

**CARSON COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED**  
**SEPTEMBER 30, 2022**

**CARSON COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED SEPTEMBER 30, 2022**

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**PART I**

**INTRODUCTORY SECTION**

**CARSON COUNTY, TEXAS**  
**PRINCIPAL COUNTY OFFICIALS**  
**SEPTEMBER 30, 2022**

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 <sup>th</sup> Judicial District
Luke M. Inman	District Attorney
Celeste Bichsel	District/County Clerk
Scott Sherwood	County Attorney
Ashley Montgomery	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
Tracy Bixby	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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carson County, Texas, as of and for the year ended September 30, 2022, 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.

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, 2022, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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



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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of changes in net pension liability and related ratios, and the schedule of employer contributions on pages 35 – 40 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.

***Supplementary 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 accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, 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 31, 2023

## **BASIC FINANCIAL STATEMENTS**

**CARSON COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,180,989
Investments	6,455,000
Accounts receivable, net	492,798
Delinquent taxes receivable, net	60,254
Due from other governmental entities	67,872
Prepaid items	116,177
Net pension asset	1,961,209
Capital assets, net of accumulated depreciation	9,986,961
Total assets	24,321,260
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension contributions	248,641
Pension economic/demographic losses	57,567
Pension assumption changes	238,601
Total deferred outflows of resources	544,809
<b>LIABILITIES</b>	
Accounts payable	172,568
Due to other governmental entities	954,845
Accrued interest	8,198
Noncurrent liabilities:	
Due within one year	302,378
Due in more than one year	1,041,478
Total liabilities	2,479,467
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension economic/demographic gains	42,225
Pension excess earnings	1,956,655
Pension assumption changes	66,876
Total deferred inflows of resources	2,065,756
<b>NET POSITION</b>	
Net investment in capital assets	8,718,802
Restricted:	
By enabling legislation	543,521
Special projects	4,103
Debt service	90,088
Unrestricted	10,964,332
Total net position	\$ 20,320,846

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, 2022**

<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>
<b>Primary government</b>					
Governmental Activities:					
Administrative	\$ 1,559,734	\$ 152,479	\$ 278,633	\$ -	\$ (1,128,622)
Judicial	534,064	386,147	28,000	-	(119,917)
Public facilities	647,333	-	1,735	-	(645,598)
Public safety	2,489,131	46,889	458,031	-	(1,984,211)
Road and bridge	1,710,547	609,365	132,512	-	(968,670)
Public service	265,292	19,764	17,971	-	(227,557)
Interest on long-term debt	89,350	-	-	-	(89,350)
<b>Total</b>	<b>\$ 7,295,451</b>	<b>\$ 1,214,644</b>	<b>\$ 916,882</b>	<b>\$ -</b>	<b>(5,163,925)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					3,084,655
Property taxes, levied for road and bridge					637,326
Property taxes, levied for lateral road					371,041
Property taxes, levied for debt service					294,005
Miscellaneous taxes					73,301
Payments in lieu of taxes					1,119,725
Investment earnings					82,470
Miscellaneous					200,330
Gain on disposal of asset					10,000
<b>Total general revenues</b>					<b>5,872,853</b>
Change in net position					708,928
Net position - beginning					19,613,863
Prior period restatement					(1,945)
Net position - beginning, as restated					19,611,918
Net position - ending					<b>\$ 20,320,846</b>

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

**CARSON COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>American Rescue Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,940,436	\$ 1,834,662	\$ 903,251
Investments	4,980,000	1,345,000	-
Accounts receivable, net	492,678	-	-
Delinquent taxes receivable, net	41,809	13,383	-
Due from other governments	67,872	-	-
Prepaid items	116,177	-	-
	<u>116,177</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 7,638,972</u>	<u>\$ 3,193,045</u>	<u>\$ 903,251</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 136,941	\$ 34,102	\$ 1,525
Due to other governmental entities	57,222	-	897,623
	<u>57,222</u>	<u>-</u>	<u>897,623</u>
Total liabilities	<u>194,163</u>	<u>34,102</u>	<u>899,148</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - delinquent property taxes	33,525	10,726	-
Unavailable revenue - accounts receivable	352,984	-	-
	<u>352,984</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>386,509</u>	<u>10,726</u>	<u>-</u>
<b>FUND BALANCES</b>			
Non-spendable:			
Prepaid items	116,177	-	-
Restricted:			
By enabling legislation	-	-	-
Debt service	-	-	-
Special projects	-	-	4,103
Committed for:			
Special projects	-	3,148,217	-
Unassigned	6,942,123	-	-
	<u>6,942,123</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>7,058,300</u>	<u>3,148,217</u>	<u>4,103</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,638,972</u>	<u>\$ 3,193,045</u>	<u>\$ 903,251</u>

<b>Debt Service Fund</b>	<b>Non-Major Governmental</b>	<b>Total Governmental</b>
\$ 89,239	\$ 413,401	\$ 5,180,989
-	130,000	6,455,000
-	120	492,798
5,062	-	60,254
-	-	67,872
-	-	116,177
<u>\$ 94,301</u>	<u>\$ 543,521</u>	<u>\$ 12,373,090</u>
\$ -	\$ -	\$ 172,568
-	-	954,845
-	-	1,127,413
4,213	-	48,464
-	-	352,984
<u>4,213</u>	<u>-</u>	<u>401,448</u>
-	-	116,177
-	543,521	543,521
90,088	-	90,088
-	-	4,103
-	-	3,148,217
-	-	6,942,123
<u>90,088</u>	<u>543,521</u>	<u>10,844,229</u>
<u>\$ 94,301</u>	<u>\$ 543,521</u>	<u>\$ 12,373,090</u>

