

CARSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED
SEPTEMBER 30, 2021

CARSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2021

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PART I

INTRODUCTORY SECTION

CARSON COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2021

Dan Looten	County Judge
Mike Britten	Commissioner, Precinct #1
James Martin	Commissioner, Precinct #2
Mike Jennings	Commissioner, Precinct #3
Kevin Howell	Commissioner, Precinct #4
Stuart Messer	Judge, 100 th Judicial District
Luke M. Inman	District Attorney
Celeste Bichsel	District/County Clerk
Scott Sherwood	County Attorney
Jackie Moore	County Tax Assessor/Collector
Denise Salzbrenner	County Treasurer
Tam Terry	County Sheriff
Kathleen Barkley	Justice of the Peace, Precinct #1
Jean Hardman	Justice of the Peace, Precinct #2
Jackie West	County Auditor

PART II
FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carson County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Carson County, Texas's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carson County, Texas, as of September 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, the schedule of changes in pension liability and related ratios, and the schedule of employer contributions on pages 34 – 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The independent auditors' opinion is not affected by the omission of the MD&A.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carson County, Texas's basic financial statements. The introductory section, combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2022, on our consideration of Carson County, Texas'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 Carson County, Texas'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 Carson County, Texas's internal control over financial reporting and compliance.

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

DOSHIER, PICKENS & FRANCIS, LLC
Amarillo, Texas
March 25, 2022

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BASIC FINANCIAL STATEMENTS

**CARSON COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,234,446
Investments	7,365,000
Accounts receivable, net	732,257
Delinquent taxes receivable, net	58,765
Due from other governmental entities	104,499
Prepaid items	100,655
Capital assets, net of accumulated depreciation	10,560,265
Total assets	23,155,887
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	263,862
Pension assumption changes	477,202
Total deferred outflows of resources	741,064
LIABILITIES	
Accounts payable	209,928
Due to other governmental entities	621,976
Deferred revenues	28,000
Accrued interest	15,577
Noncurrent liabilities:	
Due within one year	325,356
Due in more than one year	2,286,131
Net pension liability	212,752
Total liabilities	3,699,720
DEFERRED INFLOWS OF RESOURCES	
Pension economic/demographic gains	113,357
Pension excess earnings	470,011
Total deferred inflows of resources	583,368
NET POSITION	
Net investment in capital assets	8,018,248
Restricted:	
By enabling legislation	597,655
Special projects	249
Debt service	85,201
Unrestricted	10,912,510
Total net position	\$ 19,613,863

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

CARSON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Primary</u>
					<u>Governmental</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary government					
Governmental Activities:					
Administrative	\$ 1,295,197	\$ 153,096	\$ 205,281	\$ -	\$ (936,820)
Judicial	575,197	646,193	28,000	-	98,996
Public facilities	686,134	-	1,850	-	(684,284)
Public safety	2,456,461	58,102	552,560	-	(1,845,799)
Road and bridge	1,774,526	612,050	21,420	-	(1,141,056)
Public service	240,879	19,898	18,759	-	(202,222)
Interest on long-term debt	103,307	-	-	-	(103,307)
Total	\$ 7,131,701	\$ 1,489,339	\$ 827,870	\$ -	(4,814,492)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					2,990,720
Property taxes, levied for road and bridge					584,729
Property taxes, levied for lateral road					356,888
Property taxes, levied for debt service					273,574
Miscellaneous taxes					94,728
Payments in lieu of taxes					1,119,725
Investment earnings					53,623
Miscellaneous					155,215
Gain on disposal of asset					69,271
Total general revenues					5,698,473
Change in net position					883,981
Net position - beginning					18,729,882
Net position - ending					\$ 19,613,863

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

**CARSON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>American Rescue Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,520,069	\$ 1,587,227	\$ 575,777
Investments	5,880,000	1,345,000	-
Accounts receivable, net	732,137	-	-
Delinquent taxes receivable, net	40,579	12,674	-
Due from other governments	104,499	-	-
Prepaid items	100,655	-	-
	<u>8,377,939</u>	<u>2,944,901</u>	<u>575,777</u>
Total assets	<u>\$ 8,377,939</u>	<u>\$ 2,944,901</u>	<u>\$ 575,777</u>
LIABILITIES			
Accounts payable	\$ 155,925	\$ 44,399	\$ -
Due to other governmental entities	46,448	-	575,528
Deferred revenue	28,000	-	-
	<u>230,373</u>	<u>44,399</u>	<u>575,528</u>
Total liabilities	<u>230,373</u>	<u>44,399</u>	<u>575,528</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - delinquent property taxes	31,219	9,742	-
Unavailable revenue - accounts receivable	550,689	-	-
	<u>581,908</u>	<u>9,742</u>	<u>-</u>
Total deferred inflows of resources	<u>581,908</u>	<u>9,742</u>	<u>-</u>
FUND BALANCES			
Non-spendable:			
Prepaid items	100,655	-	-
Restricted:			
By enabling legislation	-	-	-
Debt service	-	-	-
Special projects	-	-	249
Committed for:			
Special projects	-	2,890,760	-
Unassigned	7,465,003	-	-
	<u>7,565,658</u>	<u>2,890,760</u>	<u>249</u>
Total fund balances	<u>7,565,658</u>	<u>2,890,760</u>	<u>249</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,377,939</u>	<u>\$ 2,944,901</u>	<u>\$ 575,777</u>

<u>Non-Major Governmental</u>	<u>Total Governmental</u>
\$ 551,373	\$ 4,234,446
140,000	7,365,000
120	732,257
5,512	58,765
-	104,499
-	100,655
<hr/>	<hr/>
\$ 697,005	\$ 12,595,622
<hr/>	<hr/>
\$ 9,604	\$ 209,928
-	621,976
-	28,000
<hr/>	<hr/>
9,604	859,904
<hr/>	<hr/>
4,545	45,506
-	550,689
<hr/>	<hr/>
4,545	596,195
<hr/>	<hr/>
-	100,655
597,655	597,655
85,201	85,201
-	249
-	2,890,760
-	7,465,003
<hr/>	<hr/>
682,856	11,139,523
<hr/>	<hr/>
\$ 697,005	\$ 12,595,622
<hr/>	<hr/>

