

CARSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED
SEPTEMBER 30, 2024

CARSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2024

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PART I

FINANCIAL SECTION

To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Carson County, Texas
Panhhandle, 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, 2024, 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, 2024, 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 – 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 April 30, 2025, 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
April 30, 2025

BASIC FINANCIAL STATEMENTS

CARSON COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

| | Governmental Activities |
|---|------------------------------------|
| <hr/> | |
| ASSETS | |
| Cash and cash equivalents | \$ 4,610,112 |
| Investments | 8,205,000 |
| Accounts receivable, net | 520,367 |
| Delinquent taxes receivable, net | 62,911 |
| Due from other governmental entities | 176,895 |
| Prepaid items | 148,748 |
| Net pension asset | 376,023 |
| Capital assets, net of accumulated depreciation | 9,768,255 |
| | <hr/> |
| Total assets | 23,868,311 |
| | <hr/> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension contributions | 262,604 |
| Pension economic/demographic losses | 79,418 |
| Pension deficient earnings | 64,361 |
| | <hr/> |
| Total deferred outflows of resources | 406,383 |
| | <hr/> |
| LIABILITIES | |
| Accounts payable | 209,124 |
| Due to other governmental entities | 739,272 |
| Accrued interest | 9,217 |
| Noncurrent liabilities: | |
| Due within one year | 311,628 |
| Due in more than one year | 317,238 |
| | <hr/> |
| Total liabilities | 1,586,479 |
| | <hr/> |
| NET POSITION | |
| Net investment in capital assets | 9,213,566 |
| Restricted: | |
| By enabling legislation | 461,668 |
| Special projects | 64,765 |
| Unrestricted | 12,948,216 |
| | <hr/> |
| Total net position | \$ 22,688,215 |
| | <hr/> <hr/> |

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, 2024

| | | | | | Net (Expense) |
|---|---------------------|---------------------|---------------------|---------------|--------------------|
| | | | | | Revenue and |
| | | | | | Changes in |
| | | | | | Net Position |
| | | | | | Primary |
| | | | | | Government |
| | | | | | Governmental |
| | | | | | Activities |
| Functions/Programs | Expenses | Charges for | Operating | Capital | |
| | | Services | Grants and | Grants and | |
| | | | Contributions | Contributions | |
| Primary government | | | | | |
| Governmental Activities: | | | | | |
| Administrative | \$ 1,448,632 | \$ 117,391 | \$ 188,831 | \$ - | \$ (1,142,410) |
| Judicial | 605,017 | 449,445 | 96,824 | - | (58,748) |
| Public facilities | 736,828 | 2,400 | - | - | (734,428) |
| Public safety | 2,773,088 | 36,683 | 743,571 | - | (1,992,834) |
| Road and bridge | 1,892,601 | 566,066 | 77,326 | - | (1,249,209) |
| Public service | 270,014 | 21,448 | - | - | (248,566) |
| Interest on long-term debt | 14,849 | - | - | - | (14,849) |
| Total | <u>\$ 7,741,029</u> | <u>\$ 1,193,433</u> | <u>\$ 1,106,552</u> | <u>\$ -</u> | <u>(5,441,044)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | | | | | 3,442,396 |
| Property taxes, levied for road and bridge | | | | | 851,298 |
| Property taxes, levied for lateral road | | | | | 421,743 |
| Property taxes, levied for debt service | | | | | 630 |
| Miscellaneous taxes | | | | | 69,367 |
| Payments in lieu of taxes | | | | | 1,119,695 |
| Investment earnings | | | | | 713,343 |
| Miscellaneous | | | | | 181,966 |
| Gain on disposal of asset | | | | | 122,000 |
| Total general revenues | | | | | 6,922,438 |
| Change in net position | | | | | 1,481,394 |
| Net position - beginning | | | | | 21,206,821 |
| Net position - ending | | | | | \$ 22,688,215 |

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

**CARSON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>American Rescue Funds</u> |
|--|---------------------|---------------------------------|----------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,989,338 | \$ 1,832,375 | \$ 453,452 |
| Investments | 5,630,000 | 2,145,000 | 300,000 |
| Accounts receivable, net | 520,367 | - | - |
| Delinquent taxes receivable, net | 46,377 | 14,394 | - |
| Due from other governments | 176,895 | - | - |
| Prepaid items | 148,748 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 8,511,725</u> | <u>\$ 3,991,769</u> | <u>\$ 753,452</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 140,239 | \$ 65,064 | \$ 1,169 |
| Due to other governmental entities | 51,754 | - | 687,518 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>191,993</u> | <u>65,064</u> | <u>688,687</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - delinquent property taxes | 30,486 | 8,598 | - |
| Unavailable revenue - accounts receivable | 440,664 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total deferred inflows of resources | <u>471,150</u> | <u>8,598</u> | <u>-</u> |
| FUND BALANCES | | | |
| Non-spendable: | | | |
| Prepaid items | 148,748 | - | - |
| Restricted: | | | |
| By enabling legislation | - | - | - |
| Special projects | - | - | 64,765 |
| Committed for: | | | |
| Special projects | - | 3,918,107 | - |
| Unassigned | 7,699,834 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>7,848,582</u> | <u>3,918,107</u> | <u>64,765</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 8,511,725</u> | <u>\$ 3,991,769</u> | <u>\$ 753,452</u> |

| Non-Major Governmental | Total Governmental |
|-----------------------------------|-------------------------------|
| \$ 334,947 | \$ 4,610,112 |
| 130,000 | 8,205,000 |
| - | 520,367 |
| 2,140 | 62,911 |
| - | 176,895 |
| - | 148,748 |
| <u>\$ 467,087</u> | <u>\$ 13,724,033</u> |
| | |
| \$ 2,652 | \$ 209,124 |
| - | 739,272 |
| <u>2,652</u> | <u>948,396</u> |
| | |
| 2,033 | 41,117 |
| - | 440,664 |
| <u>2,033</u> | <u>481,781</u> |
| | |
| - | 148,748 |
| 461,668 | 461,668 |
| - | 64,765 |
| - | 3,918,107 |
| 734 | 7,700,568 |
| <u>462,402</u> | <u>12,293,856</u> |
| | |
| <u>\$ 467,087</u> | <u>\$ 13,724,033</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, 2024