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, 2022**

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

Total fund balance - governmental funds	\$	10,844,229
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.		9,986,961
Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements.		401,448
The net pension asset is not a current financial resource and therefore, is not reported in the fund financial statement, but is reported in the governmental activities of the Statement of Net Position.		1,961,209
Pension contributions paid after the measurement date, December 31, 2021, and before September 30, 2022 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.		248,641
Pension losses, deficient earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements.		
Pension economic/demographic losses		57,567
Pension assumption changes		238,601
Pension gains, and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.		
Pension economic/demographic gains		(42,225)
Pension excess earnings		(1,956,655)
Pension assumption changes		(66,876)
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		(8,198)
Bonds and leases payable		(1,268,160)
Accrued compensated absences		(75,696)
		(2,352,659)
Net position - governmental activities	\$	20,320,846

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, 2022**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>American Rescue Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 3,082,349	\$ 1,007,383	\$ -
Payments in lieu of taxes	1,119,725	-	-
Miscellaneous taxes	72,802	384	-
Licenses and fees	295,262	404,786	-
Fines and forfeitures	416,732	204,579	-
Intergovernmental	529,202	132,512	253,433
Sales	-	-	-
Investment earnings	52,097	22,571	3,854
Miscellaneous	136,386	61,351	-
	<u>5,704,555</u>	<u>1,833,566</u>	<u>257,287</u>
<b>EXPENDITURES</b>			
Current:			
Administrative	1,320,943	-	253,433
Judicial	585,017	-	-
Public facilities	670,779	-	-
Public safety	2,260,996	-	-
Road and bridge	-	1,465,877	-
Public service	262,821	-	-
Debt service:			
Principal	16,645	103,456	-
Interest	623	6,776	-
Capital outlay	68,270	-	-
	<u>5,186,094</u>	<u>1,576,109</u>	<u>253,433</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	<u>518,461</u>	<u>257,457</u>	<u>3,854</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from disposition of assets	10,000	-	-
Transfers in	-	-	-
Transfers out	(1,035,819)	-	-
	<u>(1,025,819)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	(507,358)	257,457	3,854
<b>FUND BALANCES - BEGINNING</b>			
	<u>7,565,658</u>	<u>2,890,760</u>	<u>249</u>
<b>FUND BALANCES - ENDING</b>			
	<u>\$ 7,058,300</u>	<u>\$ 3,148,217</u>	<u>\$ 4,103</u>

<b>Debt Service Fund</b>	<b>Non-Major Governmental</b>	<b>Total Governmental Funds</b>
\$ 294,337	\$ -	\$ 4,384,069
-	-	1,119,725
115	-	73,301
-	74,394	774,442
-	-	621,311
-	-	915,147
-	16,596	16,596
1,155	2,793	82,470
2,907	1,421	202,065
<u>298,514</u>	<u>95,204</u>	<u>8,189,126</u>
4,300	10,181	1,588,857
-	10,345	595,362
-	-	670,779
-	135,394	2,396,390
-	-	1,465,877
-	-	262,821
1,200,000	-	1,320,101
89,327	-	96,726
-	29,237	97,507
<u>1,293,627</u>	<u>185,157</u>	<u>8,494,420</u>
<u>(995,113)</u>	<u>(89,953)</u>	<u>(305,294)</u>
-	-	10,000
1,000,000	35,819	1,035,819
-	-	(1,035,819)
<u>1,000,000</u>	<u>35,819</u>	<u>10,000</u>
4,887	(54,134)	(295,294)
85,201	597,655	11,139,523
<u>\$ 90,088</u>	<u>\$ 543,521</u>	<u>\$ 10,844,229</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, 2022**

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

Net change in fund balances - total governmental funds:	\$	(295,294)
<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, \$97,507, was exceeded by depreciation, \$715,110, in the current period.</p>		
		(617,603)
<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>		
		(194,747)
<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>		
Principal repayments		1,320,101
<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		7,379
Compensated absences, net change		(6,226)
Deferred outflows of resources - pension plan, net change		(196,255)
Deferred inflows of resources - pension plan, net change		(1,482,388)
Net pension asset, net change		1,961,209
Net pension liability, net change		212,752
		708,928
Change in net position - governmental activities	\$	708,928

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

**CARSON COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2022**

	<b>ASSETS</b>	Custodial Funds
Cash and cash equivalents		\$ 365,098
Total assets		<u>365,098</u>
	<b>LIABILITIES</b>	
Accounts payable		3,408
Due to other governments		<u>43,778</u>
Total liabilities		<u>47,186</u>
	<b>NET POSITION</b>	
Restricted for: Individuals		<u>317,912</u>
Total net position		<u><u>\$ 317,912</u></u>

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

**CARSON COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
<b>Additions</b>	
Tax collections	\$ 6,758,594
Trust/Escrow contributions	1,327,947
Inmate accounts	127,280
Investment earnings	<u>1,167</u>
<b>Total additions</b>	<u>8,214,988</u>
 <b>Deductions</b>	
Payments to local governments	6,750,477
Trust/Escrow disbursements	1,425,871
Inmate accounts	<u>122,614</u>
<b>Total deductions</b>	<u>8,298,962</u>
 <b>NET CHANGE IN NET POSITION</b>	 (83,974)
 <b>NET POSITION - BEGINNING</b>	 <u>401,886</u>
 <b>NET POSITION - ENDING</b>	 <u><u>\$ 317,912</u></u>

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

**CARSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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, 2022**

**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.

**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.

Continued

**CARSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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.

**Custodial Funds** are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Custodial funds do not involve a formal trust agreement.

