon.

45. With regard to the fair value measurements and disclosures of certain assets, liabilities, and specific components of equity, such as investments:

a. The completeness and adequacy of the disclosures related to the fair values are in accordance with the GAAP.

b. No events have occurred after September 30, 2024, but before March 28, 2025, the date the financial statements were issued that require adjustment to the fair value measurements and disclosures included in the financial statements.

46. The County has determined whether a capital asset has been impaired in accordance with GASB Codification Section 1400.181 – 1400.201, *Impairment of Capital Assets.* In making this determination, the County considered the following factors:

a. The magnitude of the decline in service utility is significant.

b. The decline in service utility is unexpected.

47. The County has properly identified and accounted for all pollution remediation activities in accordance with GASB Codification Section P40, *Pollution Remediation Obligations*. In performing this assessment, we considered whether one of the five obligating events had occurred and whether a recognition benchmark had been met. There are currently no other activities that meet the criteria in the standard for recognition of an expenditure.

48. We agree with the findings of management's expert in evaluating the net pension liability and OPEB obligation and have adequately considered the qualifications of management's expert in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to management's expert with respect to values or amounts derived in an attempt to bias his or her work, and we are not aware of any matters that have affected the independence or objectivity of management's expert.

49. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.

50. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

51. Provisions for uncollectible receivables have been properly identified and recorded.

52. We believe that all expenditures that have been deferred to future periods are recoverable.

53. The County has evaluated its leases and has properly classified, recognized, and reported all leases in accordance with the recognition, measurement, financial reporting, and disclosure requirements set forth in GASB Codification Section L20, *Leases.*

54. We have properly recorded and disclosed subscription-based information technology arrangements, including the related right to use assets, subscription liabilities, and other related amounts, in accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

55. We have disclosed to you all new or changes to the existing pension and other post-retirement benefit plans.

56. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, and, where applicable, deferred inflows, deferred outflows, net position and changes in net position in the financial statements in accordance with GASB Codification Section P20, *Pension Activities Reporting for Benefits Provided through Trusts That Meet Specified Criteria-Defined Benefit.*

57. We believe that the actuarial assumptions and methods used to measure postretirement liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, and, where applicable, net position and changes in net position in the financial statements in accordance with GASB Codification Section P52, *Postemployment Benefits Other than Pensions — Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria.*

58. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

59. We have no intention of terminating our pension or any other postemployment benefit plan or withdrawing from any multiemployer plan or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension or any other postemployment benefit plan or multiemployer plans to which we contribute .

60. Regarding tax abatement agreements, in accordance with GASB Codification Section 2300.107, Notes to the Financial Statements, we have disclosed to you all:

a. Agreements that are entered into by the County; and

b. Agreements that are entered into by other governments and that reduce the County's tax revenues.

DALLAS COUNTY
TIMOTHY J. HICKS
COUNTY AUDITOR

____

Darryl Martin, County Administrator

Timothy Hicks

____

Timothy Hicks, County Auditor

Pauline Medrano

____

Pauline Medrano, County Treasurer

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DALLAS COUNTY
TIMOTHY J. HICKS
COUNTY AUDITOR

Darryl Martin, County Administrator

Timothy Hicks, County Auditor

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DALLAS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2024

I. Finding related to the Financial Statements

Finding 2024-001: Significant Deficiency in Internal Control over financial reporting – Reconciliation of Grant Activity to the General Ledger

Criteria – Reconciliations between subledgers/systems that track financial data should be reconciled to the general ledger on a periodic basis to ensure the accuracy and completeness of the County's financial records.

Condition – Management did not perform a reconciliation of the Major Grants fund revenue and related accounts between the general ledger and the Project Portfolio Management subledger ("subledger"), which tracks grants at a granular project level.

Cause – Management tracks grants on an individual project basis for overall grant management purposes. However, during the year-end financial reporting process, there is no control to ensure that overall grant activity tracked within the subledger is reconciled to activity in the general ledger.

Effect – Failure to reconcile the subledger to the general ledger could lead to misstatement of financial statements or undetected errors.

Recommendation – Management should ensure that a reconciliation between the subledger and general ledger is performed on a quarterly or annual basis. Further, establish a review mechanism to ensure timely and accurate reconciliations are performed.

Views of Responsible Officials – See Corrective Action Plan

DALLAS COUNTY
TIMOTHY J HICKS, CPA
COUNTY AUDITOR

Corrective Action Plan for Finding 2024-001: Significant Deficiency in Internal Control over financial reporting- Reconciliation of Grant Activity to the General ledger

Responsible Party - Auditors' Office (Financial & Grants Audit Team)

Corrective Action Plan

On a quarterly basis, Financial Audit section will provide data from the Oracle Financial Consolidation and Close system showing total revenues organized by natural account to the Grants section.

Additionally, Grants Audit section will devise review control mechanisms and quarterly closing procedures to ensure that revenue is reconciled between the subledger and general ledger. The following steps will be performed by Grants Audit:

1. Run GL Reports from Oracle Fusion & Oracle E-Business suite
2. Agree all posted revenues to either a billing event/AR or CWR deposits.

This is an ongoing process; the reconciliation will be performed for the year ended 09/30/2025 and quarterly thereafter.

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I. Definition of Deficiency in Internal Control over Financial Reporting

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

JUVENILE BOARD OF DALLAS COUNTY, TEXAS
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS

Statement of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual (Regulatory Basis)

August 31, 2024

(With Independent Auditor's Reports Thereon)

JUVENILE BOARD OF DALLAS COUNTY, TEXAS
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS

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INDEPENDENT AUDITOR'S REPORT

Honorable Judge Cheryl Lee-Shannon
Juvenile Board of Dallas County, Texas

Report on the Audit of the Aggregate Financial Statement

Opinion

We have audited the aggregate statement of revenues, expenditures, and changes in fund balance–budget and actual–regulatory basis (the "aggregate financial statement") of the Texas Juvenile Justice Department Grant Funds of Dallas County, Texas (the "Department") for the year ended August 31, 2024, and the related notes to the aggregate financial statement, which collectively comprise the Department's aggregate financial statement as listed in the table of contents.

In our opinion, the accompanying aggregate financial statement referred to above presents fairly, in all material respects, the revenues earned and expenditures incurred compared to budgeted revenues and expenditures of the Department for the year ended August 31, 2024 in accordance the financial reporting provisions of the Texas Juvenile Justice Department (TJJD) as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Aggregate Financial Statement section of our report. We are required to be independent of Dallas County, Texas (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 opinion.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the aggregate financial statement, which describes the basis of accounting. The aggregate financial statement is prepared on the basis of the financial reporting provisions of the TJJD, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the TJJD. Our opinion is not modified with respect to this matter.

Emphasis of Matter—Presentation

As discussed in Note 1, the aggregate financial statement of the Department is intended to present the revenues earned and expenditures incurred and changes in fund balance budget and actual of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of the County that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the County as of August 31, 2024 or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Aggregate Financial Statement

Management is responsible for the preparation and fair presentation of the aggregate financial statement in accordance with financial reporting provisions of TJJD; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of aggregate financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Aggregate Financial Statement

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the aggregate financial statement, 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 aggregate financial statement.
- 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 Department'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 aggregate financial statement.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the aggregate financial statement as a whole. The accompanying supplementary information, representing the individual grant information, is presented for purposes of additional analysis and is not a required part of the aggregate financial statement. 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 aggregate financial statement. The information has been subjected to the auditing procedures applied in the audit of the aggregate financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the aggregate financial statement or to the aggregate financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying individual grant information is fairly stated, in all material respects, in relation to the aggregate financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2025, on our consideration of the Department'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 Department'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 Department 's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the TJJD, the Board of Criminal Court Judges of Dallas County, Texas, Dallas County Commissioners Court, and others within the Department and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

February 20, 2025

Deloitte.