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

| | |
|---|-----------------------------|
| Total fund balance - governmental funds | \$ 12,293,856 |
| 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. | 9,768,255 |
| Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements. | 481,781 |
| 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. | 376,023 |
| Pension contributions paid after the measurement date, December 31, 2023, and before September 30, 2024 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements. | 262,604 |
| Pension losses, deficient earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements. | |
| Pension economic/demographic losses | 79,418 |
| Pension deficient earnings | 64,361 |
| 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 | (9,217) |
| Notes payable, leases payable, and subscription liabilities | (554,690) |
| Accrued compensated absences | (74,176) |
| Net position - governmental activities | \$ <u><u>22,688,215</u></u> |

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, 2024

| | <u>General Fund</u> | <u>Road and Bridge Fund</u> | <u>American Rescue Funds</u> |
|---|----------------------------|---------------------------------|----------------------------------|
| REVENUES | | | |
| Property taxes | \$ 3,444,232 | \$ 1,275,138 | \$ - |
| Payments in lieu of taxes | 1,119,695 | - | - |
| Miscellaneous taxes | 68,559 | 800 | - |
| Licenses and fees | 258,435 | 399,704 | - |
| Fines and forfeitures | 319,348 | 166,362 | - |
| Intergovernmental | 884,907 | 77,326 | 161,830 |
| Sales | - | - | - |
| Investment earnings | 451,935 | 207,510 | 39,483 |
| Miscellaneous | 170,970 | 11,255 | - |
| | <u>6,718,081</u> | <u>2,138,095</u> | <u>201,313</u> |
| Total revenues | | | |
| EXPENDITURES | | | |
| Current: | | | |
| Administrative | 1,252,386 | - | 151,830 |
| Judicial | 635,589 | - | - |
| Public facilities | 748,110 | - | - |
| Public safety | 2,551,133 | - | - |
| Road and bridge | - | 1,637,851 | - |
| Public service | 264,327 | - | - |
| Debt service: | | | |
| Principal | 123,480 | 78,966 | - |
| Interest | 3,979 | 3,493 | - |
| Capital outlay | 419,728 | 384,842 | - |
| | <u>5,998,732</u> | <u>2,105,152</u> | <u>151,830</u> |
| Total expenditures | | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>719,349</u> | <u>32,943</u> | <u>49,483</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from notes payable | - | 47,195 | - |
| Initiation of leases and SBITAs | 231,140 | 310,717 | - |
| Transfers in | 13,789 | - | - |
| Transfers out | (3,498) | - | (10,000) |
| | <u>241,431</u> | <u>357,912</u> | <u>(10,000)</u> |
| Total other financing sources (uses) | | | |
| NET CHANGE IN FUND BALANCES | 960,780 | 390,855 | 39,483 |
| FUND BALANCES - BEGINNING | <u>6,887,802</u> | <u>3,527,252</u> | <u>25,282</u> |
| FUND BALANCES - ENDING | <u><u>\$ 7,848,582</u></u> | <u><u>\$ 3,918,107</u></u> | <u><u>\$ 64,765</u></u> |

| Non-Major Governmental | Total Governmental Funds |
|-----------------------------------|---|
| \$ 1,403 | \$ 4,720,773 |
| - | 1,119,695 |
| 8 | 69,367 |
| 74,771 | 732,910 |
| - | 485,710 |
| - | 1,124,063 |
| 10,161 | 10,161 |
| 14,415 | 713,343 |
| 2,141 | 184,366 |
| <u>102,899</u> | <u>9,160,388</u> |
| 9,767 | 1,413,983 |
| 16,881 | 652,470 |
| - | 748,110 |
| 49,713 | 2,600,846 |
| - | 1,637,851 |
| - | 264,327 |
| 6,218 | 208,664 |
| 316 | 7,788 |
| <u>12,585</u> | <u>817,155</u> |
| <u>95,480</u> | <u>8,351,194</u> |
| <u>7,419</u> | <u>809,194</u> |
| - | 47,195 |
| - | 541,857 |
| 3,498 | 17,287 |
| <u>(3,789)</u> | <u>(17,287)</u> |
| <u>(291)</u> | <u>589,052</u> |
| 7,128 | 1,398,246 |
| <u>455,274</u> | <u>10,895,610</u> |
| <u>\$ 462,402</u> | <u>\$ 12,293,856</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, 2024

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

| | | |
|---|----|-----------|
| Net change in fund balances - total governmental funds: | \$ | 1,398,246 |
|---|----|-----------|

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.

| | | |
|--|--|--------|
| This is the amount by which capital outlays, \$817,155, exceeded depreciation, \$769,610, in the current period. | | 47,545 |
|--|--|--------|

| | | |
|--|--|---------|
| The Statement of Activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. Thus, the change in net position differed from the change in fund balance by the value given for the traded assets. | | 122,000 |
|--|--|---------|

| | | |
|--|--|----------|
| 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. | | (59,965) |
|--|--|----------|

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.

| | | |
|-------------------------|--|-----------|
| Debt issued or incurred | | |
| Note payable | | (47,195) |
| Leases and SBITAs | | (541,857) |
| Principal repayments | | |
| Note payable | | 78,966 |
| Leases and SBITAs | | 129,698 |

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:

| | | |
|---|--|-----------|
| Accrued interest on debt, net change | | (7,062) |
| Compensated absences, net change | | (3,083) |
| Deferred outflows of resources - pension plan, net change | | (224,354) |
| Deferred inflows of resources - pension plan, net change | | 33,438 |
| Net pension asset, net change | | 376,023 |
| Net pension liability, net change | | 178,994 |

| | | |
|--|----|-----------|
| Change in net position - governmental activities | \$ | 1,481,394 |
|--|----|-----------|