**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, 2022**

**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 \$8,770,598.

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 \$75,886.

**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, 2022**

**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, 2022**

**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 assets 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 assets 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, 2022**

**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, 2022**

**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, 2022**

**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, 2022:

Cash and deposit balances consist of:

Petty cash funds	\$ 650
Bank deposits	2,513,736
Temporary investments - TexPool	1,392,522
Temporary investments - Texas CLASS	1,639,179
	5,546,087
Total	\$ 5,546,087

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

Government-wide Statement of Net Position:	
Unrestricted	\$ 5,180,989
Fiduciary Funds Statement of Net Position	365,098
	5,546,087
Total	\$ 5,546,087

Continued



**CARSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation**

As of September 30, 2022, 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 .31 - 3.00%)	\$ 6,455,000	
Total fair value	<u>\$ 6,455,000</u>	
Portfolio weighted average maturity		<u>343</u>

**Custodial credit risk:** As of September 30, 2022, the carrying amount of the County's deposits with financial institutions was \$8,968,736 and the bank's balance was \$9,035,227. Of the bank balance, \$3,008,264 was insured through the Federal Depository Insurance Corporation (FDIC) and \$6,026,963, was collateralized with securities held by the pledging institution's agent in the County's name.

As of September 30, 2022, the County had \$1,392,522 and \$1,639,179 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, 2022**

**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, 2022, 25% 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, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and land improvements	\$ 42,419	\$ -	\$ -	\$ 42,419
Total capital assets, not being depreciated	42,419	-	-	42,419
Capital assets, being depreciated:				
Buildings and improvements	10,095,964	14,420	-	10,110,384
Infrastructure	1,658,537	-	-	1,658,537
Equipment	7,210,632	83,087	(17,814)	7,275,905
Leased equipment	83,454	-	-	83,454
Total capital assets, being depreciated	19,048,587	97,507	(17,814)	19,128,280
Less accumulated depreciation for:				
Buildings and improvements	(2,737,597)	(199,231)	-	(2,936,828)
Infrastructure	(898,474)	(22,114)	-	(920,588)
Equipment	(4,811,216)	(477,074)	17,814	(5,270,476)
Leased equipment	(39,155)	(16,691)	-	(55,846)
Total accumulated depreciation	(8,486,442)	(715,110)	17,814	(9,183,738)
Total capital assets, being depreciated, net	10,562,145	(617,603)	-	9,944,542
Governmental activities capital assets, net	<u>\$ 10,604,564</u>	<u>\$ (617,603)</u>	<u>\$ -</u>	<u>\$ 9,986,961</u>

Continued

**CARSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 4 – CAPITAL ASSETS – Continuation**

Depreciation expense for the year ended September 30, 2022 was charged to the functions/programs of the primary government as follows:

Governmental activities	
Administrative	\$ 70,427
Judicial	1,293
Public facilities	12,714
Public safety	268,561
Road and bridge	354,974
Extension	7,141
	7,141
Total Depreciation Expense	\$ 715,110

**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 2021 tax roll was \$.406551 per \$100 for operations and \$.038716 per \$100 for debt service, which means that the County has a total tax margin of \$.354733 per \$100 and could raise up to \$2,720,748 additional revenue from the 2021 assessed valuation of \$766,984,827 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 2021 tax roll was \$.083998 per \$100, which means that the County has a tax margin of \$.216002 per \$100 and could raise up to \$1,645,849 additional revenue from the 2021 assessed valuation of \$761,960,277 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 2021 tax roll was \$.049244 per \$100, which means that the County has a tax margin of \$.100756 per \$100 and could raise up to \$767,721 additional revenue from the 2021 assessed valuation of \$761,960,277 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, 2022**

**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](http://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, 2021, 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	58
Active employees	72

**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 11.91% for the months of the accounting year in 2021 and 11.01% for the months of the accounting year in 2022. The contribution rate payable by the employee members is 7.0% for fiscal year 2022 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, 2021, 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, 2022**

**NOTE 6 – RETIREMENT PLAN – Continuation**

**Actuarial Assumptions:** The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017 – 2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pensions liability as of December 31, 2021. 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 are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2022 information for a 10-year time horizon.

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

Continued

**CARSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

(1) Target asset allocation adopted at the March 2022 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 capital market assumptions.