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

INDEPENDENT AUDITOR'S REPORT

Honorable Judge Cheryl Lee-Shannon
Juvenile Board of Dallas 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 (*Government Auditing Standards*), the aggregate statement of revenues, expenditures, and changes in fund balance–budget and actual–regulatory basis (the "aggregate financial statement") of the Texas Juvenile Justice Department (TJJD) Grant Funds of Dallas County (the "Department") for the year ended August 31, 2024, and the related notes to the aggregate financial statement, which collectively comprise the Department's aggregate financial statement, and have issued our report thereon dated February 20, 2025, which includes emphasis of matter paragraphs related to the use of another comprehensive basis of accounting and to the intent to present only the operations of the Department grant funds and not the operations of Dallas County or TJJD, as a whole.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the aggregate financial statement and tests of compliance with provisions of laws, regulations, contracts and grant agreements, including the specific financial assurances contained in Section VIII.J of the General Grant Requirements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the aggregate financial statement, but not for the purpose of expressing an opinion on the effectiveness of Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department 's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department ‘s aggregate financial statement is free from material misstatements, 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 aggregate financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Deloitte & Touche LLP

February 20, 2025

JUVENILE BOARD OF DALLAS COUNTY, TEXAS
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS

JUVENILE BOARD OF DALLAS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (REGULATORY BASIS) FOR THE YEAR ENDED AUGUST 31, 2024

	Grant No. A-24-057			Grant No. M-24-057			Grant No. DSACP-24-057			Grant No. R-24-057			Grant No. SAG-24-057		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance
Revenues:															
TJJD Funds	$ 12,433,092	$ 12,433,092	$ -	$ 239,632	$ 239,632	$ -	$ 77,841	$ 77,841	$ -	$ 124,819	$ 124,819	$ -	$1,738,159	$ 1,738,159	$ -
Total revenues	12,433,092	12,433,092	-	239,632	239,632	-	77,841	77,841	-	124,819	124,819	-	1,738,159	1,738,159	-
Expenditures:															
Basic Probation Services	7,460,365	7,460,365	-	-	-	-	-	-	-	-	-	-	766,170	766,170	-
Community Programs	1,213,505	1,213,505	-	239,632	239,632	-	77,841	77,841	-	-	-	-	-	-	-
Pre-Post Adjudications	2,493,329	2,493,329	-	-	-	-	-	-	-	-	-	-	971,989	971,989	-
Commitment Division	2,092	2,092	-	-	-	-	-	-	-	-	-	-	-	-	-
Mental Health Services	1,263,801	1,263,801	-	-	-	-	-	-	-	-	-	-	-	-	-
Region	-	-	-	-	-	-	-	-	-	124,819	124,819	-	-	-	-
Total expenditures	12,433,092	12,433,092	-	239,632	239,632	-	77,841	77,841	-	124,819	124,819	-	$1,738,159	$ 1,738,159	-
Excess Revenues over Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-	-	-	-	-			-	-	-	-
Fund balance - end of year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes to financial statement

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Entity

The Texas Juvenile Justice Department Grant Funds of Dallas County (the Funds) were established to account for juvenile probation services funded by the Texas Juvenile Justice Department (TJJD) in Dallas County (the County).

The Funds provide separate accountability as required under the State Financial Assistance Contract, by TJJD. The Funds are used to account for each separate program, matching funds and all related expenditures incurred.

The aggregate financial statement presents the revenues, expenditures, and changes in fund balance of the Dallas County Texas Juvenile Justice Department Grant Funds only and is not intended to present fairly the results of operations of Dallas County in conformity with accounting principles generally accepted in the United States of America.

(b) Basis of Accounting

The financial statements were prepared in conformity with the accounting practices prescribed by the TJJD, which prescribes policies and procedures for county probation departments, which is a comprehensive basis of accounting other than generally accepted accounting principles. These accounting practices include the following:

- The financial statements are reported using the accrual basis of accounting. Revenues are recorded when all eligibility requirements have been met, and expenditures are recorded when incurred. Since the revenues are reported on the accrual basis of accounting, refunds paid to TJJD either during the year or subsequent to year end are not presented in the financial statement but are provided as additional information below the financial statement in accordance with TJJD requirements.

- The accompanying financial statements do not represent financial statements prepared in accordance with provisions for governmental funds as prescribed by the Governmental Accounting Standards Board.

- The accompanying financial statements are prepared in a format to facilitate uniform financial reporting by county juvenile probation departments.

NOTE 2: RECONCILIATION OF INTEREST EARNED

Idle funds were maintained in an interest-bearing account. The reconciliation of interest earned on funds received from TJJD is as follows:

Interest Earned	Interest Earned on TJJD State Aid Funds FY 2024	Interest Earned on TJJD Funds FY 2024	Interest Earned on Title IV -E Funds FY 2024	Total Interest
Beginning balance, September 1, 2023	$ 191,812	25,197	548,613	$ 765,622
Interest earned on funds received from the period of September 1, 2023 through August 31, 2024	260,615	1,429	278,130	540,174
Total interest at August 31, 2024	452,427	26,626	826,743	1,305,796
Minus interest expenditures in FY 2024	-	-	-	-
Ending balance, August 31, 2024	$ 452,427	$ 26,626	$ 826,743	$ 1,305,796

NOTE 3: OPERATING COSTS FOR SECURE JUVENILE FACILITY OPERATED BY DALLAS COUNTY JUVENILE DEPARTMENT

The Dallas County Juvenile Department operates three secure juvenile facilities: one pre-adjudication and two post-adjudication facilities. The schedule of expenditures for each facility is as follows:

Operating Costs
Dallas County Juvenile Detention Center
Dallas County Pre-Adjudication Juvenile Facility
Year ended August 31, 2024

	TJJD Funding	**Local**	**Total**
Salary and Fringe	$ -	$ 14,497,639	$ 14,497,639
Travel and Training	-	9,694	9,694
Operating Expenses	-	712,461	712,461
Total Operating Expenditures	$ -	$ 15,219,794	$ 15,219,794

NOTE 3: OPERATING COSTS FOR SECURE JUVENILE FACILITY OPERATED BY DALLAS COUNTY JUVENILE DEPARTMENT (Continued)

Operating Costs
Lyle B. Medlock Treatment Center
Dallas County Post-Adjudication Juvenile Facility
Year ended August 31, 2024

	TJJD Funding	Local	Total
Salary and Fringe	$ -	$ 5,919,219	$ 5,919,219
Travel and Training	-	471	471
Operating Expenses	-	65,312	65,312
Total Operating Expenditures	$ -	$ 5,985,002	$ 5,985,002

Operating Costs
Dallas County Post Juvenile Detention/
Residential Programs & Drug Treatment
Dallas County Post-Adjudication Juvenile Facility
Year ended August 31, 2024

	TJJD Funding	Local	Total
Salary and Fringe	$ -	$ 5,093,765	$ 5,093,765
Travel and Training	-	3,406	3,406
Operating Expenses	-	250,324	250,324
External Contracts	-	-	-
Total Operating Expenditures	$ -	$ 5,347,495	$ 5,347,495

NOTE 4: FEDERAL FINANCIAL ASSISTANCE

The Texas Juvenile Justice Department administers along with the Texas Department of Family and Protective Services, the Title IV-E Foster Care Program (CFDA 93.658). TJJD disburses funds to Dallas County on a cost reimbursement basis. A confirmation of revenue receipted in the year ended August 31, 2024 is required and presented below. This includes receipts for direct and enhanced administrative foster care claims.

Title IV-E Foster Care Contract Number	**Amount received (cash basis) August 31, 2024**
E-24-057	$0

NOTE 5: FINANCIAL MATCH REQUIREMENTS

To receive Texas Juvenile Justice Department state funds, the juvenile probation departments are required to certify that the amount of local or county funds expended for juvenile services is at least equal to or greater than the amount spent in the 2022 county fiscal year excluding construction and capital outlay expenses. A confirmation of local funds for the year ended August 31, 2024 is required and presented below:

	Local Funding Expended (less construction and capital outlay)
FY 2024	$65,048,836
FY 2022	$52,915,903

The juvenile probation department certified the financial match requirements were fulfilled in fiscal year 2024.

NOTE 6: STATE FINANCIAL ASSISTANCE

a. The Texas Juvenile Justice Department provided the County the following funds for the Juvenile Justice Alternative Education Program Reimbursement Grant funds. A confirmation of revenue receipted in the year ended August 31, 2024 is required and presented below:

Contract Number	Amount received (cash basis) August 31, 2024
P-24-057	$739,858
P-23-057	$254,216