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, 2024

| | Custodial Funds |
|---------------------------|--------------------|
| | <hr/> |
| ASSETS | |
| Cash and cash equivalents | \$ 546,032 |
| | <hr/> |
| Total assets | 546,032 |
| | <hr/> |
| LIABILITIES | |
| Accounts payable | 9,048 |
| Due to other governments | 31,326 |
| | <hr/> |
| Total liabilities | 40,374 |
| | <hr/> |
| NET POSITION | |
| Restricted for: | |
| Individuals | 505,658 |
| | <hr/> |
| Total net position | \$ 505,658 |
| | <hr/> <hr/> |

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, 2024

| | Custodial Funds |
|-----------------------------------|--------------------|
| Additions | |
| Tax collections | \$ 6,744,560 |
| Trust/Escrow contributions | 1,634,869 |
| Inmate accounts | 53,787 |
| Investment earnings | 16,701 |
| | <hr/> |
| Total additions | 8,449,917 |
| | <hr/> |
| Deductions | |
| Payments to local governments | 6,752,989 |
| Trust/Escrow disbursements | 1,443,004 |
| Inmate accounts | 51,060 |
| | <hr/> |
| Total deductions | 8,247,053 |
| | <hr/> |
| NET CHANGE IN NET POSITION | 202,864 |
| NET POSITION - BEGINNING | 302,794 |
| | <hr/> |
| NET POSITION - ENDING | \$ 505,658 |
| | <hr/> <hr/> |

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

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

Government-Wide Statements – Continuation

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

Fund-Level Statements

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

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

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

The County reports the following major governmental funds:

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

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

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

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2024

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 \$9,130,847.

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 \$107,529.

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, 2024

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, 2024

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 of 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, 2024

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, 2024

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 and America Rescue Funds Special Revenue Funds.
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 the General Fund and the Road and Bridge and American Rescue Funds Special Revenue Funds.
5. Budgets for the General Fund and the Road and Bridge and American Rescue Funds 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, 2024

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 and American Rescue Funds Special Revenue Funds.
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 and Road and Bridge 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, 2024:

Cash and deposit balances consist of:

| | |
|-------------------------------------|--------------|
| Petty cash funds | \$ 650 |
| Bank deposits | 1,413,106 |
| Temporary investments - TexPool | 1,314,323 |
| Temporary investments - Texas CLASS | 2,428,065 |
| | <hr/> |
| Total | \$ 5,156,144 |
| | <hr/> |

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

Government-wide Statement of Net Position:

| | |
|---|--------------|
| Unrestricted | \$ 4,610,112 |
| Fiduciary Funds Statement of Net Position | 546,032 |
| | <hr/> |
| Total | \$ 5,156,144 |
| | <hr/> |

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation

As of September 30, 2024, 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 4.25 - 5.48%) | \$ 8,205,000 | |
| Total fair value | <u>\$ 8,205,000</u> | |
| Portfolio weighted average maturity | | <u>392</u> |

Custodial credit risk: As of September 30, 2024, the carrying amount of the County's deposits with financial institutions was \$9,618,106 and the bank's balance was \$9,753,643. Of the bank balance, \$4,151,637 was insured through the Federal Depository Insurance Corporation (FDIC) and \$5,602,006, was collateralized with securities held by the pledging institution's agent in the County's name.

As of September 30, 2024, the County had \$1,314,323 and \$2,428,065 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, 2024

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, 2024, 28% 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, 2024 was as follows:

| | Beginning Balance | Increases | Decreases | Transfers / Reclassifications | Ending Balance |
|---|----------------------|-------------------|-------------|----------------------------------|---------------------|
| Governmental activities: | | | | | |
| 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 | 10,110,384 | 19,087 | - | - | 10,129,471 |
| Infrastructure | 1,658,537 | - | - | - | 1,658,537 |
| Equipment | 7,517,214 | 256,211 | (253,374) | 5,123 | 7,525,174 |
| Leased equipment | 83,454 | 503,364 | (69,982) | (5,123) | 511,713 |
| Subscription assets | 83,760 | 160,493 | - | - | 244,253 |
| Total capital assets, being depreciated | 19,453,349 | 939,155 | (323,356) | - | 20,069,148 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (3,136,016) | (198,994) | - | - | (3,335,010) |
| Infrastructure | (942,702) | (22,114) | - | - | (964,816) |
| Equipment | (5,713,568) | (443,370) | 253,374 | (4,183) | (5,907,747) |
| Leased equipment | (72,275) | (43,216) | 69,982 | 4,183 | (41,326) |
| Subscription assets | (32,497) | (61,916) | - | - | (94,413) |
| Total accumulated depreciation | (9,897,058) | (769,610) | 323,356 | - | (10,343,312) |
| Total capital assets, being depreciated, net | 9,556,291 | 169,545 | - | - | 9,725,836 |
| Governmental activities capital assets, net | <u>\$ 9,598,710</u> | <u>\$ 169,545</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,768,255</u> |

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 4 – CAPITAL ASSETS – Continuation

Depreciation expense for the year ended September 30, 2024 was charged to the functions/programs of the primary government as follows:

| | |
|----------------------------|------------|
| Governmental activities | |
| Administrative | \$ 103,702 |
| Judicial | 1,208 |
| Public facilities | 13,216 |
| Public safety | 303,763 |
| Road and bridge | 337,686 |
| Extension | 10,035 |
| | <hr/> |
| Total Depreciation Expense | \$ 769,610 |
| | <hr/> |

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 2023 tax roll was \$.379242 per \$100, which means that the County has a total tax margin of \$.420758 per \$100 and could raise up to \$3,875,107 additional revenue from the 2023 assessed valuation of \$920,982,453 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 2023 tax roll was \$.093998 per \$100, which means that the County has a tax margin of \$.206002 per \$100 and could raise up to \$1,886,865 additional revenue from the 2023 assessed valuation of \$915,944,963 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 2023 tax roll was \$.04677 per \$100, which means that the County has a tax margin of \$.10323 per \$100 and could raise up to \$945,530 additional revenue from the 2023 assessed valuation of \$915,944,963 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, 2024