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

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

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

**Discount Rate:** The discount rate used to measure the total pension liability was 7.60%. 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, 2022**

**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 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued

**CARSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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, 2020	\$ 14,465,542	\$ 14,252,790	\$ 212,752
Changes for the year:			
Service cost	409,375	-	409,375
Interest on total pension liability (1)	1,107,359	-	1,107,359
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	86,351	-	86,351
Effect of assumptions changes or inputs	(100,314)	-	(100,314)
Refund of contributions	(15,146)	(15,146)	-
Benefit payments	(605,010)	(605,010)	-
Administrative expenses	-	(9,365)	9,365
Member contributions	-	207,286	(207,286)
Net investment income	-	3,123,738	(3,123,738)
Employer contributions	-	352,682	(352,682)
Other (3)	-	2,391	(2,391)
Balances as of December 31, 2021	<u>\$ 15,348,157</u>	<u>\$ 17,309,366</u>	<u>\$ (1,961,209)</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	\$ 17,088,849	\$ 15,348,157	\$ 13,856,376
Fiduciary net position	<u>17,309,366</u>	<u>17,309,366</u>	<u>17,309,366</u>
Net pension liability / (asset)	<u>\$ (220,517)</u>	<u>\$ (1,961,209)</u>	<u>\$ (3,452,990)</u>

Continued



**CARSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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, 2021 to December 31, 2021
Service cost	\$ 409,375
Interest on total pension liability (1)	1,107,359
Effect of plan changes	-
Administrative expenses	9,365
Member contributions	(207,286)
Expected investment return net of investment expenses	(1,080,707)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(42,348)
Recognition of assumption changes or inputs	205,163
Recognition of investment gains or losses	(556,388)
Other (2)	(2,391)
 Pension expense / (income)	 \$ (157,858)

(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, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 42,225	\$ 57,567
Changes of assumptions	66,876	238,601
Net difference between projected and actual earnings	1,956,655	-
Contributions made subsequent to measurement date	N/A	248,641

**CARSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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:	
2022	\$ (234,537)
2023	(658,982)
2024	(467,461)
2025	(408,608)
2026	-
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](http://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, 2022, 2021, and 2020, were \$10,290, \$10,352, and \$9,798, respectively, which equaled the contractually required contributions each year.

**NOTE 8 – CONCENTRATION OF TAXPAYERS**

As of September 30, 2022, 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	Utilities	\$ 379,916	8.56 %
Taxpayer B	Railroad	369,904	8.33
Taxpayer C	Utilities	337,474	7.60

**CARSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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, 2022**

**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, 2022, Carson County abated property taxes totaling \$3,456,972 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 \$153,337.
- A 100 percent tax abatement to Pattern Panhandle Wind, LLC, and the abatement amounted to \$1,612,517.
- A 100 percent tax abatement to Route 66 Wind Power, LLC, and the abatement amounted to \$280,577.
- A 100 percent tax abatement to Grandview Wind Farm, LLC, and the abatement amounted to \$892,154.
- A 100 percent tax abatement to Grandview Wind Farm III, LLC, and the abatement amounted to \$518,387.

**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, 2022, the County paid \$985,000 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 five years by \$251,358.

The refunding payment was deposited in an irrevocable trust with an escrow agent. As a result, \$985,000 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, 2022**

**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, 2022 is \$163,561.

The County has entered in multiple capital leases for copiers and other equipment. One copier lease has a maturity date of March 31, 2025 and an interest rate of .569%, while the remaining seven leases all mature during the fiscal year ending September 30, 2024 and have interest rates between 1.375% and 2.259%.

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 69,470	\$ 77,496	\$ (71,270)	\$ 75,696	\$ 7,600
Note payable	214,797	-	(51,236)	163,561	52,852
Capital leases	98,464	-	(68,865)	29,599	16,926
Bonds payable:					
General Obligation					
Bonds, Series 2010	2,275,000	-	(1,200,000)	1,075,000	225,000
Governmental activity long-term liabilities	<u>\$ 2,657,731</u>	<u>\$ 77,496</u>	<u>\$ (1,391,371)</u>	<u>\$ 1,343,856</u>	<u>\$ 302,378</u>

The annual debt service requirement on long-term liabilities outstanding as of September 30, 2022 is as follows:

Fiscal Year	Total	General Obligation Bonds Series 2010		Note Payable		Capital Lease	
		Interest	Principal	Interest	Principal	Interest	Principal
2023	\$ 321,512	\$ 38,500	\$ 225,000	\$ 5,160	\$ 52,852	\$ 342	\$ 16,926
2024	322,312	29,300	235,000	3,492	54,520	79	11,827
2025	317,812	19,800	240,000	1,823	56,189	1	846
2026	260,000	10,000	250,000	-	-	-	-
2027	127,500	2,500	125,000	-	-	-	-
	<u>\$ 1,349,136</u>	<u>\$ 100,100</u>	<u>\$ 1,075,000</u>	<u>\$ 10,475</u>	<u>\$ 163,561</u>	<u>\$ 422</u>	<u>\$ 29,599</u>

The County paid interest expenses in the amount of \$96,727 during the fiscal year ended September 30, 2022.

**CARSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 11 – 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.

**NOTE 12 – PRIOR PERIOD RESTATEMENT**

The prior period net assets were reduced due to the implementation of GASB Statement 87 – *Leases*. The statement requires the recording of long-term right to use assets, “leased equipment” and the corresponding long-term obligation of the leases on the Statement of Net Position.