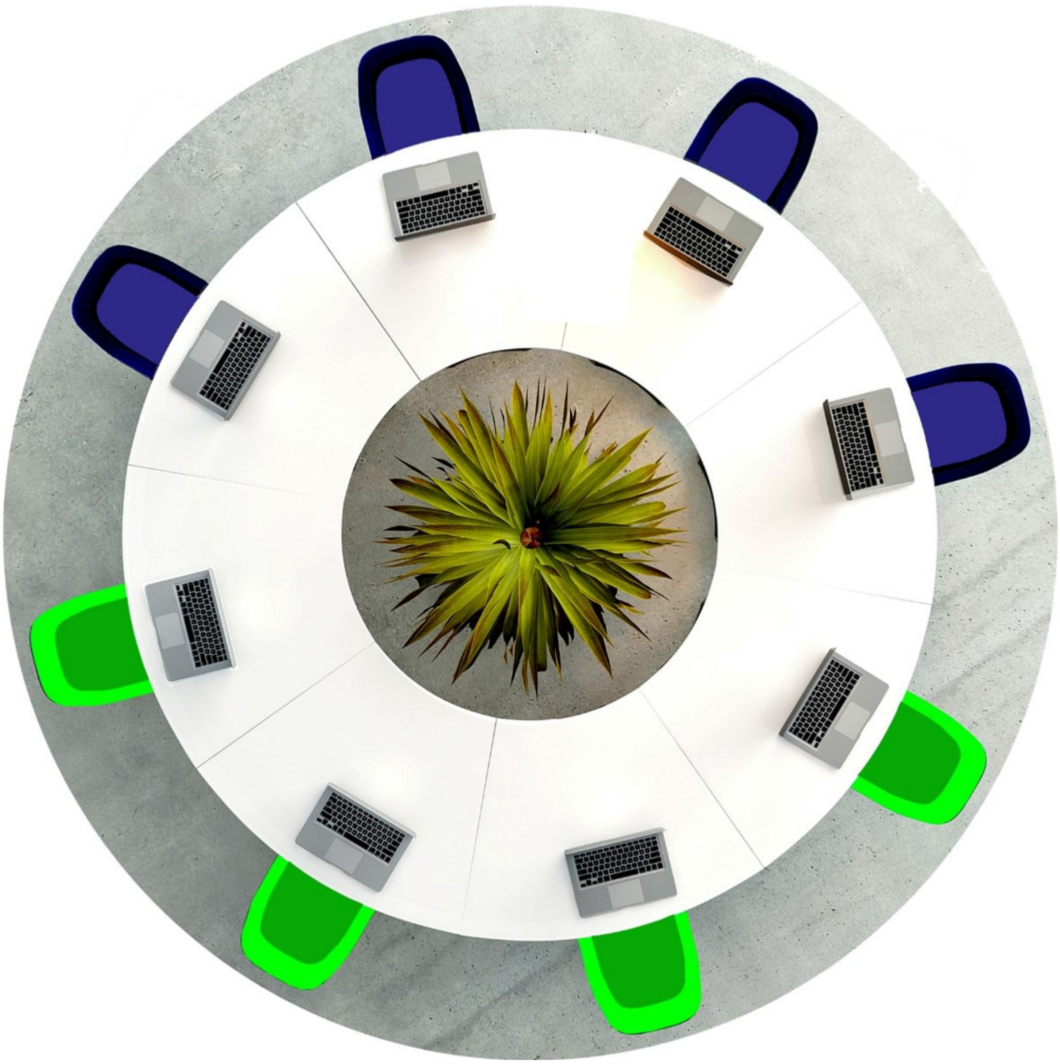
Current Year Findings

There were no findings or questioned costs in the current year.

Prior Year Findings

There were no findings or questioned costs in the prior year.

Deloitte.



Dallas County Texas Juvenile Justice Department

Results of the Audit—Fiscal Year 2024

Deloitte & Touche LLP
Dallas Arts Tower
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USA

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February 20, 2025

Honorable Judge Cheryl Lee-Shannon
Chairperson
Juvenile Board of Dallas County, Texas
411 Elm Street

Dear Members of the Juvenile Board:

We have performed an audit of the aggregate statement of revenues, expenditures and changes in fund balance—budget and actual—regulatory basis (the "aggregate financial statement") of the Texas Juvenile Justice Department Grant Funds of Dallas County, Texas (the "County" and the "Department") for the year ended August 31, 2024, (the "aggregate financial statement"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards" or "GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and have issued our report thereon dated February 20, 2025.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Department is responsible.

This report is intended solely for the information and use of management, the Juvenile Board of Dallas County (the "Juvenile Board"), and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

cc: The Management of Dallas County, Texas

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards has been described in our engagement letter dated September 18, 2024, a copy of which has been provided to you. As described in that letter, our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the aggregate financial statement that has been prepared by management with the oversight of Juvenile Board are prepared, in all material respects, in accordance with financial reporting provisions of the Texas Juvenile Justice Department ("TJJD") as described in Note 1 to the aggregate financial statement. The audit of the aggregate financial statement does not relieve management or the Juvenile Board of their responsibilities. We considered internal control over financial reporting in order to design audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the aggregate financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Significant Accounting Policies

The Department's significant accounting policies are set forth in Note 1 to the Department's 2024 aggregate financial statement. We are not aware of any significant changes in previously adopted accounting policies or their application during the year ended August 31, 2024.

We have evaluated the significant qualitative aspects of the Department's accounting practices, including accounting policies, accounting estimates and aggregate financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management with respect to the accounting practices prescribed by TJJD.

Accounting Estimates

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. There were no accounting estimates identified as a result of our audit procedures.

Uncorrected Misstatements

Our audit of the aggregate financial statement was designed to obtain reasonable, rather than absolute, assurance about whether the aggregate financial statement is free of material misstatement, whether caused by error or fraud. There were no uncorrected misstatements or disclosure items passed identified during our audit.

Material Corrected Misstatements

Our audit of the aggregate financial statement was designed to obtain reasonable, rather than absolute, assurance about whether the aggregate financial statement is free of material misstatement, whether caused by error or fraud. There were no material misstatements that were brought to the attention of management as a result of our audit procedures.

Other Information Included in the Annual Report

Supplementary Information:

Our audit was conducted for the purpose of forming an opinion on the aggregate financial statement as a whole. The accompanying supplementary information, representing the individual grant information, is presented for purposes of additional analysis and is not a required part of the aggregate financial statement. 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 aggregate financial statement. The information has been subjected to the auditing procedures applied in the audit of the aggregate financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the aggregate financial statement or to the aggregate financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying individual grant information is fairly stated, in all material respects, in relation to the aggregate financial statement as a whole.

Disagreements with Management

We have not had any disagreements with management related to matters that are material to the Department's 2024 aggregate financial statement.

Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2024.

Significant Findings or Issues Discussed, or Subject of Correspondence, with Management Prior to Our Initial Engagement or Retention as Auditors

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Board.

Significant Difficulties Encountered in Performing the Audit

In our judgment, we received the full cooperation of the Department's management and staff and had unrestricted access to the Department's senior management in the performance of our audit.

Management's Representation

We have made specific inquiries of the Department's management about the representations embodied in the aggregate financial statement. In addition, we have requested that management provide to us the written representations the Department is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix A, a copy of the representation letter we obtained from management.

Emphasis-of-Matter or Other-Matter Paragraphs

We have included the following emphasis-of-matter paragraphs in our audit report:

We draw attention to Note 1 of the aggregate financial statement, which describes the basis of accounting. The aggregate financial statement is prepared on the basis of the financial reporting provisions of the TJJD, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the TJJD. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the aggregate financial statement of the Department is intended to present the revenues earned and expenditures incurred compared to budgeted revenues and expenditures of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of the County that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the County as of August 31, 2024, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

* * * * * *

DALLAS COUNTY JUVENILE DEPARTMENT

Appendix A

Henry Wade Juvenile Justice Center
2600 Lone Star Drive, Box 5

(214) 698-2200
Dallas, Texas 75212

February 20, 2025

Deloitte & Touche LLP
2200 Ross Avenue, Ste. 1600
Dallas, Texas 75201-6778

We are providing this letter in connection with your audit of the aggregate financial statement (the "aggregate financial statement") of the Texas Juvenile Justice Department Grant Funds of Dallas County (the "Department"), which comprises the aggregate statement of revenues, expenditures and changes in fund balance - budget and actual (regulatory basis) for the year ended August 31, 2024, for the purpose of expressing an opinion as to whether revenues earned and expenditures incurred with comparison to budgeted revenues and expenditures of the Department's Texas Juvenile Justice Grant Funds for the year ended August 31, 2024, are in accordance with the financial provisions of the Texas Juvenile Justice Department (the "TJJD") as described in Note 1 to the aggregate financial statement.

We confirm that we are responsible for the following:

a. The preparation and fair presentation of the aggregate financial statement, in accordance with the financial reporting provisions of the TJJD as described in Note 1 to the aggregate financial statement.

b. The design, implementation, and maintenance of internal control:
   - Relevant to the preparation and fair presentation of the aggregate financial statement that are free from material misstatement, whether due to fraud or error.
   - To prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The aggregate financial statement referred to above is fairly presented in accordance with the financial reporting provisions of the TJJD as described in Note 1 to the aggregate financial statement. In addition:

   a. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

b. Expenses have been appropriately classified in or allocated to functions and programs in the aggregate statement of revenues, expenditures, and changes in fund balances - budget and actual (regulatory basis), and allocations have been made on a reasonable basis.

c. Department program expenditures have been charged in accordance with applicable cost principles

d. The aggregate financial statement properly classify all activities.

2. The Department has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

3. The Department has made available to you:

   a. All minutes of the meetings of Dallas County Juvenile Board.

   b. All financial records and related data for all financial transactions of the Department and for all funds administered by the Department. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Department and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the aggregate financial statement has been prepared.

   c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.

4. There has been no:

   a. Action taken by Department management that contravenes the provisions of federal laws and Texas laws and regulations, or of contracts and grants applicable to the Department.

   b. Communications with other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the aggregate financial statement, which have been provided to you.

5. The Department has disclosed to you the results of Dallas County risk assessment, including the assessment of the risk that the aggregate financial statement may be materially misstated as a result of fraud.