NOTE 6 – RETIREMENT PLAN

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

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

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

Employees Covered by Benefit Terms: At December 31, 2023, the following employees were covered by the benefit terms:

| | |
|--|----|
| Inactive employees or beneficiaries currently receiving benefits | 58 |
| Inactive employees entitled to but not yet receiving benefits | 71 |
| 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 11.01% for the months of the accounting year in 2023 and 10.82% with a supplemental rate of 0.19% for the months of the accounting year in 2024. The contribution rate payable by the employee members is 7.0% for fiscal year 2024 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, 2023, 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, 2024

NOTE 6 – RETIREMENT PLAN – Continuation

Actuarial Assumptions: The total pension liability in the December 31, 2023 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 pension liability as of December 31, 2023. 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 1.7% per year for a career employee.

Employer-specific economic assumptions:

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

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 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, 2024

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:

| <u>Asset Class</u> | <u>Benchmark</u> | <u>Target Allocation (1)</u> | <u>Geometric Real Rate of Return (Expected Minus Inflation) (2)</u> |
|--|--|------------------------------|---|
| US Equities | Dow Jones U.S. Total Stock Market Index | 11.50% | 4.75% |
| Global Equities | MSCI World (net) Index | 2.50% | 4.75% |
| International Equities - Developed Markets | MSCI World Ex USA (net) Index | 5.00% | 4.75% |
| International Equities - Emerging Markets | MSCI Emerging Markets (net) Index | 6.00% | 4.75% |
| Investment-Grade Bonds | Bloomberg U.S. Aggregate Bond Index | 3.00% | 2.35% |
| Strategic Credit | FTSE High-Yield Cash-Pay Index | 9.00% | 3.65% |
| Direct Lending | Morningstar LSTA US Leveraged Loan TR USD Index | 16.00% | 7.25% |
| Distressed Debt | Cambridge Associates Distressed Securities Index (3) | 4.00% | 6.90% |
| REIT Equities | 67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index | 2.00% | 4.10% |
| Master Limited Partnerships | Alerian MLP Index | 2.00% | 5.20% |
| Private Real Estate Partnerships | Cambridge Associates Real Estate Index (4) | 6.00% | 5.70% |
| Private Equity | Cambridge Associates Global Private Equity & Venture Capital Index (5) | 25.00% | 7.75% |
| Hedge Funds | Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index | 6.00% | 3.25% |
| Cash Equivalents | 90-Day U.S. Treasury | 2.00% | 0.60% |

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

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

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

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

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

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6 – RETIREMENT PLAN – Continuation

Discount Rate: 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:

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.

The funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act are such that a depletion is not projected to occur.

Since the 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. For GASB 68 this long-term assumed rate of return is net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60% which 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, 2024

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, 2022 | \$ 16,296,116 | \$ 16,117,122 | \$ 178,994 |
| Changes for the year: | | | |
| Service cost | 404,922 | - | 404,922 |
| Interest on total pension liability (1) | 1,237,670 | - | 1,237,670 |
| Effect of plan changes (2) | - | - | - |
| Effect of economic/demographic gains or losses | 85,535 | - | 85,535 |
| Effect of assumptions changes or inputs | - | - | - |
| Refund of contributions | (19,702) | (19,702) | - |
| Benefit payments | (827,630) | (827,630) | - |
| Administrative expenses | - | (9,166) | 9,166 |
| Member contributions | - | 207,310 | (207,310) |
| Net investment income | - | 1,768,182 | (1,768,182) |
| Employer contributions | - | 326,069 | (326,069) |
| Other (3) | - | (9,251) | 9,251 |
| Balances as of December 31, 2023 | <u>\$ 17,176,911</u> | <u>\$ 17,552,934</u> | <u>\$ (376,023)</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 | \$ 19,026,388 | \$ 17,176,911 | \$ 15,588,404 |
| Fiduciary net position | <u>17,552,934</u> | <u>17,552,934</u> | <u>17,552,934</u> |
| Net pension liability / (asset) | <u>\$ 1,473,454</u> | <u>\$ (376,023)</u> | <u>\$ (1,964,530)</u> |

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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):

| | <u>January 1, 2023 to December 31, 2023</u> |
|---|---|
| Service cost | \$ 404,922 |
| Interest on total pension liability (1) | 1,237,670 |
| Effect of plan changes | - |
| Administrative expenses | 9,166 |
| Member contributions | (207,310) |
| Expected investment return net of investment expenses | (1,212,502) |
| Recognition of deferred inflows/outflows of resources | |
| Recognition of economic/demographic gains or losses | 79,689 |
| Recognition of assumption changes or inputs | (33,438) |
| Recognition of investment gains or losses | (303,805) |
| Other (2) | <u>9,251</u> |
| Pension expense / (income) | <u><u>\$ (16,357)</u></u> |

(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, 2024, the deferred inflows and outflows of resources are as follows:

| | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ - | \$ 79,418 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings | - | 64,361 |
| Contributions made subsequent to measurement date | N/A | 262,604 |

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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: | |
| 2024 | \$ (66,032) |
| 2025 | (29,575) |
| 2026 | 350,522 |
| 2027 | (111,136) |
| 2028 | - |
| Thereafter | - |

Contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in subsequent fiscal period.

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

Plan Description

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

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

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Carson County's contributions to the GTLF for the years ended September 30, 2024, 2023, and 2022, were \$5,763, \$6,668, and \$10,290, respectively, which equaled the contractually required contributions each year.

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 8 – CONCENTRATION OF TAXPAYERS

As of September 30, 2024, the following taxpayers accounted for a significant portion of the County's total tax levy.

| Taxpayer | Industry | Tax Amount | Percent of Total Levy |
|------------|-----------|------------|--------------------------|
| Taxpayer A | Railroad | \$ 405,838 | 8.47 % |
| Taxpayer B | Utilities | 293,143 | 6.12 |
| Taxpayer C | Utilities | 287,951 | 6.01 |
| Taxpayer D | Utilities | 246,785 | 5.15 |

NOTE 9 – TAX ABATEMENTS

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.