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

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CARSON COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds	\$	11,139,523
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		10,560,265
Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements.		596,195
Pension contributions paid after the measurement date, December 31, 2020, and before September 30, 2021 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.		263,862
Pension losses, deficient earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements.		
Pension assumption changes		477,202
Pension gains, and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.		
Pension economic/demographic gains		(113,357)
Pension excess earnings		(470,011)
The net pension liability is not due and payable in the current period and therefore, is not reported in the fund financial statement, but is reported in the governmental activities of the Statement of Net Position.		(212,752)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:		
Accrued interest payable		(15,577)
Bonds and leases payable		(2,542,017)
Accrued compensated absences		(69,470)
		(2,627,064)
Net position - governmental activities	\$	19,613,863

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

CARSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>American Rescue Funds</u>
REVENUES			
Property taxes	\$ 2,979,631	\$ 937,898	\$ -
Payments in lieu of taxes	1,119,725	-	-
Miscellaneous taxes	88,870	4,541	-
Licenses and fees	269,894	400,669	-
Fines and forfeitures	493,696	211,381	-
Intergovernmental	804,600	21,420	-
Sales	-	-	-
Investment earnings	42,086	10,507	249
Miscellaneous	93,255	60,553	-
	<u>5,891,757</u>	<u>1,646,969</u>	<u>249</u>
Total revenues			
EXPENDITURES			
Current:			
Administrative	1,242,387	-	-
Judicial	572,605	-	-
Public facilities	684,216	-	-
Public safety	2,169,178	-	-
Road and bridge	-	1,436,411	-
Public service	236,628	-	-
Debt service:			
Principal	-	107,030	-
Interest	-	4,690	-
Capital outlay	179,742	280,054	-
	<u>5,084,756</u>	<u>1,828,185</u>	<u>-</u>
Total expenditures			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>807,001</u>	<u>(181,216)</u>	<u>249</u>
OTHER FINANCING SOURCES (USES)			
Issuance of notes payable	-	271,054	-
Proceeds from disposition of assets	35,819	-	-
Transfers in	1,000,000	-	-
Transfers out	(1,100,000)	-	-
	<u>(64,181)</u>	<u>271,054</u>	<u>-</u>
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCES	742,820	89,838	249
FUND BALANCES - BEGINNING	<u>6,822,838</u>	<u>2,800,922</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 7,565,658</u>	<u>\$ 2,890,760</u>	<u>\$ 249</u>

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 272,861	\$ 4,190,390
-	1,119,725
1,317	94,728
57,486	728,049
-	705,077
-	826,020
20,583	20,583
781	53,623
3,257	157,065
<u>356,285</u>	<u>7,895,260</u>
20,778	1,263,165
18,888	591,493
-	684,216
68,000	2,237,178
-	1,436,411
-	236,628
205,000	312,030
96,046	100,736
38,526	498,322
<u>447,238</u>	<u>7,360,179</u>
<u>(90,953)</u>	<u>535,081</u>
-	271,054
-	35,819
1,100,000	2,100,000
<u>(1,000,000)</u>	<u>(2,100,000)</u>
<u>100,000</u>	<u>306,873</u>
9,047	841,954
<u>673,809</u>	<u>10,297,569</u>
<u>\$ 682,856</u>	<u>\$ 11,139,523</u>

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

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**CARSON COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Amounts reported for Governmental Activities in the Statement of Activities are different

Net change in fund balances - total governmental funds:	\$	841,954
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> <p>This is the amount by which capital outlays, \$498,322, was exceeded by depreciation, \$713,643, in the current period.</p>		
		(215,321)
<p>In the Statement of Activities, only the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only proceeds from a sale are reported. Thus, the change in net position differed from the change in fund balance by the net book value of all capital assets disposed of.</p>		
		(32,048)
<p>The Statement of Activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. Thus, the change in net position differed from the change in fund balance by the value given for the traded assets.</p>		
		65,500
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenues.</p>		
		51,151
<p>In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p>		
Debt issued or incurred		(271,054)
Principal repayments		312,030
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Accrued interest on debt, net change		(2,574)
Compensated absences, net change		6,124
Deferred outflows of resources - pension plan, net change		462,674
Deferred inflows of resources - pension plan, net change		(201,911)
Net pension liability, net change		(132,544)
		(132,544)
Change in net position - governmental activities	\$	883,981

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

CARSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2021

ASSETS		
Cash and cash equivalents		\$ 406,195
		<hr/>
Total assets		\$ 406,195
		<hr/> <hr/>
LIABILITIES		
Accounts payable		\$ 34,900
Due to other governments		82,489
Deposits		288,806
		<hr/>
Total liabilities		\$ 406,195
		<hr/> <hr/>

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

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The County, incorporated in 1889, is a public corporation and political subdivision of the State of Texas. The County is governed by the Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

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

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

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-Wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenue.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-Wide Statements – Continuation

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

Fund-Level Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Grant and entitlement revenues are also susceptible to accrual. These funds are accounted for on a spending “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Any fiduciary funds, including agency funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus.

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The County reports the following major governmental funds:

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

Road and Bridge Fund – The *Road and Bridge Fund* is a special revenue fund used to account for the revenues derived from property taxes and license fees levied for purposes of road and bridge expenditures.

American Rescue Funds Fund – The *American Rescue Funds Fund* is a special revenue fund used to account for grants received through various federal agencies passed through the State of Texas. The pass-thru grants were used to reimburse the County for incurred costs as well as purchase qualified equipment related to the COVID-19 pandemic.

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation

Fund-Level Statements – Continuation

Additionally, the County reports the following fund types:

Special Revenue Funds – The *Special Revenue Funds* account for the proceeds of specific revenue sources (other than fiduciary funds) that are legally restricted to expenditures for specified purposes.

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

1. Deposits and Investments

The County’s cash and cash equivalents are considered to be cash on hand, demand deposits, deposits within public fund investment pools and short-term investments with original maturities of three months or less from the date of acquisition. Statutes authorize the County to keep funds in demand deposits, time deposits, or securities of the United States. The County’s custodial banks are required to pledge for the purpose of securing County funds, securities of the following kind, in an amount equal to the amount of such County funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes.

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

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

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenues in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$8,583,301.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

3. Property Tax Calendar and Revenues

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year unless the half payment option is elected in which one-half the tax is due November 30, and the balance the following June 30. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years’ levies are shown net of an allowance for uncollectible accounts of \$76,981.

4. Restricted Assets/Funds

The following accounts reflect restricted status by third-party or statutory obligations for specific purposes:

- Other Non-Major Governmental fund balances (amounts restricted for other specific purposes such as maintenance of the County’s law library, management of public records, personnel and security for the courthouse, enhancement of local law enforcement operations with seized property, technology requirements for the justice courts, enhancement of the county attorney operations with fees from processing dishonored and forged checks, defraying the costs of collecting the vehicle inventory tax within the County, and maintenance of the commissary in the Sheriff’s Department. All restrictions are enacted according to Texas statutes.)