6. We have no knowledge of any fraud or suspected fraud affecting the Department involving:

   a. Management.

   b. Employees who have significant roles in the Department's internal control.

DALLAS COUNTY JUVENILE DEPARTMENT

Henry Wade Juvenile Justice Center **(214) 698-2200**
2600 Lone Star Drive, Box 5 Dallas, Texas 75212

c. Others, where the fraud could have a material effect on the aggregate financial statement.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Department's aggregate financial statement communicated by employees, former employees, analysts, regulators, or others.

8. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments* or the financial reporting provisions of the Texas Juvenile Justice Department.

9. The methods, significant assumptions, and the data used by us in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, or disclosure that is in accordance with the financial reporting provisions of the TJJD as described in Note 1 to the aggregate financial statement.

10. The reports provided to the auditor are true copies of the reports electronically transmitted to TJJD.

11. The budget amounts provided to the auditor are the final amounts approved by TJJD.

12. We are responsible for compliance with local, state, and federal laws, rules, and regulations, including compliance the requirements set forth by the TJJD the provisions of grants and contracts relating to the Department's operations. We are responsible for understanding and complying with the requirements of the state statutes and regulations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. We are responsible for maintaining accounting and administrative control over revenues, obligations, and expenditures.

13. We have informed you of all investigations or legal proceedings that have been initiated during the year ended August 31, 2024, or are in process as of August 31, 2024.

14. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for TJJD programs that provides reasonable assurance that we are managing TJJD awards in compliance with state statutes, regulations, and the terms and conditions of the federal awards that could have a material effect on its TJJD programs.

15. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.

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2600 Lone Star Drive, Box 5 Dallas, Texas 75212

16. No events have occurred subsequent to August 31, 2024, that require consideration as adjustments to or disclosures in the aggregate financial statement and related notes or that existed at the end of the reporting period that affect noncompliance during the reporting period.

17. No changes in internal control over compliance or other factors that might significantly affect internal control over financial reporting, including any corrective actions taken by the Department with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to August 31, 2024.

18. We have:

    a. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations including the status of follow-up on prior audit findings (and information about all management decisions) by the TJJD.

    b. Identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of state awards that are considered to have a direct and material effect on each TJJD program.

    c. Complied, in all material respects, with the direct and material compliance requirements identified above in connection with TJJD programs.

    d. Identified and disclosed interpretations of any compliance requirements that have varying interpretations, including any material discussions or direction given by the Texas Juvenile Justice Department.

    e. Identified and disclosed all amounts questioned and all known noncompliance with the direct and material compliance requirements of TJJD, including the results of other audits, program reviews, or any communications from federal awarding agencies and pass-through entities concerning possible noncompliance related to the objectives of the audit.

19. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of aggregate financial statement amounts.

20. We have disclosed to you all significant cyber security incidents and/or breaches in which an actual or potentially adverse effect on an information system, network, or the information residing therein occurred or there was a loss of assets.

Except where otherwise stated below, immaterial matters less than $146,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the aggregate financial statement.

Henry Wade Juvenile Justice Center **(214) 698-2200**
2600 Lone Star Drive, Box 5 Dallas, Texas 75212

21. There are no transactions that have not been properly recorded and reflected in the aggregate financial statement.

22. Regarding related parties:

    a. We have disclosed to you the identity of all the Department's related parties and all the related-party relationships and transactions of which we are aware.

    b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the aggregate financial statement.

23. There are no:

    a. Instances of identified or suspected noncompliance with laws, regulations, or provisions of contracts or grant agreements whose effects should be considered when preparing the aggregate financial statement, or other instances that warrant the attention of those charged with governance.

    b. Known actual or possible litigation and claims whose effects should be considered when preparing the aggregate financial statement and that have not been disclosed to you and accounted for and disclosed in accordance with the financial reporting provisions of the TJJD.

    c. Known actual or likely instances of abuse that have occurred that could be quantitatively or qualitatively material to the aggregate financial statement.

24. The Department has complied with all aspects of contractual agreements that may affect the aggregate financial statement.

25. No department or agency of the Department has reported a material instance of noncompliance to us.

26. No events have occurred after August 31, 2024, but before February 20, 2025, the date the aggregate financial statement was issued, that require consideration as adjustments to, or disclosures in, the aggregate financial statement.

27. Regarding supplementary information:

    a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with the TJJD.

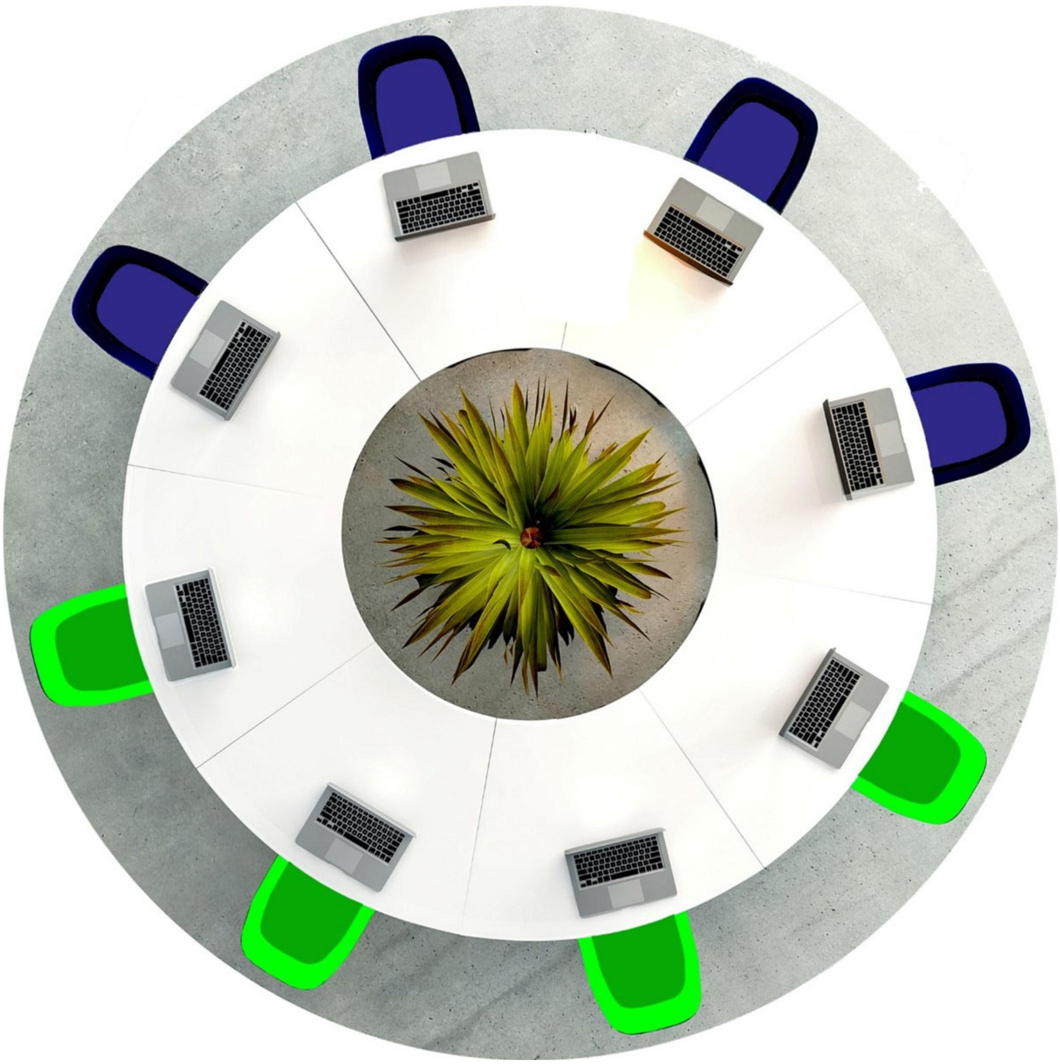
    b. We believe the supplementary information, including its form and content, is fairly presented in accordance with the TJJD.

c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

28. We have appropriately identified and properly recorded and disclosed in the aggregate financial statement all interfund transactions, including repayment terms.

Timothy Hicks
____
Timothy Hicks, County Auditor

Sheryl Eagleton
____
Sheryl Eagleton, Assistant Executive Director Juvenile Services



Dallas County, Texas

Results of the Audit Control-Related Matters

Fiscal Year 2023

Deloitte.

Deloitte & Touche LLP
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April 30, 2024

The Honorable Judge and Members of the
Commissioners Court of Dallas County, Texas
411 Elm Street
Dallas, Texas 75202

Dear Judge Jenkins and County Commissioners:

We have performed an audit of the basic financial statements of Dallas County (the "County") as of and for the year ended September 30, 2023 (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, and have issued our report thereon dated April 26, 2024. Our report includes a reference to other auditors who audited the financial statements of the Dallas County Hospital District which represents the County's only discretely presented component unit.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the County is responsible.