Net book value of leased equipment at October 1, 2021	\$ 44,299
Carrying value of capital lease liability for leased equipment at October 1, 2021	<u>(46,244)</u>
Prior period adjustment - government-wide statement of activiites	<u><u>\$ (1,945)</u></u>

**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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 3,116,831	\$ 3,116,831	\$ 3,082,349	\$ (34,482)
Payments in lieu of taxes	1,119,725	1,119,725	1,119,725	-
Sales and miscellaneous taxes	85,000	85,000	72,802	(12,198)
Licenses and fees	327,843	327,843	295,262	(32,581)
Fines and forfeitures	307,484	307,484	416,732	109,248
Intergovernmental	497,475	497,475	529,202	31,727
Interest earnings	19,984	19,984	52,097	32,113
Miscellaneous	63,767	63,767	136,386	72,619
	<u>5,538,109</u>	<u>5,538,109</u>	<u>5,704,555</u>	<u>166,446</u>
<b>EXPENDITURES</b>				
Current:				
Administrative:				
Commissioners' Court	276,923	300,940	281,673	19,267
Historical Commission	4,115	4,115	2,423	1,692
County Auditor	149,587	149,587	130,357	19,230
Elections	31,058	64,175	78,329	(14,154)
County Judge	166,964	166,964	160,379	6,585
County and District Clerk	299,703	299,703	263,376	36,327
County Tax Assessor/Collector	304,741	304,741	272,916	31,825
County Treasurer	137,579	137,579	131,490	6,089
	<u>1,370,670</u>	<u>1,427,804</u>	<u>1,320,943</u>	<u>106,861</u>
Judicial:				
Justice of the Peace - 1	127,367	127,367	125,467	1,900
Justice of the Peace - 2	132,393	132,393	129,529	2,864
County Attorney	175,966	175,966	173,096	2,870
Jury	170,976	170,976	156,925	14,051
	<u>606,702</u>	<u>606,702</u>	<u>585,017</u>	<u>21,685</u>
Public facilities:				
Building and Maintenance:				
Permanent Improvement	294,086	294,086	95,530	198,556
Courthouse	80,078	90,028	76,496	13,532
Museum	13,534	15,618	15,522	96
Jail	99,287	152,828	152,827	1
Ag Building	13,416	13,416	10,629	2,787
DPS Office - Groom	4,336	4,512	4,394	118
Justice of the Peace - 1	5,507	5,507	4,937	570
Libraries	8,364	11,962	10,562	1,400

Continued



**CARSON COUNTY, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Continuation	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Current:				
Public facilities:				
Library	\$ 307,179	\$ 307,179	\$ 299,882	\$ 7,297
Total public facilities	<u>825,787</u>	<u>895,136</u>	<u>670,779</u>	<u>224,357</u>
Public safety:				
County-wide	213,600	213,600	213,108	492
DPS - Panhandle	1,476	1,476	1,422	54
County Sheriff	1,925,629	2,044,074	1,950,216	93,858
AIP Grant Fund	<u>124,275</u>	<u>124,275</u>	<u>88,269</u>	<u>36,006</u>
Total public safety	<u>2,264,980</u>	<u>2,383,425</u>	<u>2,260,996</u>	<u>122,429</u>
Public service:				
Extension Services	149,668	153,168	137,355	15,813
Social Services	648,180	399,753	120,166	279,587
Soil Conservation	<u>5,300</u>	<u>5,300</u>	<u>5,300</u>	<u>-</u>
Total public service	<u>803,148</u>	<u>558,221</u>	<u>262,821</u>	<u>295,400</u>
Debt Service:				
Principal	-	-	16,645	(16,645)
Interest and other charges	<u>-</u>	<u>-</u>	<u>623</u>	<u>(623)</u>
	-	-	17,268	(17,268)
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>68,270</u>	<u>(18,270)</u>
Total expenditures	<u>5,921,287</u>	<u>5,921,288</u>	<u>5,186,094</u>	<u>735,194</u>
<b>EXCESS OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>(383,178)</u>	<u>(383,179)</u>	<u>518,461</u>	<u>901,640</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from disposition of assets	1,000	1,000	10,000	9,000
Transfers out	<u>-</u>	<u>-</u>	<u>(1,035,819)</u>	<u>(1,035,819)</u>
Total other financing sources (uses)	<u>1,000</u>	<u>1,000</u>	<u>(1,025,819)</u>	<u>(1,026,819)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(382,178)	(382,179)	(507,358)	(125,179)
<b>FUND BALANCES - BEGINNING</b>	<u>7,565,658</u>	<u>7,565,658</u>	<u>7,565,658</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 7,183,480</u>	<u>\$ 7,183,479</u>	<u>\$ 7,058,300</u>	<u>\$ (125,179)</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property taxes	\$ 1,018,004	\$ 1,018,004	\$ 1,007,383	\$ (10,621)
Motor vehicle sales tax	2,000	2,000	384	(1,616)
Licenses and fees	376,000	376,000	404,786	28,786
Fines and forfeitures	169,304	169,304	204,579	35,275
Intergovernmental	178,660	178,660	132,512	(46,148)
Interest earnings	4,026	4,026	22,571	18,545
Miscellaneous	62,544	62,544	61,351	(1,193)
	<u>1,810,538</u>	<u>1,810,538</u>	<u>1,833,566</u>	<u>23,028</u>
<b>Total revenues</b>				
<b>EXPENDITURES:</b>				
Current:				
Road and bridge				
Precinct #1	486,196	486,196	261,318	224,878
Precinct #2	432,198	432,198	348,742	83,456
Precinct #3	460,139	460,139	404,598	55,541
Precinct #4	536,150	576,150	451,219	124,931
	<u>1,914,683</u>	<u>1,954,683</u>	<u>1,465,877</u>	<u>488,806</u>
<b>Total road and bridge</b>				
Debt service:				
Principal	-	-	103,456	(103,456)
Interest	-	-	6,776	(6,776)
	<u>-</u>	<u>-</u>	<u>110,232</u>	<u>(110,232)</u>
<b>Total debt service</b>				
Capital outlay	<u>225,000</u>	<u>185,000</u>	<u>-</u>	<u>185,000</u>
<b>Total expenditures</b>				
	<u>2,139,683</u>	<u>2,139,683</u>	<u>1,576,109</u>	<u>563,574</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(329,145)	(329,145)	257,457	586,602
<b>FUND BALANCE - BEGINNING</b>				
	<u>2,890,760</u>	<u>2,890,760</u>	<u>2,890,760</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>				
	<u>\$ 2,561,615</u>	<u>\$ 2,561,615</u>	<u>\$ 3,148,217</u>	<u>\$ 586,602</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,			
	2021	2020	2019	2018
<b>Total Pension Liability:</b>				
Service cost	\$ 409,375	\$ 347,067	\$ 369,932	\$ 374,535
Interest on total pension liability	1,107,359	1,063,766	1,006,108	944,545
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(100,314)	715,803	-	-
Effect of economic/demographic (gains) or losses	86,351	(126,673)	(62,982)	(31,653)
Benefit payments/refunds of contributions	(620,156)	(628,305)	(530,334)	(515,521)
Net change in total pension liability	882,615	1,371,658	782,724	771,906
Total pension liability, beginning	14,465,542	13,093,884	12,311,160	11,539,254
Total pension liability, ending (a)	<u>\$ 15,348,157</u>	<u>\$ 14,465,542</u>	<u>\$ 13,093,884</u>	<u>\$ 12,311,160</u>
<b>Fiduciary Net Position:</b>				
Employer contributions	\$ 352,682	\$ 335,986	\$ 309,763	\$ 302,762
Member contributions	207,286	199,120	193,085	188,218
Investment income net of investment expenses	3,123,738	1,344,210	1,840,831	(213,701)
Benefit payments/refunds of contributions	(620,156)	(628,305)	(530,334)	(515,521)
Administrative expenses	(9,365)	(10,429)	(9,919)	(9,003)
Other	2,391	(1,468)	873	420
Net change in fiduciary net position	3,056,576	1,239,114	1,804,299	(246,825)
Fiduciary net position, beginning	14,252,790	13,013,676	11,209,377	11,456,202
Fiduciary net position, ending (b)	<u>\$ 17,309,366</u>	<u>\$ 14,252,790</u>	<u>\$ 13,013,676</u>	<u>\$ 11,209,377</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (1,961,209)</u>	<u>\$ 212,752</u>	<u>\$ 80,208</u>	<u>\$ 1,101,783</u>
Fiduciary net position as a % of total pension liability	112.78%	98.53%	99.39%	91.05%
Pensionable covered payroll	\$ 2,961,223	\$ 2,844,578	\$ 2,758,352	\$ 2,688,829
Net pension liability as a % of covered payroll	-66.23%	7.48%	2.91%	40.98%