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of non-spendable fund balance which indicates they do not represent “available spendable resources”.

6. Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government-wide financial statements. The County has opted to retroactively report infrastructure assets (assets acquired prior to October 1, 2003). According to the County’s capitalization policy, capital assets, such as equipment, are defined as individual assets (or systems of assets) having a cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated lives:

Buildings and improvements	20-50 years
Infrastructure	75 years
Equipment	5-10 years

7. Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Regular full-time employees are entitled to vacation based on years of service. For 0 to 4 years the accrual is up to 10 workdays per year, for 5 to 10 years the accrual is up to 12 workdays per year, and for over 10 years of service the accrual is 15 workdays per year. However, not more than what could be accrued in 12 months can be held at any given point. All accumulated time, within the limit, is paid upon termination as long as the employee has passed the 6-month eligibility period.

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

7. Compensated Absences – Continuation

Comp time is accrued 1.5 times the regular hourly rate for each hour worked over 40 hours in a work week. The maximum accrual allowed before being paid is 240 hours for regular employees and 480 hours for law enforcement employees. Accrued vacation leave and comp time are accrued in the government-wide financial statements.

8. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow or resources (expense/expenditure) until then. The government has multiple items that qualify for reporting in this category. They are the contributions and other items related to the County's pension plan reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are related to the County's pension plan and are reported in the government-wide statement of net position.

10. Pensions

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

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

11. Fund Balances

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

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

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

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

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

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

12. Net Position

In the government-wide financial statements, equity is classified as net assets and displayed in three categories.

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

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

Unrestricted Net Position – This amount includes all net position amounts that do not meet the definition of “net investment in capital assets” or “restricted net position.”

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

13. Fund Balance Policies

When the County incurs expenditures for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first, then unrestricted funds. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Committed fund balance amounts may be used for other purposes with appropriate action by the Commissioners' Court to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

The County's highest level of decision-making authority is the Commissioners' Court. The Court has not yet delegated the authority to assign fund balance amounts to a specific individual nor does it have a policy to authorize the assignment of fund balances outside the Court.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

1. Prior to September 1, the proposed budget is submitted to the Commissioners' Court.
2. The Commissioners' Court provides for a public hearing on the County budget subsequent to August 15, and prior to the levy of taxes by the Commissioners' Court.
3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund and the Road and Bridge Special Revenue Fund.
4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioners' Court. The Court has the authority to make such changes in the budget, in its judgment of facts, the law warrant, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the County do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for both the General Fund and the Road and Bridge Special Revenue Fund.
5. Budgets for the General and Road and Bridge Special Revenue Funds are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis.

Continued

**CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information – Continuation

6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund and the Road and Bridge Special Revenue Fund.
7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

B. Excess of Expenditures Over Appropriations

In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures,” violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
Expenditures exceeded the budget in various departments of the General Fund.	A combination of underspending in other departments, as well as proceeds from capital related debt have covered such overspendings.

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County’s cash and deposit balances as of September 30, 2021:

Cash and deposit balances consist of:

Petty cash funds	\$ 650
Bank deposits	1,955,975
Temporary investments - TexPool	627,510
Temporary investments - Texas CLASS	2,056,506
	4,640,641
Total	\$ 4,640,641

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

Government-wide Statement of Net Position:	
Unrestricted	\$ 4,234,446
Fiduciary Funds Statement of Net Position	406,195
	4,640,641
Total	\$ 4,640,641

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation

As of September 30, 2021, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Governmental activities		
Certificates of deposit (interest rates at .26 - .90%)	\$ 7,365,000	
Total fair value	<u>\$ 7,365,000</u>	
Portfolio weighted average maturity		<u>336</u>

Custodial credit risk: As of September 30, 2021, the carrying amount of the County's deposits with financial institutions was \$9,320,975 and the bank's balance was \$9,436,342. Of the bank balance, \$4,163,279 was insured through the Federal Depository Insurance Corporation (FDIC) and \$5,273,063, was collateralized with securities held by the pledging institution's agent in the County's name.

As of September 30, 2021, the County had \$627,510 and \$2,056,506 invested with the Texas Treasury Safekeeping Trust Company (TexPool) and the Texas Cooperative Liquid Assets Securities System (Texas CLASS), respectively. The Inter-local Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as TexPool through which political subdivisions and other entities may invest public funds.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants of in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

Texas CLASS is a local government pool emphasizing safety, liquidity, convenience, and competitive yields. Since 1966, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. The pool is governed by a board of trustees, elected annually by its participants.

Both investment pools use amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool and Texas CLASS do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. Both pools have a credit rating of AAAM from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principle. TexPool and Texas CLASS each invest in a quality portfolio of debt securities investments that are legally permissible for local governments in the state.

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

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

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single insurer. As of September 30, 2021, 22% of the County’s carrying value of cash and investments was invested in pooled investment accounts. All other cash and investments were deposited with the County’s depository bank and were adequately secured as described above.

NOTE 4 – CAPITAL ASSETS

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classification by function. As stated earlier, the County has opted to report its infrastructure retroactively.

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 42,419	\$ -	\$ -	\$ 42,419
Construction in progress	57,397	54,530	(111,927)	-
	<u>99,816</u>	<u>54,530</u>	<u>(111,927)</u>	<u>42,419</u>
Total capital assets, not being depreciated	<u>99,816</u>	<u>54,530</u>	<u>(111,927)</u>	<u>42,419</u>
Capital assets, being depreciated:				
Buildings and improvements	9,984,037	-	111,927	10,095,964
Infrastructure	1,658,537	-	-	1,658,537
Equipment	6,980,304	509,292	(278,964)	7,210,632
	<u>18,622,878</u>	<u>509,292</u>	<u>(167,037)</u>	<u>18,965,133</u>
Total capital assets, being depreciated	<u>18,622,878</u>	<u>509,292</u>	<u>(167,037)</u>	<u>18,965,133</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,538,830)	(198,767)	-	(2,737,597)
Infrastructure	(876,360)	(22,114)	-	(898,474)
Equipment	(4,565,370)	(492,762)	246,916	(4,811,216)
	<u>(7,980,560)</u>	<u>(713,643)</u>	<u>246,916</u>	<u>(8,447,287)</u>
Total accumulated depreciation	<u>(7,980,560)</u>	<u>(713,643)</u>	<u>246,916</u>	<u>(8,447,287)</u>
Total capital assets, being depreciated, net	<u>11,326,935</u>	<u>(204,351)</u>	<u>79,879</u>	<u>10,517,846</u>
Governmental activities capital assets, net	<u>\$ 11,426,751</u>	<u>\$ (149,821)</u>	<u>\$ (32,048)</u>	<u>\$ 10,560,265</u>