This report is intended solely for the information and use of management, the members of the Commissioners Court, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

cc: The Management of Dallas County

Our Responsibility under Generally Accepted Auditing Standards and *Government Auditing Standards*

Our responsibility under generally accepted auditing standards and *Government Auditing Standards* has been described in our engagement letter dated September 22, 2023, a copy of which has been provided to you. As described in that letter, our responsibilities under generally accepted auditing standards and *Government Auditing Standards* include forming and expressing opinions about whether the financial statements that have been prepared by management with the oversight of the Members of Commissioners Court are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"). The audit of the financial statements does not relieve management or the Members of Commissioners Court of their responsibilities. We considered internal control relevant to the County's preparation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.

Significant Accounting Policies

The County's significant accounting policies are set forth in Note 1 to the County's 2023 financial statements. In 2023, the County adopted Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription Based IT Arrangements*. The provisions of GASB Statement No. 96 are effective for fiscal years ending after June 15, 2022, with retrospective application required. The County applied the guidance in GASB Statement No. 96 in the County's 2023 financial statements as of October 1, 2022.

We have evaluated the significant qualitative aspects of the County's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management except as discussed in the Immaterial Correction to Prior Year Financial Statements section below.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Our assessment of the significant qualitative aspects of the County's particularly sensitive accounting estimates has been attached to this report as Appendix A.

Uncorrected Misstatements

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. We have attached to this letter, as Appendix B (as part of the management representation letter) the uncorrected misstatement that we presented to management during the current audit engagement that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements for the year ended September 30, 2023.

Material Correction to Prior Year Financial Statements

As the result of its review process, management identified a matter in the Major Grants opinion unit related to the timing of the recognition of Federal Emergency Management Agency (FEMA) revenues for the year ended September 30, 2022. Governmental funds utilize modified accrual accounting. According to GASB Statement No. 33, *Nonexchange Transactions*, in recording government mandated non-exchange transactions, revenues are recorded in governmental funds when (1) eligibility criteria have been met and (2) the amounts are available. In reviewing FEMA transactions, the County met the eligibility criteria; however, as the cash was not received (and therefore was not available to the County) within the availability period, then revenue should not have been recognized in FY22 or FY21. The following errors were identified: in fiscal year 2021 revenues and fund balance were overstated by $23.8 million while deferred inflows were understated by the same amount, in fiscal year 2022 revenues and fund balance were overstated by $7.5 million while deferred inflows were understated by $31.3 million. The County corrected this by adjusting beginning Fund Balance (a decrease of $31.3 million) and related disclosures for the year ended September 30, 2023.

Other Information in the Annual Comprehensive Financial Report

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual: General Fund, Major Projects Special Revenue Fund, Major Grants Special Revenue Fund, County Building Improvements Special Revenue Fund, American Rescue Plan Fund and related notes, the Infrastructure Assets under Modified Approach, the Schedule of Changes in Net Pension Liability and Related Ratios—Primary Government, the Schedule of Employer Pension Contributions—Primary Government, the Schedule of Changes in Other Post Employment Benefit Liability—Primary Government, the Schedule of Changes in Net Pension Liability and Related Ratios—Discretely Presented Component Unit, and the Schedule of Employer Pension Contributions—Discretely Presented Component Unit, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements, as listed in the table of contents, 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 and individual fund financial statements, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

When audited financial statements are included in documents containing other information such as the County's Annual Report, we read such other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. We have read the other information in the County's Annual Report and have compared selected amounts or other items in the other information with such amounts or other items in the financial statements. While reading the other information, we remained alert for indications that (1) a material inconsistency exists between the other information and our knowledge obtained in the audit and (2) a material misstatement of fact exists or the other information is otherwise misleading. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to communicate the matter to you, request that the correction be made, and, if not corrected, describe it in our report. We did not note any uncorrected material misstatements of the other information.

Disagreements with Management

We have not had any disagreements with management related to matters that are material to the County's 2023 financial statements.

Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2023.

Significant Findings or Issues Arising from the Audit Discussed, or Subject of Correspondence, with Management

As a result of our audit procedures, we a certain deficiency in internal control, described in the accompanying or schedule of findings and responses as item 2023-01 (Appendix C), that we consider to be a material weakness.

The definitions of a deficiency and a material weakness are also set forth in Appendix E.

Although we have included management's written response to our comments in Appendix C, such responses have not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the response, or the effectiveness of any corrective actions described therein.

Significant Difficulties Encountered in Performing the Audit

In our judgment, we received the full cooperation of the County's management and staff and had unrestricted access to the County's senior management in the performance of our audit.

Management's Representations

We have made specific inquiries of the County's management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations the County is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix B, a copy of the representation letter we obtained from management.

Emphasis-of-Matter Paragraph

We have included the following emphasis of matter paragraph in our audit report:

As discussed in Note XIII to the financial statements, the beginning fund balance of the Major Grants Fund of the accompanying 2023 financial statements has been restated to correct an error. Our opinion is not modified with respect to this matter.

Single Audit

We have audited Dallas County, Texas's (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Texas Grant Management Standards (TxGMS).

We have identified, and included in Appendix D, instances of noncompliance identified which are required to be reported in accordance with the Uniform Guidance and TxGMS.

The definitions of a deficiency and a material weakness are also set forth in Appendix D.

Although we have included management's written response to our comments in Appendix D, such responses have not been subjected to the auditing procedures applied in our audit of the Schedule of Federal and State Awards and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the response, or the effectiveness of any corrective actions described therein.

* * * * * *

ACCOUNTING ESTIMATES

Overview	Qualitative Assessment
Other Post-Employment Benefits	
The measurement of the County's other post-employment benefits ("OPEB") liability and related costs for employers is subject to numerous actuarial assumptions including, but not limited to, the discount rate and mortality tables. As it relates to the liability, biennially Dallas County engages a third-party actuarial firm to assist in measuring the costs and obligations and performs procedures to evaluate the results. The County uses the assumptions provided by the actuary to report the OPEB liability in the government-wide financial statements.	We involved Deloitte internal actuarial specialists to assess the reasonableness of the methodologies used and selected assumptions. Further, we performed detailed procedures to verify the completeness and accuracy of the demographic data provided to the third-party actuarial firm. We also reviewed the calculation. Based on the procedures performed, the methodology and the underlying assumptions of the OPEB obligations appear reasonable in the context of the financial statements taken as a whole. However, we did note the use of an incorrect amortization period that impacted the calculation of the annual amortization of the deferred inflows and outflows balances. As of September 30, 2023, the beginning Net Position of the government-wide statements was understated by $19.7 million as a result of the incorrect amortization period. This was corrected by management in fiscal year 2023.
Pension Balances	
The measurement of the County's pension balances and related costs for employers is subject to numerous actuarial assumptions including, but not limited to, the discount rate, expected return on plan assets, and mortality tables. As it relates to the pension balances, the Texas County and District Retirement System (TCDRS) engages a third-party actuarial firm to assist in measuring the costs and obligations and performs procedures to evaluate the results.	We involved Deloitte internal actuarial specialists to assess the reasonableness of the methodologies used and selected assumptions. Further, we performed detailed procedures to test the completeness and accuracy of the demographic data provided to the third-party actuarial firm. We also reviewed the allocation methodology and calculation. Based on the procedures performed, the methodology and underlying assumptions of the pension balances appear reasonable in the context of the financial statements taken.

DALLAS COUNTY
WENDWESSEN STEFANOS
Interim County Auditor

April 26, 2024

Deloitte & Touche LLP
2200 Ross Avenue, Suite 1600
Dallas, TX 75201-6778

We are providing this letter in connection with your audit of the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Dallas County, Texas (the "County"), as of and for the year ended September 30, 2023, which collectively comprise the County's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows, as applicable, of the County in accordance with accounting principles generally accepted in the United States of America (GAAP) and your single audit of the County for the year ended September 30, 2023.

We confirm that we are responsible for the following:

a. The preparation and fair presentation in the basic financial statements of financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, in accordance with GAAP.

b. 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.
   - To prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The basic financial statements referred to above are fairly presented in accordance with GAAP. In addition:

   a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

   b. The financial statements include all fiduciary activities as required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

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c. Net position components (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.

d. Deposits and investment securities are properly classified in the category of custodial credit risk.

e. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated. Related costs have been recognized as an expense in the period in which the costs are incurred, in accordance with GASB Codification Section 1400.120-.121, *Interest Cost Incurred before the End of a Construction Period.*

f. Required supplementary information is measured and presented within prescribed guidelines.

g. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

h. The County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and the related net position is properly recognized under the policy.

i. The financial statements properly classify all funds and activities, including special and extraordinary items.

j. All funds that meet the quantitative criteria in the GASB Codification Section 2200.159 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

k. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

l. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

m. The County has followed its established accounting policy regarding which resources (restricted, committed, assigned, or unassigned) are considered to be spent for expenditures to determine the fund balance classifications for financial reporting purposes.

n. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

o. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.

p. The County meets the GASB-established requirements for using the modified approach to account for eligible infrastructure assets.