Year Ended December 31,

2017	2016	2015	2014	2013	2012
\$ 384,190	\$ 380,970	\$ 319,034	\$ 306,915	\$ N/A	\$ N/A
879,992	809,704	755,763	703,857	N/A	N/A
-	-	(41,514)	-	N/A	N/A
98,214	-	120,945	-	N/A	N/A
(52,723)	(31,894)	(2,788)	9,377	N/A	N/A
(491,103)	(485,884)	(468,292)	(381,820)	N/A	N/A
818,570	672,896	683,148	638,329	N/A	N/A
10,720,684	10,047,788	9,364,640	8,726,311	N/A	N/A
<u>\$ 11,539,254</u>	<u>\$ 10,720,684</u>	<u>\$ 10,047,788</u>	<u>\$ 9,364,640</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 297,773	\$ 298,734	\$ 298,951	\$ 356,008	\$ N/A	\$ N/A
187,785	184,730	187,793	161,717	N/A	N/A
1,460,829	688,174	(17,574)	590,961	N/A	N/A
(491,103)	(485,884)	(468,292)	(381,820)	N/A	N/A
(7,619)	(7,484)	(6,683)	(6,892)	N/A	N/A
(147)	46,478	35,039	(77,677)	N/A	N/A
1,447,518	724,748	29,234	642,297	N/A	N/A
10,008,684	9,283,936	9,254,702	8,612,405	N/A	N/A
<u>\$ 11,456,202</u>	<u>\$ 10,008,684</u>	<u>\$ 9,283,936</u>	<u>\$ 9,254,702</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ 83,052</u>	<u>\$ 712,000</u>	<u>\$ 763,852</u>	<u>\$ 109,938</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
99.28%	93.36%	92.40%	98.83%	N/A	N/A
\$ 2,682,636	\$ 2,638,997	\$ 2,559,511	\$ 2,310,236	\$ N/A	\$ N/A
3.10%	26.98%	29.84%	4.76%	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%
2022	337,497	337,497	-	3,004,383	11.2%

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

**Notes to Schedule:**

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	15.4 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the PUB-2010 General Retirees Table for males and 120% of the PUB-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule.

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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.

**Court Facility Fee** – The Court Facility Fee Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to be expended only to fund the construction, renovation, or improvement of facilities that house the courts or pay the principal of, interest on, and costs of issuance of bonds, including refunding bonds, issued for the construction, renovation, or improvement of the facilities.

**Court Reporter Service** – The Court Reporter Service Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to be used to maintain a court reporter who is available for assignment in the court.

**Language Access** – The Language Access Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to provide language access services for individuals appearing before the court or receiving court services.

**County Jury** – The County Jury Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to fund juror reimbursements and other otherwise finance jury services.