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 4 – CAPITAL ASSETS – Continuation

Depreciation expense for the year ended September 30, 2021 was charged to the functions/programs of the primary government as follows:

Governmental activities	
Administrative	\$ 58,708
Judicial	269
Public facilities	13,296
Public safety	270,336
Road and bridge	365,699
Extension	5,335
Total Depreciation Expense	\$ 713,643

NOTE 5 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is \$.80 on each \$100 of assessed valuation. The tax rate on the 2020 tax roll was \$.42556 per \$100 for operations and \$.03870 per \$100 for debt service, which means that the County has a total tax margin of \$.33574 per \$100 and could raise up to \$2,577,959 additional revenue from the 2020 assessed valuation of \$767,843,850 before the limit is reached.

The State of Texas Constitutional tax rate limit for the maintenance of farm-to-market roads is \$.30 on each \$100 of assessed valuation. The tax rate on the 2020 tax roll was \$.083122 per \$100, which means that the County has a tax margin of \$.216878 per \$100 and could raise up to \$1,654,495 additional revenue from the 2020 assessed valuation of \$762,869,130 before the limit is reached.

The State of Texas Constitutional tax rate limit for lateral roads is \$.15 on each \$100 of assessed valuation. The tax rate on the 2020 tax roll was \$.051193 per \$100, which means that the County has a tax margin of \$.098807 per \$100 and could raise up to \$753,768 additional revenue from the 2020 assessed valuation of \$762,869,130 before the limit is reached.

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

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – RETIREMENT PLAN

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

Benefits Provided: The plan provisions are adopted by the governing body of the County (employer), within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

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

Employees Covered by Benefit Terms: At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	53
Active employees	71

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

The County contributed using the actuarially determined rate of 11.81% for the months of the accounting year in 2020 and 11.91% for the months of the accounting year in 2021. The contribution rate payable by the employee members is 7.0% for fiscal year 2021 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – RETIREMENT PLAN – Continuation

Actuarial Assumptions: The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

The actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

TCDRS system-wide economic assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

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 1.6% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	2.50%

The payroll growth assumption is for the aggregate covered payroll of an employer.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

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

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – RETIREMENT PLAN – Continuation

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

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

(1) Target asset allocation adopted at the March 2021 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 capital market assumptions.

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

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

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

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

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – RETIREMENT PLAN – Continuation

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

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

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

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

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

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

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

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – RETIREMENT PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2018	\$ 13,093,884	\$ 13,013,676	\$ 80,208
Changes for the year:			
Service cost	347,067	-	347,067
Interest on total pension liability (1)	1,063,766	-	1,063,766
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(126,673)	-	(126,673)
Effect of assumptions changes or inputs	715,803	-	715,803
Refund of contributions	(17,174)	(17,174)	-
Benefit payments	(611,131)	(611,131)	-
Administrative expenses	-	(10,429)	10,429
Member contributions	-	199,120	(199,120)
Net investment income	-	1,344,210	(1,344,210)
Employer contributions	-	335,986	(335,986)
Other (3)	-	(1,468)	1,468
Balances as of December 31, 2019	<u>\$ 14,465,542</u>	<u>\$ 14,252,790</u>	<u>\$ 212,752</u>

(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 valued.

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

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 16,087,164	\$ 14,465,542	\$ 13,077,725
Fiduciary net position	<u>14,252,790</u>	<u>14,252,790</u>	<u>14,252,790</u>
Net pension liability / (asset)	<u>\$ 1,834,374</u>	<u>\$ 212,752</u>	<u>\$ (1,175,065)</u>

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – RETIREMENT PLAN – Continuation

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

Pension Expense / (Income):

	January 1, 2020 to December 31, 2020
Service cost	\$ 347,067
Interest on total pension liability (1)	1,063,766
Effect of plan changes	-
Administrative expenses	10,429
Member contributions	(199,120)
Expected investment return net of investment expenses	(1,049,934)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(84,311)
Recognition of assumption changes or inputs	263,154
Recognition of investment gains or losses	(134,726)
Other (2)	1,468
Pension expense / (income)	\$ 217,793

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

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

Deferred Inflows / Outflows of Resources: As of September 30, 2021, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 113,357	\$ -
Changes of assumptions	-	477,202
Net difference between projected and actual earnings	470,011	-
Contributions made subsequent to measurement date	N/A	263,862

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – RETIREMENT PLAN – Continuation

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

Year ended December 31:	
2021	\$ 19,687
2022	178,723
2023	(245,721)
2024	(58,855)
2025	-
Thereafter	-

NOTE 7 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN

Plan Description

Carson County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County and District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to eligible employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Carson County's contributions to the GTLF for the years ended September 30, 2021, 2020, and 2019, were \$10,352, \$9,798, and \$8,905, respectively, which equaled the contractually required contributions each year.

NOTE 8 – CONCENTRATION OF TAXPAYERS

As of September 30, 2021, the following taxpayers accounted for a significant portion of the County's total tax levy.

Taxpayer	Industry	Tax Amount	Percent of Total Levy
Taxpayer A	Railroad	\$ 369,675	8.05 %
Taxpayer B	Utilities	355,117	7.74

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 9 – TAX ABATEMENTS

During the year ended September 30, 2010, Carson County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Carson County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a minimum nameplate capacity of 70 megawatts and an initial estimated market value of \$50,000,000. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due.

During the year ended September 30, 2013, Carson County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Carson County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a minimum capacity of 160 megawatts and an anticipated capacity of 486 megawatts of overall Turbine Nameplate Capacity. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due, less any payments made at any time to the County. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,500 per megawatt of turbine nameplate capacity during the abatement period. This resulted in payments in lieu of taxes for the current year of \$500,000.

During the year ended September 30, 2013, Carson County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Carson County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with an anticipated capacity of 50 megawatts of overall Turbine Nameplate Capacity. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due, less any payments made at any time to the County. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,500 per megawatt of turbine nameplate capacity during the abatement period. This resulted in payments in lieu of taxes for the current year of \$123,000.