2. The County has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

3. The County has made available to you:

    a. All minutes of the meetings of the Commissioner's Court or summaries of actions of recent meetings for which minutes have not yet been prepared.

    b. All financial records and related data for all financial transactions of the County and for all funds administered by the County. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the County and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

    c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal and state agencies.

4. There has been no:

    a. Action taken by County management that contravenes the provisions of federal and State of Texas laws and regulations, or of contracts and grants applicable to the County.

    b. Communications with other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A summary of such uncorrected misstatements has been attached as Appendix A.

6. We believe the effects of the uncorrected financial statement misstatements detected in the current year that relate to the prior year presented, when combined with those misstatements aggregated by you during the prior year audit engagement and pertaining to the prior year presented, are immaterial, both individually and in the aggregate, to the financial statements for the year ended September 30, 2023, taken as a whole.

7. We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our financial statements. As a result of the evaluation process, we identified certain disclosures that, although required by GAAP, have been omitted from our financial statements. Upon adoption of GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*, approximately $1.8M in right of use assets and corresponding liabilities were reflected as current year additions in Note V, Capital Assets, and Note VI, Long-term Liabilities, instead of a restatement of beginning

balance in those respective notes, We believe the effects of the omitted disclosures are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the financial statements as a whole.

8. The County has disclosed to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.

9. We have no knowledge of any fraud or suspected fraud affecting the County involving:

    a. Management.

    b. Employees who have significant roles in the County's internal control.

    c. Others, where the fraud could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the County's financial statements communicated by employees, former employees, analysts, regulators, or others.

11. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments*.

12. The methods, significant assumptions, and the data used by us in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, or disclosure that is in accordance with GAAP.

13. We are responsible for the preparation of the Schedule of Expenditures of Federal and State Awards in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("OMB Uniform Guidance") and the *Texas Grants Management Standards (*TxGMS*)*. We have identified and disclosed all of the County's government programs and related activities subject to the OMB Uniform Guidance and TxGMS compliance audits. In addition, we will accurately complete the appropriate sections of the data collection form.

14. We are responsible for compliance with local, state, and federal laws, rules, and regulations, including compliance with the requirements of OMB Uniform Guidance and TxGMS, and the provisions of grants and contracts relating to the County's operations. We are responsible for understanding and complying with the requirements of the federal and state statutes and regulations and the terms and conditions of federal and state awards related to each of the County's federal and state programs. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The County is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

15. We have informed you of all investigations or legal proceedings that have been initiated during the year ended September 30, 2023 or are in process as of September 30, 2023.

16. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards that could have a material effect on its federal and state programs.

17. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.

18. No events have occurred subsequent to September 30, 2023, that require consideration as adjustments to or disclosures in the schedule of federal and state awards and related notes or that existed at the end of the reporting period that affect non-compliance during the reporting period.

19. We have disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to September 30, 2023.

20. No changes in internal control over compliance or other factors that might significantly affect internal control over financial reporting, including any corrective actions taken by the County with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to September 30, 2023.

21. Federal and State awards expenditures have been charged in accordance with applicable cost principles.

22. The Reporting Package submitted to the Federal Audit Clearinghouse (FAC) as defined by the OMB Uniform Guidance section 2CFR200.512(3)(c) does not contain protected personally identifiable information.

23. We have disclosed all contracts or other agreements with service organizations.

24. We have disclosed to you all communications from service organizations relating to noncompliance with the requirements of federal statutes, regulations, and terms and conditions of federal and state awards at those organizations.

25. We have:

    a. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations. We have also provided the status of the follow-up on prior audit findings (and information about all management decisions) by federal and state awarding agencies and pass-through entities.

b. Provided to you our views on the reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for your report.

c. Identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program under audit.

d. Complied, in all material respects, with the direct and material compliance requirements identified above in connection with federal and state awards, except as disclosed in the Schedule of Findings and Questioned Costs.

e. Identified and disclosed interpretations of any compliance requirements that have varying interpretations.

f. Made available all federal and state awards (including amendments, if any) and any other correspondence relevant to federal and state programs and related activities that have taken place with federal and state agencies or pass-through entities. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements. Federal and State financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal and State Awards. The copies of federal and state program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal and state agency or pass-through entity, as applicable.

g. Identified and disclosed all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards, including the results of other audits, program reviews, or any communications from federal and state awarding agencies and pass-through entities concerning possible non-compliance related to the objectives of the audit.

h. Monitored subrecipients to determine that they have expended subawards in compliance with federal and state statutes, regulations, and terms and conditions of the subaward and have met the other pass-through entity requirements of OMB Uniform Guidance and TxGMS.

i. Issued management decisions for audit findings that relate to federal and state awards made to subrecipients. Such management decisions were issued within six months of acceptance of the audit report by the FAC. In addition, we have followed up to determine whether the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from the County.

j. Considered the results of the subrecipient's audits and made any necessary adjustments to the County's own books and records.

26. We are responsible for follow-up on all prior-year findings. We have prepared a summary schedule of prior-year findings by federal and state awarding agency and pass-through entity, including all management decisions, to report the status of our efforts in implementation of the prior-year's corrective action plan. The summary schedule of prior audit findings includes all findings required to be included in accordance with *Government Auditing Standards,* OMB Uniform Guidance and TxGMS.

27. We are responsible for taking corrective action on audit findings and have developed a corrective action plan. that meets the requirements of OMB Uniform Guidance and TxGMS. We have included in the corrective action plan for current-year findings the name of the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements that you report.

28. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

29. We believe that we have properly identified, reported and classified each component unit of the County and each activity that meets the criteria established in GASB Codification Section 2100, *Defining the Financial Reporting Entity.*

30. The County has informed you that the annual report comprises the Annual Comprehensive Financial Report ("the annual report"). The County's final version of the annual report has been provided to you and is consistent with the financial statements and does not contain any material misstatements. The County expects to issue the annual report and make it available to users electronically on or about April 26, 2024.

31. The County has appropriately identified and recorded all intangible assets under GASB Codification Section 1400.138 – 1400.153, *Intangible Assets*.

32. The County has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB 62*; GASB Statement No. 101 *Compensated Absences* and GASB Statement No. 102 *Certain Risk Disclosures*. The County is therefore unable to disclose the impact that adopting these standards will have on its financial position, results of operations, and cash flows when such statement is adopted.

33. The County has recorded certain investment pools measured at amortized cost as of September 30, 2023. We have evaluated the criteria in paragraph 4 of GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and have determined that the pools measured at amortized cost meet the criteria for amortized cost reporting.

34. Tax-exempt bonds issued have retained their tax-exempt status.

35. We have complied with all applicable provisions of the Foreign Corrupt Practices Act.

36. We have disclosed to you all significant cyber security incidents and/or breaches in which an actual or potentially adverse effect on an information system, network, or the information residing therein occurred or there was a loss of assets.

Except where otherwise stated below, immaterial matters less than $1,725,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

37. There are no transactions that have not been properly recorded and reflected in the financial statements.

38. The County has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

39. Regarding related parties:

    a. We have disclosed to you the identity of all the County's related parties and all the related-party relationships and transactions of which we are aware.

    b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

40. In preparing the financial statements in accordance with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

    a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.

    b. The effect of the change would be material to the financial statements.

41. There are no:

    a. Instances of identified or suspected noncompliance with laws, regulations, or provisions of contracts or grant agreements whose effects should be considered when preparing the financial statements, or other instances that warrant the attention of those charged with governance.

    b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.

    c. Known actual or likely instances of abuse that have occurred that could be quantitatively or qualitatively material to the financial statements.

   d. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.

42. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.

43. The County has complied with all aspects of contractual agreements that may affect the financial statements.

44. No department or agency of the County has reported a material instance of noncompliance to us.

45. No events have occurred after September 30, 2023, but before April 26, 2024, the date the financial statements were issued, that require consideration as adjustments to, or disclosures in, the financial statements.

46. Other than those described in Note XIV to the financial statements, no events have occurred after September 30, 2023 but before April 26, 2024, the date the financial statements were issued, that require consideration as adjustments to, or disclosures in, the financial statements.

47. Regarding required supplementary information:

    a. We confirm that we are responsible for the required supplementary information.

    b. The required supplementary information is measured and presented in accordance with GAAP.

    c. The method of measurement and presentation of the supplementary information have not changed from those used in the prior period.

    d. The significant assumptions underlying the measurement and presentation of the required supplementary information are described as part of the presentation of the required supplementary information.