Continued

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9 – TAX ABATEMENTS – Continued

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 \$316,800.

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, 2024, Carson County abated property taxes totaling \$2,528,186 under this program, including the following tax abatement agreements:

- A 100 percent tax abatement to Pattern Panhandle Wind, LLC, and the abatement amounted to \$1,195,202.
- A 100 percent tax abatement to Route 66 Wind Power, LLC, and the abatement amounted to \$222,073.
- A 100 percent tax abatement to Grandview Wind Farm, LLC, and the abatement amounted to \$693,992.
- A 100 percent tax abatement to Grandview Wind Farm III, LLC, and the abatement amounted to \$416,919.

NOTE 10 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The County has entered into subscription-based information technology arrangements (SBITAs) for operational software for use across the County. For the year ended September 30, 2024 liability payments amounted to \$113,317. The SBITAs have interest rates between 1.240% and 3.958% and maturity dates ranging through the fiscal year end September 30, 2028.

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 11 – LONG-TERM LIABILITIES

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, 2024 is \$56,189.

In March 2024, the County signed a note payable in the amount of \$47,195 for a CTS BDT trailer. The note is due in annual installments from March 2024 through March 2025. The interest rate is 7.46% and the debt is collateralized by the equipment. The balance of the note as of September 30, 2024 is \$22,749.

The County has entered into multiple leases for copiers and other equipment, including heavy equipment. The leases have maturity dates through the fiscal year ending September 30, 2029 and have interest rates between 0.569% and 5.990%.

Long-term liability activity for the year ended September 30, 2024, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|-------------------|---------------------|-------------------|------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 71,093 | \$ 83,048 | \$ (79,965) | \$ 74,176 | \$ 74,176 |
| Note payable | 110,709 | 47,195 | (78,966) | 78,938 | 78,938 |
| Leases | 12,673 | 381,364 | (16,381) | 377,656 | 111,634 |
| Subscription liabilities | 50,920 | 160,493 | (113,317) | 98,096 | 46,880 |
| | | | | | |
| Governmental activity long-term liabilities | <u>\$ 245,395</u> | <u>\$ 672,100</u> | <u>\$ (288,629)</u> | <u>\$ 628,866</u> | <u>\$ 311,628</u> |

The annual debt service requirement on long-term liabilities outstanding as of September 30, 2024 is as follows:

| Fiscal Year | Total | Note Payable | | Leases | | Subscription Liabilities | |
|-------------|-------------------|-----------------|------------------|------------------|-------------------|--------------------------|------------------|
| | | Interest | Principal | Interest | Principal | Interest | Principal |
| 2025 | \$ 263,850 | \$ 3,520 | \$ 78,938 | \$ 20,674 | \$ 111,634 | \$ 2,204 | \$ 46,880 |
| 2026 | 160,995 | - | - | 14,368 | 117,093 | 1,285 | 28,249 |
| 2027 | 146,745 | - | - | 7,698 | 123,763 | 734 | 14,550 |
| 2028 | 23,992 | - | - | 640 | 14,602 | 333 | 8,417 |
| 2029 | 10,719 | - | - | 155 | 10,564 | - | - |
| | | | | | | | |
| | <u>\$ 606,301</u> | <u>\$ 3,520</u> | <u>\$ 78,938</u> | <u>\$ 43,535</u> | <u>\$ 377,656</u> | <u>\$ 4,556</u> | <u>\$ 98,096</u> |

The County paid interest expenses in the amount of \$7,787 during the fiscal year ended September 30, 2024.

CARSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 12 – RISK MANAGEMENT

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

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CARSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Budgeted Amounts | | | |
|-------------------------------|------------------|--------------|----------------|----------------------------|
| | Original | Final | Actual Amounts | Variance With Final Budget |
| REVENUES | | | | |
| Property taxes | \$ 3,478,912 | \$ 3,478,912 | \$ 3,444,232 | \$ (34,680) |
| Payments in lieu of taxes | 1,119,725 | 1,119,725 | 1,119,695 | (30) |
| Sales and miscellaneous taxes | 85,200 | 85,200 | 68,559 | (16,641) |
| Licenses and fees | 362,080 | 362,080 | 258,435 | (103,645) |
| Fines and forfeitures | 304,100 | 304,100 | 319,348 | 15,248 |
| Intergovernmental | 516,516 | 516,516 | 884,907 | 368,391 |
| Interest earnings | 75,000 | 75,000 | 451,935 | 376,935 |
| Miscellaneous | 326,213 | 326,213 | 170,970 | (155,243) |
| Total revenues | 6,267,746 | 6,267,746 | 6,718,081 | 450,335 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administrative: | | | | |
| Commissioners' Court | 335,044 | 341,094 | 301,150 | 39,944 |
| Historical Commission | 4,115 | 4,115 | 2,038 | 2,077 |
| County Auditor | 141,427 | 141,207 | 82,653 | 58,554 |
| Elections | 51,048 | 51,048 | 42,914 | 8,134 |
| County Judge | 174,512 | 174,292 | 168,837 | 5,455 |
| County and District Clerk | 313,623 | 313,183 | 297,817 | 15,366 |
| County Tax Assessor/Collector | 246,803 | 250,808 | 208,844 | 41,964 |
| County Treasurer | 165,086 | 164,866 | 148,133 | 16,733 |
| Total administrative | 1,431,658 | 1,440,613 | 1,252,386 | 188,227 |
| Judicial: | | | | |
| Justice of the Peace - 1 | 136,990 | 136,770 | 132,583 | 4,187 |
| Justice of the Peace - 2 | 140,854 | 140,634 | 137,598 | 3,036 |
| County Attorney | 183,332 | 183,112 | 178,821 | 4,291 |
| Jury | 203,926 | 203,816 | 186,587 | 17,229 |
| Total judicial | 665,102 | 664,332 | 635,589 | 28,743 |
| Public facilities: | | | | |
| Building and Maintenance: | | | | |
| Permanent Improvement | 111,554 | 111,334 | 95,301 | 16,033 |
| Courthouse | 116,400 | 116,400 | 115,070 | 1,330 |
| Museum | 17,906 | 19,790 | 19,790 | - |
| Jail | 143,590 | 181,102 | 162,016 | 19,086 |
| Ag Building | 15,955 | 15,955 | 12,645 | 3,310 |
| DPS Office - Groom | 5,221 | 5,221 | 4,816 | 405 |
| Justice of the Peace - 1 | 7,026 | 7,026 | 5,804 | 1,222 |
| Libraries | 10,950 | 12,273 | 11,290 | 983 |
| Library | 335,091 | 334,431 | 321,378 | 13,053 |
| Total public facilities | 763,693 | 803,532 | 748,110 | 55,422 |