During the year ended September 30, 2013, Carson County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Carson County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with an anticipated capacity of 200 megawatts of overall Turbine Nameplate Capacity. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due, less any payments made at any time to the County. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,500 per megawatt of turbine nameplate capacity during the abatement period. This resulted in payments in lieu of taxes for the current year of \$316,830.

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 9 – TAX ABATEMENTS – Continued

During the year ended September 30, 2014, Carson County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Carson County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with minimum nameplate capacity of 100 megawatts and an anticipated capacity of 200 megawatts of overall Turbine Nameplate Capacity. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due, less any payments made at any time to the County. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,500 per megawatt of turbine nameplate capacity during the abatement period. This resulted in payments in lieu of taxes for the current year of \$179,895.

For the fiscal year ended September 30, 2021, Carson County abated property taxes totaling \$3,954,002 under this program, including the following tax abatement agreements:

- An 87 percent tax abatement to High Majestic Wind Energy II, LLC, and the abatement amounted to \$150,362.
- A 100 percent tax abatement to Pattern Panhandle Wind, LLC, and the abatement amounted to \$1,861,050.
- A 100 percent tax abatement to Route 66 Wind Power, LLC, and the abatement amounted to \$333,106.
- A 100 percent tax abatement to Grandview Wind Farm, LLC, and the abatement amounted to \$1,009,259.
- A 100 percent tax abatement to Grandview Wind Farm III, LLC, and the abatement amounted to \$600,225.

NOTE 10 – LONG-TERM LIABILITIES

In 2010, The County issued \$7,495,000 of General Obligation Bonds, Series 2010, for the purpose of constructing and equipping the Carson County Law Enforcement Center. Principal payments on the bonds are made annually, each February 15, and interest payments are made semi-annually, each February 15 and August 15. Interest rates range from 2.0% - 4.2%.

General Obligation Bonds are supported by a pledge of the County's full faith and credit. The related bond ordinance requires a levy and collection of ad valorem taxes on taxable property located within the County. Tax levy and collections began in 2011.

Advance Refunding

During the year ended September 30, 2020, the County paid \$1,995,000 to advance refund a portion of outstanding General Obligation Bonds, Series 2010 which had interest rates ranging from 4.0% to 4.2%. The County advanced refunded the General Obligation Bonds, Series 2010 to reduce its total debt service payments over ten years by \$426,137.

The refunding payment was deposited in an irrevocable trust with an escrow agent. As a result, \$1,995,000 of the General Obligation Bonds, Series 2010 are deemed to be paid in full and considered defeased. The liability for those bonds has been removed from the statement of net position.

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 10 – LONG-TERM LIABILITIES – Continuation

In November 2020, the County signed a note payable in the amount of \$271,054 for a CAT motor grader. The note is due in annual installments from February 2021 through February 2025. The interest rate is 3.11% and the debt is collateralized by the equipment. The balance of the note as of September 30, 2021 is \$214,797.

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 75,594	\$ 79,105	\$ (85,229)	\$ 69,470	\$ 6,900
Note payable	-	271,054	(56,257)	214,797	51,236
Capital leases	102,993	-	(50,773)	52,220	52,220
Bonds payable:					
General Obligation Bonds, Series 2010	2,480,000	-	(205,000)	2,275,000	215,000
Governmental activity long-term liabilities	<u>\$ 2,658,587</u>	<u>\$ 350,159</u>	<u>\$ (397,259)</u>	<u>\$ 2,611,487</u>	<u>\$ 325,356</u>

The annual debt service requirement on long-term liabilities outstanding as of September 30, 2021 is as follows:

Fiscal Year	Total	General Obligation Bonds Series 2010		Capital Lease		Note Payable	
		Interest	Principal	Interest	Principal	Interest	Principal
2022	\$ 356,354	\$ 87,646	\$ 215,000	\$ 1,488	\$ 52,220	\$ 6,776	\$ 51,236
2023	303,846	78,846	225,000	-	-	5,160	52,852
2024	304,646	69,646	235,000	-	-	3,493	54,520
2025	300,146	60,146	240,000	-	-	1,823	56,189
2026	300,346	50,346	250,000	-	-	-	-
2027-2030	1,204,155	94,155	1,110,000	-	-	-	-
	<u>\$ 2,769,493</u>	<u>\$ 440,785</u>	<u>\$ 2,275,000</u>	<u>\$ 1,488</u>	<u>\$ 52,220</u>	<u>\$ 17,252</u>	<u>\$ 214,797</u>

The County paid interest expenses in the amount of \$100,737 during the fiscal year ended September 30, 2021.

**CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 11 – LEASES

Capital Leases

The County has entered into various capital leases for equipment. The future minimum lease payments under capital leases and the net present value of the future minimum lease payments are as follows:

For Year Ended:		
2022	\$	53,708
.		
Total Future Lease Payments		53,708
Less amount representing interest		(1,488)
Present value of future minimum lease payments	\$	52,220
Interest rates		2.85%
Equipment	\$	329,212
Less accumulated amortization		(134,428)
Net value	\$	194,784

Amortization of equipment under capital leases is included with depreciation expense.

Operating Leases

The County leases various pieces of equipment under non-cancelable operating leases. Total costs for such leases were \$71,755 for the year ended September 30, 2021. The future minimum lease payments for these are as follows:

For Year Ended:		
2022	\$	36,793
2023		17,268
2024		11,385
2025		847
2026		847
.		
Total Future Lease Payments	\$	67,140

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 12 – RISK MANAGEMENT

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

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CARSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 3,215,906	\$ 3,215,906	\$ 2,979,631	\$ (236,275)
Payments in lieu of taxes	1,119,725	1,119,725	1,119,725	-
Sales and miscellaneous taxes	80,130	80,130	88,870	8,740
Licenses and fees	321,323	321,323	269,894	(51,429)
Fines and forfeitures	308,145	308,145	493,696	185,551
Intergovernmental	496,067	496,067	804,600	308,533
Interest earnings	100,000	100,000	42,086	(57,914)
Miscellaneous	68,616	68,616	93,255	24,639
	<u>5,709,912</u>	<u>5,709,912</u>	<u>5,891,757</u>	<u>181,845</u>
EXPENDITURES				
Current:				
Administrative:				
Commissioners' Court	271,137	271,137	237,232	33,905
Historical Commission	4,115	4,115	261	3,854
County Auditor	145,508	145,508	141,690	3,818
Elections	41,909	41,909	15,577	26,332
County Judge	162,229	162,229	158,830	3,399
County and District Clerk	297,743	297,743	264,775	32,968
County Tax Assessor/Collector	299,497	299,497	296,831	2,666
County Treasurer	131,379	131,379	127,191	4,188
	<u>1,353,517</u>	<u>1,353,517</u>	<u>1,242,387</u>	<u>111,130</u>
Judicial:				
Justice of the Peace - 1	123,016	123,016	119,398	3,618
Justice of the Peace - 2	128,144	128,144	125,265	2,879
County Attorney	171,305	171,305	169,781	1,524
Jury	169,521	169,521	158,161	11,360
	<u>591,986</u>	<u>591,986</u>	<u>572,605</u>	<u>19,381</u>
Public facilities:				
Building and Maintenance:				
Permanent Improvement	340,344	340,344	189,120	151,224
Courthouse	78,459	78,459	61,119	17,340
Museum	13,439	13,439	13,903	(464)
Jail	96,173	96,173	109,212	(13,039)
Ag Building	13,267	13,267	9,772	3,495