48. Regarding supplementary information:

    a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with prescribed guidelines.

    b. We believe the supplementary information, including its form and content, is fairly presented in accordance with prescribed guidelines.

    c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

    d. We confirm that when the Schedule of Expenditures of Federal and State Awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the Schedule of Expenditures of Federal and State Awards no later than the date of issuance of the Schedule of Expenditures of Federal and State Awards and our audit report thereon.

49. With regard to the fair value measurements and disclosures of certain assets, liabilities, and specific components of equity, such as investments:

    a. The completeness and adequacy of the disclosures related to fair values are in accordance with GAAP.

    b. No events have occurred after September 30, 2023 but before April 26, 2024 the date the financial statements were issued that require adjustment to the fair value measurements and disclosures included in the financial statements.

50. The County has determined whether a capital asset has been impaired in accordance with GASB Codification Section 1400.181 – 1400.201, *Impairment of Capital Assets*. In making this determination, the County considered the following factors:

    a. The magnitude of the decline in service utility is significant.

    b. The decline in service utility is unexpected.

51. The County has properly identified and accounted for all pollution remediation activities in accordance with GASB Codification Section P40, *Pollution Remediation Obligations*. In performing this assessment, we considered whether one of the five obligating events had occurred and whether a recognition benchmark had been met. There are currently no other activities that meet the criteria in the standard for recognition of an expenditure.

52. We agree with the findings of management's expert in evaluating the net pension asset and OPEB obligation and have adequately considered the qualifications of management's expert in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to management's expert with respect to values or amounts derived in an attempt to bias his or her work, and we are not aware of any matters that have affected the independence or objectivity of management's expert.

53. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.

54. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

55. Provisions for uncollectible receivables have been properly identified and recorded.

56. We believe that all expenditures that have been deferred to future periods are recoverable.

57. The County has evaluated its leases and has properly classified, recognized, and reported all leases in accordance with the recognition, measurement, financial reporting, and disclosure requirements set forth in GASB Codification Section L20, *Leases*

58. We have properly recorded and disclosed subscription-based information technology arrangements, including the related right to use assets, subscription liabilities, and other related amounts, in accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

59. We have disclosed to you all new or changes to the existing pension and other postretirement benefit plans.

60. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, and, where applicable, deferred inflows, deferred outflows, net position and changes in net position in the financial statements in accordance with GASB Codification Section P20, *Pension Activities Reporting for Benefits Provided through Trusts That Meet Specified Criteria-Defined Benefit.*

61. We believe that the actuarial assumptions and methods used to measure postretirement liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, and, where applicable, net position and changes in net position in the financial statements in accordance with GASB Codification Section P52, *Postemployment Benefits Other than Pensions — Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria.*

62. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

63. We have no intention of terminating any of our pension or our other post-employment benefit plan or withdrawing from any multiemployer plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension or other postemployment plan or multiemployer plans to which we contribute.

64. Regarding tax abatement agreements, in accordance with GASB Codification Section 2300.107, Notes to the Financial Statements, we have disclosed to you all:

    a. Agreements that are entered into by the County; and

    b. Agreements that are entered into by other governments and that reduce the County's tax revenues.

65. The County has evaluated the effects of the COVID-19 Preparedness and Response Appropriations Act; Families First Coronavirus Response Act; Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"); Coronavirus Response and Relief Supplemental Appropriations Act; and the American Rescue Plan Act (collectively, the "COVID-19 Acts") and determined that the related financial

reporting considerations are accounted for and reported appropriately under the applicable financial accounting reporting framework.

DALLAS COUNTY
WENDWESSEN STEFANOS
Interim County Auditor

Darryl Martin

Darryl Martin, County Administrator

Wessen Stefanos

Wessen Stefanos, Interim County Auditor

Pauline Medrano

Pauline Medrano, County Treasurer

Dallas County
Summary of Uncorrected Misstatements
Year Ended September 30, 2023

APPENDIX A

Impact of Uncorrected Misstatements on Financial Statements

Governmental Activities (in 000's)	**As Reported 30-Sep-23**	**Fiscal Year 2023 Adjustments**		**If Adjusted 30-Sep-23**
Assets	$ 3,026,972	$ 1,844	<C>	$ 3,028,816
Deferred Outflows	222,478			222,478
Assets and Deferred Outflows	3,249,450	1,844		3,251,294
Liabilities	1,292,485	-		1,292,485
Deferred Inflows	966,160	-		966,160
Total Liabilities and Deferred Inflows	2,258,645	-		2,258,645
Net Position	$ 990,805	1,844		$ 992,649
Program Revenues and General Revenues and transfer	$ 1,320,464	-	<D>	$ 1,320,464
Expenses	(1,189,678)	14,292	<B>	(1,203,970)
Net change in net position	130,786	14,292		116,494
Beginning net position	860,019	16,136	<B>	876,155
Ending net position	$ 990,805	$ 1,844	<C>	$ 992,649

Adjustments

		Debit	**Credit**
MISSTATEMENTS IDENTIFIED IN THE CURRENT YEAR THAT RELATE TO PRIOR YEAR:			
<A>	Beginning Net Position	$ 5,377	
<A>	Amortization Expense		$ 5,377
	To correct 11 months of amortization of the ROU asset in the prior year		
<B>	OPEB Expense	19,669	
<B>	Beginning Net Position		19,669
	To correct the amortization period of deferred inflow/outflows		
CURRENT YEAR MISSTATMENTS			
<C>	Right of Use Asset - Subscription-Based IT Asset (SBITA)	1,844	
<C>	Beginning Net Position		1,844
	To properly reflect capitalization of SBITA implementation costs.		
<D>	Charges for Services	3,575	
<D>	Operating Grants and Contributions		3,575
	To properly classify the recognition of FEMA unavailable revenue		

Major Projects
Summary of Uncorrected Misstatements
Year Ended September 30, 2023

APPENDIX A

Impact of Uncorrected Misstatements on Financial Statements

General Fund (in 000's)	**As Reported 30-Sep-23**	**Fiscal Year 2023 Adjustments**	**If Adjusted 30-Sep-23**
Assets	$ 420,628	$ (846) <B>	$ 419,782
Deferred Outflows	-	-	-
Assets and Deferred Outflows	420,628	(846)	419,782
Liabilities	57,282		57,282
Deferred Inflows	111,751	(1,203) <A>, <B>	110,548
Total Liabilities and Deferred Inflows	169,033	(1,203)	167,830
Fund Balance	$ 251,595	357	$ 251,952
Operating and Other revenues	$ 122,433	-	$ 122,433
Operating and Other expenses	(101,926)	-	(101,926)
Other financing sources (uses)	(11,805)	-	(11,805)
Change in Fund Balance	8,702	-	8,702
Beginning Fund Balance	242,893	357 <A>	243,250
Ending Fund Balance	$ 251,595	$ 357	$ 251,952

Adjustments

		Debit	**Credit**
MISSTATEMENTS IDENTIFIED IN THE CURRENT YEAR THAT RELATE TO PRIOR YEAR:			
<A>	Deferred Inflows	357	
<A>	Beginning Fund Balance		357
	To adjust for the amortization of the lessor-related deferred inflows		
<B>	Deferred Inflows	846	
<B>	Lease Receviable		846
	To move the beginning balance of a lease receivable included in the improper fund		

Major Grants
Summary of Uncorrected Misstatements
Year Ended September 30, 2023

APPENDIX A

Impact of Uncorrected Misstatements on Financial Statements

General Fund (in 000's)	**As Reported 30-Sep-23**	**Fiscal Year 2023 Adjustments**	**If Adjusted 30-Sep-23**
Assets	$ 81,477		$ 81,477
Deferred Outflows	-		-
Assets and Deferred Outflows	81,477	-	81,477
Liabilities	70,434		70,434
Deferred Inflows	34,947	-	34,947
Total Liabilities and Deferred Inflows	105,381	-	105,381
Fund Balance	$ (23,904)	-	$ (23,904)
Operating and Other revenues	$ 141,940	-	$ 141,940
Operating and Other expenses	(148,160)	614 <A>	(147,546)
Other financing sources (uses)	7,243	(614)	6,629
Change in Fund Balance	1,023	-	1,023
Beginning Fund Balance	(24,927)	-	(24,927)
Ending Fund Balance	$ (23,904)	$ -	$ (23,904)

Adjustments

		Debit	**Credit**
CURRENT YEAR MISSTATEMENTS			
<A>	Other Financing Sources	614	
<A>	Capital Outlay		614
	To reclassify amounts for the beginning balances of SBITAs accounted for as current year additions.		