Continued

**CARSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget</u> |
|---|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Continuation | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety: | | | | |
| County-wide | \$ 218,900 | \$ 245,121 | \$ 237,512 | \$ 7,609 |
| DPS - Panhandle | 500 | 500 | 245 | 255 |
| County Sheriff | 1,816,295 | 1,925,921 | 1,839,631 | 86,290 |
| SB22 Grant - Sheriff | - | 95,678 | 100,023 | (4,345) |
| DOE Cooperative Agreement | 300,000 | 365,189 | 271,927 | 93,262 |
| AIP Grant Fund | 143,316 | 143,206 | 93,371 | 49,835 |
| VINE Grant Fund | - | - | 8,424 | (8,424) |
| Total public safety | 2,479,011 | 2,775,615 | 2,551,133 | 224,482 |
| Public service: | | | | |
| Extension Services | 170,927 | 170,597 | 121,861 | 48,736 |
| Social Services | 558,355 | 416,640 | 142,466 | 274,174 |
| Total public service | 729,282 | 587,237 | 264,327 | 322,910 |
| Debt Service: | | | | |
| Principal | - | - | 123,480 | (123,480) |
| Interest and other charges | - | - | 3,979 | (3,979) |
| | - | - | 127,459 | (127,459) |
| Capital outlay | 200,000 | 354,322 | 419,728 | (65,406) |
| Total expenditures | 6,268,746 | 6,625,651 | 5,998,732 | 626,919 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (1,000) | (357,905) | 719,349 | 1,077,254 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Initiation of leases and SBITAs | - | - | 231,140 | 231,140 |
| Proceeds from disposition of assets | 1,000 | 1,000 | - | (1,000) |
| Transfers in | - | - | 13,789 | 13,789 |
| Transfers out | - | - | (3,498) | (3,498) |
| Total other financing sources (uses) | 1,000 | 1,000 | 241,431 | 240,431 |
| NET CHANGE IN FUND BALANCE | - | (356,905) | 960,780 | 1,317,685 |
| FUND BALANCES - BEGINNING | 6,887,802 | 6,887,802 | 6,887,802 | - |
| FUND BALANCES - ENDING | <u>\$ 6,887,802</u> | <u>\$ 6,530,897</u> | <u>\$ 7,848,582</u> | <u>\$ 1,317,685</u> |

**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, 2024**

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|---|-------------------------|--------------|---------------------------|---------------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 1,285,756 | \$ 1,285,756 | \$ 1,275,138 | \$ (10,618) |
| Motor vehicle sales tax | 2,000 | 2,000 | 800 | (1,200) |
| Licenses and fees | 380,000 | 380,000 | 399,704 | 19,704 |
| Fines and forfeitures | 171,788 | 171,788 | 166,362 | (5,426) |
| Intergovernmental | 21,476 | 21,476 | 77,326 | 55,850 |
| Interest earnings | 90,000 | 90,000 | 207,510 | 117,510 |
| Miscellaneous | 349,395 | 349,395 | 11,255 | (338,140) |
| Total revenues | 2,300,415 | 2,300,415 | 2,138,095 | (162,320) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Road and bridge | | | | |
| Precinct #1 | 559,334 | 559,334 | 370,318 | 189,016 |
| Precinct #2 | 534,147 | 534,147 | 377,041 | 157,106 |
| Precinct #3 | 620,996 | 620,996 | 403,630 | 217,366 |
| Precinct #4 | 585,938 | 585,938 | 486,862 | 99,076 |
| Total road and bridge | 2,300,415 | 2,300,415 | 1,637,851 | 662,564 |
| Debt service: | | | | |
| Principal | - | - | 78,966 | (78,966) |
| Interest | - | - | 3,493 | (3,493) |
| Total debt service | - | - | 82,459 | (82,459) |
| Capital outlay | - | - | 384,842 | (384,842) |
| Total expenditures | 2,300,415 | 2,300,415 | 2,105,152 | 195,263 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | 32,943 | 32,943 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from notes payable | - | - | 47,195 | 47,195 |
| Initiation of leases and SBITAs | - | - | 310,717 | 310,717 |
| Total other financing sources (uses) | - | - | 357,912 | 357,912 |
| NET CHANGE IN FUND BALANCE | - | - | 390,855 | 390,855 |
| FUND BALANCE - BEGINNING | 3,527,252 | 3,527,252 | 3,527,252 | - |
| FUND BALANCE - ENDING | \$ 3,527,252 | \$ 3,527,252 | \$ 3,918,107 | \$ 390,855 |