Continued

CARSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Continuation				
EXPENDITURES				
Current:				
Public facilities:				
Building and Maintenance:				
DPS Office - Groom	\$ 4,921	\$ 4,921	\$ 4,687	\$ 234
Justice of the Peace - 1	5,492	5,492	5,144	348
Libraries	7,756	7,756	7,888	(132)
Library	<u>299,630</u>	<u>299,630</u>	<u>283,371</u>	<u>16,259</u>
Total public facilities	<u>859,481</u>	<u>859,481</u>	<u>684,216</u>	<u>175,265</u>
Public safety:				
County-wide	210,000	210,000	212,816	(2,816)
DPS - Panhandle	1,300	1,300	1,454	(154)
County Sheriff	1,786,472	1,786,472	1,828,865	(42,393)
AIP Grant Fund	<u>122,867</u>	<u>122,867</u>	<u>118,066</u>	<u>4,801</u>
Total public safety	<u>2,120,639</u>	<u>2,120,639</u>	<u>2,169,178</u>	<u>(48,539)</u>
Public service:				
Extension Services	144,145	144,145	130,841	13,304
Social Services	699,680	699,680	100,487	599,193
Soil Conservation	<u>5,300</u>	<u>5,300</u>	<u>5,300</u>	<u>-</u>
Total public service	<u>849,125</u>	<u>849,125</u>	<u>236,628</u>	<u>612,497</u>
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>179,742</u>	<u>(104,742)</u>
Total expenditures	<u>5,849,748</u>	<u>5,849,748</u>	<u>5,084,756</u>	<u>764,992</u>
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>(139,836)</u>	<u>(139,836)</u>	<u>807,001</u>	<u>946,837</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from disposition of assets	1,000	1,000	35,819	34,819
Transfers in	-	-	1,000,000	1,000,000
Transfers out	<u>-</u>	<u>-</u>	<u>(1,100,000)</u>	<u>(1,100,000)</u>
Total other financing sources (uses)	<u>1,000</u>	<u>1,000</u>	<u>(64,181)</u>	<u>(65,181)</u>
NET CHANGE IN FUND BALANCE	<u>(138,836)</u>	<u>(138,836)</u>	<u>742,820</u>	<u>881,656</u>
FUND BALANCES - BEGINNING	<u>6,822,838</u>	<u>6,822,838</u>	<u>6,822,838</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 6,684,002</u>	<u>\$ 6,684,002</u>	<u>\$ 7,565,658</u>	<u>\$ 881,656</u>

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CARSON COUNTY, TEXAS
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 1,007,520	\$ 1,007,520	\$ 937,898	\$ (69,622)
Motor vehicle sales tax	2,000	2,000	4,541	2,541
Licenses and fees	376,000	376,000	400,669	24,669
Fines and forfeitures	181,373	181,373	211,381	30,008
Intergovernmental	173,291	173,291	21,420	(151,871)
Interest earnings	39,500	39,500	10,507	(28,993)
Miscellaneous	62,572	62,572	60,553	(2,019)
Total revenues	<u>1,842,256</u>	<u>1,842,256</u>	<u>1,646,969</u>	<u>(195,287)</u>
EXPENDITURES:				
Current:				
Road and bridge				
Precinct #1	483,746	483,746	286,812	196,934
Precinct #2	451,370	451,370	365,375	85,995
Precinct #3	462,526	462,526	365,234	97,292
Precinct #4	516,123	516,123	418,990	97,133
Total road and bridge	<u>1,913,765</u>	<u>1,913,765</u>	<u>1,436,411</u>	<u>477,354</u>
Debt service:				
Principal	-	-	107,030	(107,030)
Interest	-	-	4,690	(4,690)
Total debt service	<u>-</u>	<u>-</u>	<u>111,720</u>	<u>(111,720)</u>
Capital outlay	205,000	205,000	280,054	(75,054)
Total expenditures	<u>2,118,765</u>	<u>2,118,765</u>	<u>1,828,185</u>	<u>290,580</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(276,509)</u>	<u>(276,509)</u>	<u>(181,216)</u>	<u>95,293</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>271,054</u>	<u>271,054</u>
NET CHANGE IN FUND BALANCE	<u>(276,509)</u>	<u>(276,509)</u>	<u>89,838</u>	<u>366,347</u>
FUND BALANCE - BEGINNING	<u>2,800,922</u>	<u>2,800,922</u>	<u>2,800,922</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,524,413</u>	<u>\$ 2,524,413</u>	<u>\$ 2,890,760</u>	<u>\$ 366,347</u>

CARSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

	Year Ended December 31,			
	2020	2019	2018	2017
Total Pension Liability:				
Service cost	\$ 347,067	\$ 369,932	\$ 374,535	\$ 384,190
Interest on total pension liability	1,063,766	1,006,108	944,545	879,992
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	715,803	-	-	98,214
Effect of economic/demographic (gains) or losses	(126,673)	(62,982)	(31,653)	(52,723)
Benefit payments/refunds of contributions	(628,305)	(530,334)	(515,521)	(491,103)
Net change in total pension liability	1,371,658	782,724	771,906	818,570
Total pension liability, beginning	13,093,884	12,311,160	11,539,254	10,720,684
Total pension liability, ending (a)	<u>\$ 14,465,542</u>	<u>\$ 13,093,884</u>	<u>\$ 12,311,160</u>	<u>\$ 11,539,254</u>
Fiduciary Net Position:				
Employer contributions	\$ 335,986	\$ 309,763	\$ 302,762	\$ 297,773
Member contributions	199,120	193,085	188,218	187,785
Investment income net of investment expenses	1,344,210	1,840,831	(213,701)	1,460,829
Benefit payments/refunds of contributions	(628,305)	(530,334)	(515,521)	(491,103)
Administrative expenses	(10,429)	(9,919)	(9,003)	(7,619)
Other	(1,468)	873	420	(147)
Net change in fiduciary net position	1,239,114	1,804,299	(246,825)	1,447,518
Fiduciary net position, beginning	13,013,676	11,209,377	11,456,202	10,008,684
Fiduciary net position, ending (b)	<u>\$ 14,252,790</u>	<u>\$ 13,013,676</u>	<u>\$ 11,209,377</u>	<u>\$ 11,456,202</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 212,752</u>	<u>\$ 80,208</u>	<u>\$ 1,101,783</u>	<u>\$ 83,052</u>
Fiduciary net position as a % of total pension liability	98.53%	99.39%	91.05%	99.28%
Pensionable covered payroll	\$ 2,844,578	\$ 2,758,352	\$ 2,688,829	\$ 2,682,636
Net pension liability as a % of covered payroll	7.48%	2.91%	40.98%	3.10%

Year Ended December 31,

2016	2015	2014	2013	2012	2011
\$ 380,970	\$ 319,034	\$ 306,915	\$ N/A	\$ N/A	\$ N/A
809,704	755,763	703,857	N/A	N/A	N/A
-	(41,514)	-	N/A	N/A	N/A
-	120,945	-	N/A	N/A	N/A
(31,894)	(2,788)	9,377	N/A	N/A	N/A
(485,884)	(468,292)	(381,820)	N/A	N/A	N/A
672,896	683,148	638,329	N/A	N/A	N/A
10,047,788	9,364,640	8,726,311	N/A	N/A	N/A
<u>\$ 10,720,684</u>	<u>\$ 10,047,788</u>	<u>\$ 9,364,640</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 298,734	\$ 298,951	\$ 356,008	\$ N/A	\$ N/A	\$ N/A
184,730	187,793	161,717	N/A	N/A	N/A
688,174	(17,574)	590,961	N/A	N/A	N/A
(485,884)	(468,292)	(381,820)	N/A	N/A	N/A
(7,484)	(6,683)	(6,892)	N/A	N/A	N/A
46,478	35,039	(77,677)	N/A	N/A	N/A
724,748	29,234	642,297	N/A	N/A	N/A
9,283,936	9,254,702	8,612,405	N/A	N/A	N/A
<u>\$ 10,008,684</u>	<u>\$ 9,283,936</u>	<u>\$ 9,254,702</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ 712,000</u>	<u>\$ 763,852</u>	<u>\$ 109,938</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
93.36%	92.40%	98.83%	N/A	N/A	N/A
\$ 2,638,997	\$ 2,559,511	\$ 2,310,236	\$ N/A	\$ N/A	\$ N/A
26.98%	29.84%	4.76%	N/A	N/A	N/A

CARSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed)

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 317,935	\$ 317,935	\$ -	\$ 2,526,814	12.6%
2016	300,804	300,804	-	2,636,794	11.4%
2017	299,309	299,309	-	2,683,667	11.2%
2018	297,837	297,837	-	2,654,258	11.2%
2019	307,858	307,858	-	2,739,573	11.2%
2020	324,266	332,291	(8,025)	2,779,998	12.0%
2021	349,093	349,093	-	2,937,148	11.9%

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

County Records Management – The County Records Management Fund accounts for fees collected by the County and District Clerks from all defendants convicted of an offense. The fees are dedicated by law to be used for specific records management and preservation purposes of the County.

Courthouse Security – The Courthouse Security Fund accounts for fees collected by the County and District Clerks from all defendants convicted of an offense. The fees are dedicated by law to be used to fund and support security systems and personnel within the District, County or Justice Courts.

Sheriff Forfeiture and Seizure – The Sheriff Forfeiture and Seizure Fund accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized by the office of the County Sheriff. The funds are dedicated by law to be used solely for law enforcement purposes.

Judicial Technology – The Judicial Technology Fund accounts for fees collected by the County Clerk from all defendants convicted of a misdemeanor offense in a Justice Court. The fees are dedicated by law to be expended only for the costs of continuing education for justice court judges and clerks regarding technological enhancements for justice courts and the costs of those enhancements.

District and County Clerk Technology – The District and County Clerk Technology Fund accounts for fees collected from all defendants convicted in the District or County Courts. The fees are dedicated by law to be expended only for the costs of continuing education for county and district judges and clerks regarding technological enhancements for justice courts and the costs of those enhancements.

Check Collection – The Check Collection Fund accounts for fees collected by the County Attorney for every hot check processed through his office. The fees are dedicated by law to be used at the sole discretion of the County Attorney to defray the salaries and expenses of the prosecutor's office.

VIT Interest – The Vehicle Inventory Tax Interest Fund accounts for the interest earned on the bank account that the Tax Assessor/Collector holds monthly payments from automobile dealers for the annual payment of the State of Texas Vehicle Inventory Tax.

Jail Commissary – The Jail Commissary Fund accounts for the proceeds received by the Sheriff's office from incarcerated persons on the sale of commissary items. The funds are restricted by law to be used to maintain the commissary and for the benefit of the Sheriff's Department.

DEBT SERVICE FUND

The *Debt Service Fund* accounts for the accumulation and disbursement of resources associated with the County's debt obligations. Property taxes and interest income provide the resources necessary to pay the annual principal and interest payments.

**CARSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue					
	Law Library	County Records Management	Courthouse Security	Sheriff Forfeiture and Seizure	Judicial Technology	District & County Clerk Technology
ASSETS						
Cash and cash equivalents	\$ 6,490	\$ 50,315	\$ 33,873	\$ 339,204	\$ 4,054	\$ 1,637
Investments	-	25,000	85,000	-	30,000	-
Delinquent taxes receivable, net	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	120	-
Total assets	\$ 6,490	\$ 75,315	\$ 118,873	\$ 339,204	\$ 34,174	\$ 1,637
LIABILITIES						
Accounts payable	\$ -	\$ 3,920	\$ -	\$ 2,874	\$ 2,810	\$ -
Total liabilities	-	3,920	-	2,874	2,810	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - delinquent property taxes	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
FUND BALANCES						
Restricted:						
By enabling legislation	6,490	71,395	118,873	336,330	31,364	1,637
Debt service	-	-	-	-	-	-
Total fund balances	6,490	71,395	118,873	336,330	31,364	1,637
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,490	\$ 75,315	\$ 118,873	\$ 339,204	\$ 34,174	\$ 1,637