**Dispute Resolution** – The Dispute Resolution Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to establish and maintain an alternative dispute resolution system in accordance with Chapter 152, Civil Practice and Remedies Code.

**Court Initiated Guardianship** – The Court Initiated Guardianship Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to supplement other available funds to pay the compensation of a guardian ad litem appointed by the Court, pay the compensation of an attorney ad litem appointed by the court, and fund local guardianship programs that provide guardians for indigent incapacitated persons.

**Judicial Education and Support** – The Judicial Education and Support Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to pay the continuing education of the judge and staff of the probate court or pay the county’s contribution to fund the compensation for the presiding judge of the statutory probate court.

**Public Probate Administration** – The Public Probate Administration Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to support the office of public probate administrator.

**CARSON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<b>Special Revenue</b>		
	<b>Law Library</b>	<b>County Records Management</b>	<b>Courthouse Security</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,139	\$ 78,880	\$ 47,885
Investments	-	25,000	85,000
Accounts receivable, net	-	-	-
Total assets	\$ 7,139	\$ 103,880	\$ 132,885
<b>FUND BALANCES</b>			
Restricted:			
By enabling legislation	\$ 7,139	\$ 103,880	\$ 132,885
Total fund balances	7,139	103,880	132,885
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,139	\$ 103,880	\$ 132,885

**Special Revenue**

<b>Sheriff Forfeiture and Seizure</b>	<b>Judicial Technology</b>	<b>District &amp; County Clerk Technology</b>	<b>Check Collection</b>	<b>VIT Interest</b>	<b>Jail Commissary</b>
\$ 245,933	\$ 13,393	\$ 2,165	\$ 8,667	\$ 768	\$ 3,123
-	20,000	-	-	-	-
-	120	-	-	-	-
<u>\$ 245,933</u>	<u>\$ 33,513</u>	<u>\$ 2,165</u>	<u>\$ 8,667</u>	<u>\$ 768</u>	<u>\$ 3,123</u>
<u>\$ 245,933</u>	<u>\$ 33,513</u>	<u>\$ 2,165</u>	<u>\$ 8,667</u>	<u>\$ 768</u>	<u>\$ 3,123</u>
<u>245,933</u>	<u>33,513</u>	<u>2,165</u>	<u>8,667</u>	<u>768</u>	<u>3,123</u>
<u>\$ 245,933</u>	<u>\$ 33,513</u>	<u>\$ 2,165</u>	<u>\$ 8,667</u>	<u>\$ 768</u>	<u>\$ 3,123</u>

Continued

**CARSON COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2022**

Continuation

	<b>Special Revenue</b>		
	<b>Court Facility Fee</b>	<b>Court Reporter Service</b>	<b>Language Access</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,447	\$ 1,604	\$ 283
Investments	-	-	-
Accounts receivable, net	-	-	-
	<b>\$ 1,447</b>	<b>\$ 1,604</b>	<b>\$ 283</b>
<b>FUND BALANCES</b>			
Restricted:			
By enabling legislation	\$ 1,447	\$ 1,604	\$ 283
Total fund balances	1,447	1,604	283
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 1,447</b>	<b>\$ 1,604</b>	<b>\$ 283</b>

**Special Revenue**

<u>County Jury</u>	<u>Dispute Resolution</u>	<u>County Initiated Guardianship</u>	<u>Judicial Education &amp; Support</u>	<u>Public Probate Administration</u>	<u>Total Non-Major Governmental Funds</u>
\$ 350	\$ 370	\$ 500	\$ 644	\$ 250	\$ 413,401
-	-	-	-	-	130,000
-	-	-	-	-	120
<u>\$ 350</u>	<u>\$ 370</u>	<u>\$ 500</u>	<u>\$ 644</u>	<u>\$ 250</u>	<u>\$ 543,521</u>
<u>\$ 350</u>	<u>\$ 370</u>	<u>\$ 500</u>	<u>\$ 644</u>	<u>\$ 250</u>	<u>\$ 543,521</u>
<u>350</u>	<u>370</u>	<u>500</u>	<u>644</u>	<u>250</u>	<u>543,521</u>
<u>\$ 350</u>	<u>\$ 370</u>	<u>\$ 500</u>	<u>\$ 644</u>	<u>\$ 250</u>	<u>\$ 543,521</u>

**CARSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Special Revenue</u>		
	<u>Law Library</u>	<u>County Records Management</u>	<u>Courthouse Security</u>
<b>REVENUES</b>			
Licenses and fees	\$ 4,106	\$ 42,187	\$ 14,124
Sales	-	-	-
Investment earnings	30	479	705
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	4,136	42,666	14,829
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
Administrative	-	10,181	-
Judicial	3,487	-	817
Public safety	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	3,487	10,181	817
	<hr/>	<hr/>	<hr/>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENDITURES</b>	649	32,485	14,012
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	649	32,485	14,012
<b>FUND BALANCES - BEGINNING</b>	6,490	71,395	118,873
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - ENDING</b>	\$ 7,139	\$ 103,880	\$ 132,885
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**Special Revenue**