Other Non Major Governmental
Summary of Uncorrected Misstatements
Year Ended September 30, 2023

APPENDIX A

Impact of Uncorrected Misstatements on Financial Statements

General Fund (in 000's)	**As Reported** 30-Sep-23	**Fiscal Year 2023 Adjustments**	**If Adjusted** 30-Sep-23
Assets	$ 237,864		$ 237,864
Deferred Outflows	-		-
Assets and Deferred Outflows	237,864	-	237,864
Liabilities	16,229		16,229
Deferred Inflows	78,429	-	78,429
Total Liabilities and Deferred Inflows	94,658	-	94,658
Fund Balance	$ 143,206	-	$ 143,206
Operating and Other revenues	$ 189,603	-	$ 189,603
Operating and Other expenses	(192,657)	1,197 <A>	(191,460)
Other financing sources (uses)	11,731	(1,197)	10,534
Change in Fund Balance	8,677	-	8,677
Beginning Fund Balance	134,529	-	134,529
Ending Fund Balance	$ 143,206	$ -	$ 143,206

Adjustments

		Debit	Credit
CURRENT YEAR MISSTATEMENTS			
<A>	Other Financing Sources	1,197	
<A>	Capital Outlay		1,197
	To reclassify amounts for the beginning balances of SBITAs accounted for as current year additions.		

APPENDIX C

MATTERS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING

I. FINDING RELATED TO THE FINANCIAL STATEMENTS

Finding 2023-001: Material Weakness in Internal Control over Financial Reporting—Recognition of Unavailable Grant Revenue

Condition—Management failed to properly report a deferred inflow of unavailable grant revenue in the Major Grants fund ("Grants Fund"). Approximately $31.3 million was incorrectly reflected as available revenue in the Grants Fund in fiscal years 2021 and 2022 instead of unavailable revenue.

Criteria—Generally accepted accounting principles require that revenues in governmental funds are recorded when the amounts are measurable and available. Further, a deferred inflow of unavailable revenue should be recorded for revenue that is not available to satisfy current obligations as of fiscal year end.

Cause—Dallas County's accounting policy for Grant revenue includes the recognition of revenues, so long as such amounts are collectible within 120 days or soon enough afterward to be used to pay liabilities for the current period, and where grant eligibility requirements have been met. The County did not perform the proper reviews to determine the timing of the receipt of funds to make the determination if the revenue was available.

Effect—The 2023 beginning fund balance of the Major Grants Fund has been restated by $31.3 million as a result of an error in recognizing revenue that did not meet the availability criterion. The lack of a review over subsequent cash receipts to assess the availability of revenue can potentially lead to misstatements within the financial statements.

Recommendation—Management should enhance closing procedures to devise a control to review cash received subsequent to year-end related to outstanding accounts receivable to determine if a deferred inflow should be recorded for unavailable revenue.

Views of Responsible Officials—See Corrective Action Plan

DALLAS COUNTY
Timothy J. Hicks, CPA
COUNTY AUDITOR

DALLAS COUNTY

CORRECTIVE ACTION PLAN

Finding 2023-001: Material Weakness in Internal Control over Financial Reporting—Recognition of Unavailable Grant Revenue

In the future, the Financial Audit will provide a report of all cash received subsequent to year-end related to all grant funds. Financial audit will perform a full review of any revenue accrual entries provided by Grants Audit before posting to the general ledger.

Additionally, Grants Management will devise review control mechanisms and closing procedures for cash received after year-end relating to all accounts receivable.

Grants Audit will review the Revenue Report by Grant for all cash received subsequent to year end to determine if any of these should be recorded as unavailable revenue.

We anticipate this issue to be resolved by the end of the reporting cycle for FY2024.

Responsible parties: Kevin Camacho and Sujata Ramakrishnan.

MATTERS RELATED TO INTERNAL CONTROL OVER COMPLIANCE

Finding 2023-002: Equipment and Real Property Management—Significant Deficiency in Controls over Compliance and Noncompliance

ALN #20.205—Contract # 18-22XXIA001—Highway Planning and Construction

Criteria—A physical inventory of the property purchased with grant funds must be performed and the results reconciled with the property records at least once every two years.

Condition/Context—The grant program maintains 21 total pieces of equipment all of which are courtesy patrol vehicles used to carry out the purpose of the grant program. Grant management did not perform a complete physical inventory of all vehicles in service during the fiscal year; 13 of the 21 vehicles were improperly excluded from the Courtesy Patrol department on the Sheriff's Department's Annual Property Certification. Of the 13 vehicles, 9 were identified as improperly included in a separate department within the Certification and 4 were excluded entirely.

Cause—Management did not maintain a proper control to ensure all courtesy patrol vehicles are included in the Annual Property Certification for the Sheriff's Department or reported within the correct department.

Effect—Failure to perform a proper inventory control could lead to inaccurate and incomplete property records or a misappropriation of assets. Failure to properly track and report inventory could result in a loss of funding.

Questioned Cost—None.

Recommendations—Management should perform a complete inventory of all equipment maintained by the grant program.

View of Responsible Officials—See Corrective Action Plan.

New/Repeat Finding - New Finding

Finding 2023-003: Reporting—Significant Deficiency in Controls over Compliance and Noncompliance

ALN #93.686—Contract #UT8HA33930—HIV Emergency Relief Project Grants RW Supplement

ALN #93.137—Contract #CPIMP211284-01-0—COVID-19 Minority Health Community Programs

Criteria—Under the requirements of the Federal Funding Accountability and Transparency Act, direct recipients of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Condition/Context—A total of $1,117,769 of costs was passed through to selected sub recipients during the year and the subawards were not reported in the FSRS.

HIV Emergency Relief Project Grants RW Supplement				
Transactions Tested	**Subaward Not Reported**	**Report Not Timely**	**Subaward Amount Incorrect**	**Subaward Missing Key Elements**
There was a total of five subrecipients selected that had awards/expenditures greater than $30,000 that were not reported in the FSRS.				
HIV Emergency Relief Project Grants RW Supplement				
Dollar Amount of Tested	**Subaward Not Reported**	**Report Not Timely**	**Subaward Amount Incorrect**	**Subaward Missing Key Elements**
$1,030,818	$1,212,555	$1,212,555	$1,212,555	$1,212,555

COVID-19 Minority Health Community Programs				
Transactions Tested	**Subaward not Reported**	**Report Not Timely**	**Subaward Amount Incorrect**	**Subaward Missing Key Elements**
There was two subrecipients that had awards/expenditures greater than $30,000 that were not reported in the FSRS.				
Dollar Amount of Tested Transactions	**Subaward Not Reported**	**Report Not Timely**	**Subaward Amount Incorrect**	**Subaward Missing Key Elements**
$86,951	$99,300	$99,300	$99,300	$99,300

Cause—Grant Management was not aware of the subaward reporting requirement.

Effect—Failure to report subaward data could potentially constitute an event of noncompliance with the award contract, which may result in the early termination of the grant award, non-reimbursement of grant funding, or cessation of future funding.

Questioned Cost—None.

New/Repeat Finding—This finding is repeat from prior year's finding #2022-004 ALN #14.218—Community Development Block/Entitlement Grants.

Recommendations—Management should ensure that they have a mechanism for reporting subaward data completely and accurately in the FSRS on a timely basis.

View of Responsible Officials—See Corrective Action Plan.

DALLAS COUNTY
TIMOTHY J HICKS, CPA
COUNTY AUDITOR

DATE: June 27, 2024

FROM: Dallas County Auditors' Office

SUBJECT: Corrective Action Plan for Finding 2023-002: Equipment and Real Property Management – Significant Deficiency in Controls over Compliance and Noncompliance

Responsible Party – Vonda Owens & Felicia Jones-Harrell, Assistant Managers of Internal Audit

Corrective Action Plan

Dallas County Auditors' Office reviewed the finding, upon review by Internal, Financial & Grants Audit staff, it was ascertained that 4 of the 21 vehicles were excluded/missing from the Annual Property Certification. We were able to trace 9 of the 13 vehicles that were stated in the finding to a different location/department within the annual property certification.

Internal, Financial and Grants audit sections of the auditor's department will develop a procedure to ensure that all the assets are included in the inventory list prior to sending the list to the respective departments for annual certification. This will be implemented by 09/30/2024.

500 Elm Street
Suite 4200
Dallas, TX 75202

Phone: 214-653-6472
Fax: 214-653-6440
county.auditor@dallascounty.org

DCHHS
Dallas County Health and Human Services
Healthy People Healthy Communities
Health and Social Equity

Financial Administation

PHILIP HUANG, MD, MPH
Director/Health Authority

DATE: June 26, 2024

FROM: Dallas County Health and Human Services

SUBJECT: Corrective Action Plan for Controls over Compliance and Noncompliance Finding 2023-003 - HIV Emergency Relief Project RW Supplement and COVID-19 Minority Health Community Programs

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Responsible Party – Ganesh Shivaramaiyer, Deputy Director of Finance and Operations

DCHHS has initiated the process of reporting sub-awardees in the FSRS system. The reporting for sub-awardees for FY 2023 is expected to be finalized by August 2024. Additionally, DCHHS has implemented a mechanism to collect FSRS data from sub-awardees and submit this information into the FSRS system.

APPENDIX E

I. DEFINITION OF DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

II. DEFINITION OF DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.