Continued

**CARSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

Continuation

	<u>Special Revenue</u>					Total Non- Major Governmental Funds
	Check Collection	VIT Interest	Jail Commissary	Total	Debt Service	
ASSETS						
Cash and cash equivalents	\$ 8,626	\$ 740	\$ 22,200	\$ 467,139	\$ 84,234	\$ 551,373
Investments	-	-	-	140,000	-	140,000
Delinquent taxes receivable, net	-	-	-	-	5,512	5,512
Accounts receivable, net	-	-	-	120	-	120
	<u>8,626</u>	<u>740</u>	<u>22,200</u>	<u>607,259</u>	<u>89,746</u>	<u>697,005</u>
Total assets	<u>\$ 8,626</u>	<u>\$ 740</u>	<u>\$ 22,200</u>	<u>\$ 607,259</u>	<u>\$ 89,746</u>	<u>\$ 697,005</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 9,604	\$ -	\$ 9,604
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,604</u>	<u>-</u>	<u>9,604</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - delinquent property taxes	-	-	-	-	4,545	4,545
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,545</u>	<u>4,545</u>
FUND BALANCES						
Restricted:						
By enabling legislation	8,626	740	22,200	597,655	-	597,655
Debt service	-	-	-	-	85,201	85,201
Total fund balances	<u>8,626</u>	<u>740</u>	<u>22,200</u>	<u>597,655</u>	<u>85,201</u>	<u>682,856</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,626</u>	<u>\$ 740</u>	<u>\$ 22,200</u>	<u>\$ 607,259</u>	<u>\$ 89,746</u>	<u>\$ 697,005</u>

CARSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Special Revenue</u>					
	<u>Law Library</u>	<u>County Records Management</u>	<u>Courthouse Security</u>	<u>Sheriff Forfeiture and Seizure</u>	<u>Judicial Technology</u>	<u>District & County Clerk Technology</u>
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous taxes	-	-	-	-	-	-
Licenses and fees	4,645	37,557	9,435	-	5,350	499
Sales	-	-	-	-	-	-
Investment earnings	2	55	387	92	186	1
Miscellaneous	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	4,647	37,612	9,822	92	5,536	500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES						
Current:						
Administrative	-	20,778	-	-	-	-
Judicial	3,253	-	485	-	15,150	-
Public safety	-	-	-	35,189	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	38,526	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	3,253	20,778	485	73,715	15,150	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER / (UNDER) EXPENDITURES	1,394	16,834	9,337	(73,623)	(9,614)	500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	1,394	16,834	9,337	(73,623)	(9,614)	500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - BEGINNING	5,096	54,561	109,536	409,953	40,978	1,137
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING	\$ 6,490	\$ 71,395	\$ 118,873	\$ 336,330	\$ 31,364	\$ 1,637
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CARSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Continuation

	Special Revenue					Total Non-Major Governmental Funds
	Check Collection	VIT Interest	Jail Commissary	Total	Debt Service	
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 272,861	\$ 272,861
Miscellaneous taxes	-	-	-	-	1,317	1,317
Licenses and fees	-	-	-	57,486	-	57,486
Sales	-	-	20,583	20,583	-	20,583
Investment earnings	4	4	2	733	48	781
Miscellaneous	-	-	-	-	3,257	3,257
	4	4	20,585	78,802	277,483	356,285
Total revenues						
EXPENDITURES						
Current:						
Administrative	-	-	-	20,778	-	20,778
Judicial	-	-	-	18,888	-	18,888
Public safety	-	-	32,811	68,000	-	68,000
Debt Service:						
Principal	-	-	-	-	205,000	205,000
Interest and other charges	-	-	-	-	96,046	96,046
Capital Outlay	-	-	-	38,526	-	38,526
	-	-	32,811	146,192	301,046	447,238
Total expenditures						
EXCESS OF REVENUES OVER / (UNDER) EXPENDITURES	4	4	(12,226)	(67,390)	(23,563)	(90,953)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	1,100,000	1,100,000
Transfers out	-	-	-	-	(1,000,000)	(1,000,000)
	-	-	-	-	100,000	100,000
TOTAL OTHER FINANCING SOURCES (USES)						
NET CHANGE IN FUND BALANCES	4	4	(12,226)	(67,390)	76,437	9,047
FUND BALANCES - BEGINNING	8,622	736	34,426	665,045	8,764	673,809
FUND BALANCES - ENDING	\$ 8,626	\$ 740	\$ 22,200	\$ 597,655	\$ 85,201	\$ 682,856

FIDUCIARY FUNDS

AGENCY FUNDS

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

County and District Clerk – The County and District Clerk’s Fund accounts for registry funds held by the County and District Clerk.

Justices of the Peace – The Justices of the Peace Fund accounts for money held in escrow by each of the Justices of the Peace.

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

Inmate Trust – The Inmate Trust Fund accounts for inmate funds being held for the benefit of the inmates.

Sheriff – The Sheriff’s Fund accounts for monies received for cash bonds.

CARSON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2021

	<u>County and District Clerk</u>	<u>Justices of the Peace</u>	<u>Tax Assessor Collector</u>	<u>Inmate Trust</u>	<u>Sheriff</u>	<u>Total Agency Funds</u>
ASSETS						
Cash and cash equivalents	\$ 127,999	\$ 1,161	\$ 85,622	\$ 2,961	\$ 188,452	\$ 406,195
Total assets	<u>\$ 127,999</u>	<u>\$ 1,161</u>	<u>\$ 85,622</u>	<u>\$ 2,961</u>	<u>\$ 188,452</u>	<u>\$ 406,195</u>
LIABILITIES						
Accounts payable	\$ 30,028	\$ 1,161	\$ 3,382	\$ -	\$ 329	\$ 34,900
Due to other governments	249	-	82,240	-	-	82,489
Deposits	<u>97,722</u>	<u>-</u>	<u>-</u>	<u>2,961</u>	<u>188,123</u>	<u>288,806</u>
Total liabilities	<u>\$ 127,999</u>	<u>\$ 1,161</u>	<u>\$ 85,622</u>	<u>\$ 2,961</u>	<u>\$ 188,452</u>	<u>\$ 406,195</u>

PART III
COMPLIANCE



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carson County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Carson County, Texas's basic financial statements, and have issued our report thereon dated March 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carson County, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carson County, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Carson County, Texas'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

March 25, 2022