<b>Sheriff Forfeiture and Seizure</b>	<b>Judicial Technology</b>	<b>District &amp; County Clerk Technology</b>	<b>Check Collection</b>	<b>VIT Interest</b>	<b>Jail Commissary</b>
\$ -	\$ 8,011	\$ 518	\$ -	\$ -	\$ -
-	-	-	-	-	16,596
1,310	179	10	41	28	11
1,421	-	-	-	-	-
<u>2,731</u>	<u>8,190</u>	<u>528</u>	<u>41</u>	<u>28</u>	<u>16,607</u>
-	-	-	-	-	-
-	6,041	-	-	-	-
99,710	-	-	-	-	35,684
29,237	-	-	-	-	-
<u>128,947</u>	<u>6,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,684</u>
(126,216)	2,149	528	41	28	(19,077)
<u>35,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>35,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(90,397)	2,149	528	41	28	(19,077)
<u>336,330</u>	<u>31,364</u>	<u>1,637</u>	<u>8,626</u>	<u>740</u>	<u>22,200</u>
<u>\$ 245,933</u>	<u>\$ 33,513</u>	<u>\$ 2,165</u>	<u>\$ 8,667</u>	<u>\$ 768</u>	<u>\$ 3,123</u>

Continued

**CARSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Continuation

	<u>Special Revenue</u>		
	<u>Court Facility Fee</u>	<u>Court Reporter Service</u>	<u>Language Access</u>
<b>REVENUES</b>			
Licenses and fees	\$ 1,447	\$ 1,604	\$ 283
Sales	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	1,447	1,604	283
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
Administrative	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Capital Outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENDITURES</b>	1,447	1,604	283
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	1,447	1,604	283
<b>FUND BALANCES - BEGINNING</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - ENDING</b>	\$ 1,447	\$ 1,604	\$ 283
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Special Revenue**

<u>County Jury</u>	<u>Dispute Resolution</u>	<u>County Initiated Guardianship</u>	<u>Judicial Education &amp; Support</u>	<u>Public Probate Administration</u>	<u>Total Non-Major Governmental Funds</u>
\$ 350	\$ 370	\$ 500	\$ 644	\$ 250	\$ 74,394
-	-	-	-	-	16,596
-	-	-	-	-	2,793
-	-	-	-	-	1,421
<u>350</u>	<u>370</u>	<u>500</u>	<u>644</u>	<u>250</u>	<u>95,204</u>
-	-	-	-	-	10,181
-	-	-	-	-	10,345
-	-	-	-	-	135,394
-	-	-	-	-	29,237
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,157</u>
350	370	500	644	250	(89,953)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,819</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,819</u>
350	370	500	644	250	(54,134)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,655</u>
<u>\$ 350</u>	<u>\$ 370</u>	<u>\$ 500</u>	<u>\$ 644</u>	<u>\$ 250</u>	<u>\$ 543,521</u>

## **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**  
**CUSTODIAL FUNDS**  
**SEPTEMBER 30, 2022**

	County and District Clerk	Justices of the Peace	Tax Assessor Collector	Inmate Trust	Sheriff	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 188,023	\$ 508	\$ 54,006	\$ 9,609	\$ 112,952	\$ 365,098
Total assets	<u>188,023</u>	<u>508</u>	<u>54,006</u>	<u>9,609</u>	<u>112,952</u>	<u>365,098</u>
<b>LIABILITIES</b>						
Accounts payable	58	-	1,368	1,982	-	3,408
Due to other governments	-	-	43,778	-	-	43,778
Total liabilities	<u>58</u>	<u>-</u>	<u>45,146</u>	<u>1,982</u>	<u>-</u>	<u>47,186</u>
<b>NET POSITION</b>						
Restricted for:						
Individuals	<u>187,965</u>	<u>508</u>	<u>8,860</u>	<u>7,627</u>	<u>112,952</u>	<u>317,912</u>
Total net position	<u>\$ 187,965</u>	<u>\$ 508</u>	<u>\$ 8,860</u>	<u>\$ 7,627</u>	<u>\$ 112,952</u>	<u>\$ 317,912</u>

**CARSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	County and District Clerk	Justices of the Peace	Tax Assessor Collector	Inmate Trust	Sheriff	Total
<b>Additions</b>						
Tax collections	\$ -	\$ -	\$ 6,758,594	\$ -	\$ -	\$ 6,758,594
Trust/Escrow contributions	713,956	564,717	-	-	49,274	1,327,947
Inmate accounts	-	-	-	127,280	-	127,280
Investment earnings	479	99	589	-	-	1,167
<b>Total additions</b>	<u>714,435</u>	<u>564,816</u>	<u>6,759,183</u>	<u>127,280</u>	<u>49,274</u>	<u>8,214,988</u>
<b>Deductions</b>						
Payments to local governments	-	-	6,750,477	-	-	6,750,477
Trust/Escrow disbursements	695,254	605,843	-	-	124,774	1,425,871
Inmate accounts	-	-	-	122,614	-	122,614
<b>Total deductions</b>	<u>695,254</u>	<u>605,843</u>	<u>6,750,477</u>	<u>122,614</u>	<u>124,774</u>	<u>8,298,962</u>
<b>NET CHANGE IN NET POSITION</b>	19,181	(41,027)	8,706	4,666	(75,500)	(83,974)
<b>NET POSITION - BEGINNING</b>	<u>168,784</u>	<u>41,535</u>	<u>154</u>	<u>2,961</u>	<u>188,452</u>	<u>401,886</u>
<b>NET POSITION - ENDING</b>	<u>\$ 187,965</u>	<u>\$ 508</u>	<u>\$ 8,860</u>	<u>\$ 7,627</u>	<u>\$ 112,952</u>	<u>\$ 317,912</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, 2022, 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 31, 2023.

**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 31, 2023