**CARSON COUNTY, TEXAS
AMERICAN RESCUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|---|-------------------------|------------------|---------------------------|---------------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 785,000 | \$ 785,000 | \$ 161,830 | \$ (623,170) |
| Interest earnings | 15,000 | 15,000 | 39,483 | 24,483 |
| Total revenues | 800,000 | 800,000 | 201,313 | (598,687) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Adminstrative | | | | |
| American Rescue Funds | 800,000 | 800,000 | 151,830 | 648,170 |
| Total expenditures | 800,000 | 800,000 | 151,830 | 648,170 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | 49,483 | 49,483 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (10,000) | (10,000) |
| Total other financing sources (uses) | - | - | (10,000) | (10,000) |
| NET CHANGE IN FUND BALANCE | - | - | 39,483 | 39,483 |
| FUND BALANCE - BEGINNING | 25,282 | 25,282 | 25,282 | - |
| FUND BALANCE - ENDING | <u>\$ 25,282</u> | <u>\$ 25,282</u> | <u>\$ 64,765</u> | <u>\$ 39,483</u> |

CARSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years

| | Year Ended December 31, | | | |
|--|-------------------------|----------------------|-----------------------|----------------------|
| | 2023 | 2022 | 2021 | 2020 |
| Total Pension Liability: | | | | |
| Service cost | \$ 404,922 | \$ 421,533 | \$ 409,375 | \$ 347,067 |
| Interest on total pension liability | 1,237,670 | 1,171,911 | 1,107,359 | 1,063,766 |
| Effect of plan changes | - | - | - | - |
| Effect of assumption changes or inputs | - | - | (100,314) | 715,803 |
| Effect of economic/demographic (gains) or losses | 85,535 | 67,183 | 86,351 | (126,673) |
| Benefit payments/refunds of contributions | (847,332) | (712,668) | (620,156) | (628,305) |
| Net change in total pension liability | 880,795 | 947,959 | 882,615 | 1,371,658 |
| Total pension liability, beginning | 16,296,116 | 15,348,157 | 14,465,542 | 13,093,884 |
| Total pension liability, ending (a) | <u>\$ 17,176,911</u> | <u>\$ 16,296,116</u> | <u>\$ 15,348,157</u> | <u>\$ 14,465,542</u> |
| Fiduciary Net Position: | | | | |
| Employer contributions | \$ 326,069 | \$ 329,938 | \$ 352,682 | \$ 335,986 |
| Member contributions | 207,310 | 209,770 | 207,286 | 199,120 |
| Investment income net of investment expenses | 1,768,182 | (999,951) | 3,123,738 | 1,344,210 |
| Benefit payments/refunds of contributions | (847,332) | (712,668) | (620,156) | (628,305) |
| Administrative expenses | (9,166) | (9,445) | (9,365) | (10,429) |
| Other | (9,251) | (9,888) | 2,391 | (1,468) |
| Net change in fiduciary net position | 1,435,812 | (1,192,244) | 3,056,576 | 1,239,114 |
| Fiduciary net position, beginning | 16,117,122 | 17,309,366 | 14,252,790 | 13,013,676 |
| Fiduciary net position, ending (b) | <u>\$ 17,552,934</u> | <u>\$ 16,117,122</u> | <u>\$ 17,309,366</u> | <u>\$ 14,252,790</u> |
| Net pension liability / (asset), ending = (a) - (b) | <u>\$ (376,023)</u> | <u>\$ 178,994</u> | <u>\$ (1,961,209)</u> | <u>\$ 212,752</u> |
| Fiduciary net position as a % of total pension liability | 102.19% | 98.90% | 112.78% | 98.53% |
| Pensionable covered payroll | \$ 2,961,575 | \$ 2,996,707 | \$ 2,961,223 | \$ 2,844,578 |
| Net pension liability as a % of covered payroll | -12.70% | 5.97% | -66.23% | 7.48% |

| Year Ended December 31, | | | | | |
|-------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| \$ 369,932 | \$ 374,535 | \$ 384,190 | \$ 380,970 | \$ 319,034 | \$ 306,915 |
| 1,006,108 | 944,545 | 879,992 | 809,704 | 755,763 | 703,857 |
| - | - | - | - | (41,514) | - |
| - | - | 98,214 | - | 120,945 | - |
| (62,982) | (31,653) | (52,723) | (31,894) | (2,788) | 9,377 |
| (530,334) | (515,521) | (491,103) | (485,884) | (468,292) | (381,820) |
| 782,724 | 771,906 | 818,570 | 672,896 | 683,148 | 638,329 |
| 12,311,160 | 11,539,254 | 10,720,684 | 10,047,788 | 9,364,640 | 8,726,311 |
| <u>\$ 13,093,884</u> | <u>\$ 12,311,160</u> | <u>\$ 11,539,254</u> | <u>\$ 10,720,684</u> | <u>\$ 10,047,788</u> | <u>\$ 9,364,640</u> |
| \$ 309,763 | \$ 302,762 | \$ 297,773 | \$ 298,734 | \$ 298,951 | \$ 356,008 |
| 193,085 | 188,218 | 187,785 | 184,730 | 187,793 | 161,717 |
| 1,840,831 | (213,701) | 1,460,829 | 688,174 | (17,574) | 590,961 |
| (530,334) | (515,521) | (491,103) | (485,884) | (468,292) | (381,820) |
| (9,919) | (9,003) | (7,619) | (7,484) | (6,683) | (6,892) |
| 873 | 420 | (147) | 46,478 | 35,039 | (77,677) |
| 1,804,299 | (246,825) | 1,447,518 | 724,748 | 29,234 | 642,297 |
| 11,209,377 | 11,456,202 | 10,008,684 | 9,283,936 | 9,254,702 | 8,612,405 |
| <u>\$ 13,013,676</u> | <u>\$ 11,209,377</u> | <u>\$ 11,456,202</u> | <u>\$ 10,008,684</u> | <u>\$ 9,283,936</u> | <u>\$ 9,254,702</u> |
| <u>\$ 80,208</u> | <u>\$ 1,101,783</u> | <u>\$ 83,052</u> | <u>\$ 712,000</u> | <u>\$ 763,852</u> | <u>\$ 109,938</u> |
| 99.39% | 91.05% | 99.28% | 93.36% | 92.40% | 98.83% |
| \$ 2,758,352 | \$ 2,688,829 | \$ 2,682,636 | \$ 2,638,997 | \$ 2,559,511 | \$ 2,310,236 |
| 2.91% | 40.98% | 3.10% | 26.98% | 29.84% | 4.76% |

CARSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years

| 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% |
| 2023 | 322,225 | 322,225 | - | 2,926,655 | 11.0% |
| 2024 | 343,235 | 347,766 | (4,531) | 3,158,642 | 11.0% |

**CARSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years**

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 (Dec. 31, 2021 valuation for 2023 contributions):

| | |
|--|---|
| Actuarial Cost Method | Entry Age (level percentage of pay) |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 12.7 years (based on contribution rate calculated in 12/31/2023 valuation) |
| Asset Valuation Method | 5-year smoothed market |
| Inflation | 2.50% |
| Salary increases | Varies by age and service. 4.7% average over career including inflation. |
| Investment rate of return | 7.50%, net of administrative and investment expenses, including inflation |
| Retirement age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | 135% of the PUB-2010 General Retirees Table for males and 120% of the PUB-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. |
| Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions * | 2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected. |
| Changes in Plan Provisions Reflected in the Schedule of Employer Contributions * | 2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule. |

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

DEBT SERVICE FUND

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

**CARSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

| | Special Revenue | | |
|--|------------------------|--|--------------------------------|
| | Law Library | County Records Management | Courthouse Security |
| ASSETS | | | |
| Cash and cash equivalents | \$ 11,172 | \$ 138,438 | \$ 81,196 |
| Investments | - | 25,000 | 85,000 |
| Delinquent taxes receivable, net | - | - | - |
| Total assets | <u>\$ 11,172</u> | <u>\$ 163,438</u> | <u>\$ 166,196</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - delinquent property taxes | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Restricted: | | | |
| By enabling legislation | \$ 11,172 | \$ 163,438 | \$ 166,196 |
| Unassigned | - | - | - |
| Total fund balances | <u>11,172</u> | <u>163,438</u> | <u>166,196</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 11,172</u> | <u>\$ 163,438</u> | <u>\$ 166,196</u> |

Special Revenue

| Sheriff Forfeiture and Seizure | Judicial Technology | District & County Clerk Technology | Check Collection | VIT Interest | Jail Commissary |
|---|--------------------------------|---|-----------------------------|---------------------|----------------------------|
| \$ 44,346 | \$ 18,501 | \$ 1,695 | \$ 9,263 | \$ 1,089 | \$ 5,058 |
| - | 20,000 | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 44,346</u> | <u>\$ 38,501</u> | <u>\$ 1,695</u> | <u>\$ 9,263</u> | <u>\$ 1,089</u> | <u>\$ 5,058</u> |
| | | | | | |
| \$ 2,652 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2,652 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| | | | | | |
| \$ 41,694 | \$ 38,501 | \$ 1,695 | \$ 9,263 | \$ 1,089 | \$ 5,058 |
| - | | - | - | - | - |
| 41,694 | 38,501 | 1,695 | 9,263 | 1,089 | 5,058 |
| | | | | | |
| <u>\$ 44,346</u> | <u>\$ 38,501</u> | <u>\$ 1,695</u> | <u>\$ 9,263</u> | <u>\$ 1,089</u> | <u>\$ 5,058</u> |

Continued

**CARSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

Continuation

| | Special Revenue | | |
|--|-------------------------------|-----------------------------------|----------------------------|
| | Court Facility Fee | Court Reporter Service | Language Access |
| ASSETS | | | |
| Cash and cash equivalents | \$ 6,855 | \$ 7,529 | \$ 1,433 |
| Investments | - | - | - |
| Delinquent taxes receivable, net | - | - | - |
| Total assets | <u>\$ 6,855</u> | <u>\$ 7,529</u> | <u>\$ 1,433</u> |
| LIABILITIES | | | |
| Accounts payable | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - delinquent property taxes | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Restricted: | | | |
| By enabling legislation | \$ 6,855 | \$ 7,529 | \$ 1,433 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>6,855</u> | <u>7,529</u> | <u>1,433</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 6,855</u> | <u>\$ 7,529</u> | <u>\$ 1,433</u> |

Special Revenue

| County Jury | Dispute Resolution | County Initiated Guardianship | Judicial Education & Support | Public Probate Administration | Total |
|--------------------|---------------------------|--------------------------------------|---|--------------------------------------|-------------------|
| \$ 1,070 | \$ 276 | \$ 1,760 | \$ 3,759 | \$ 880 | \$ 334,320 |
| - | - | - | - | - | 130,000 |
| - | - | - | - | - | - |
| <u>\$ 1,070</u> | <u>\$ 276</u> | <u>\$ 1,760</u> | <u>\$ 3,759</u> | <u>\$ 880</u> | <u>\$ 464,320</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,652 |
| - | - | - | - | - | 2,652 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| | | | | | |
| \$ 1,070 | \$ 276 | \$ 1,760 | \$ 3,759 | \$ 880 | 461,668 |
| - | - | - | - | - | - |
| <u>1,070</u> | <u>276</u> | <u>1,760</u> | <u>3,759</u> | <u>880</u> | <u>461,668</u> |
| | | | | | |
| <u>\$ 1,070</u> | <u>\$ 276</u> | <u>\$ 1,760</u> | <u>\$ 3,759</u> | <u>\$ 880</u> | <u>\$ 464,320</u> |

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**CARSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

Continuation

| | Debt Service | Total Non-Major Governmental Funds |
|--|------------------------|---|
| ASSETS | | |
| Cash and cash equivalents | \$ 627 | \$ 334,947 |
| Investments | - | 130,000 |
| Delinquent taxes receivable, net | <u>2,140</u> | <u>2,140</u> |
| Total assets | <u><u>\$ 2,767</u></u> | <u><u>\$ 467,087</u></u> |
| LIABILITIES | | |
| Accounts payable | <u>\$ -</u> | <u>\$ 2,652</u> |
| Total liabilities | <u>-</u> | <u>2,652</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - delinquent property taxes | <u>2,033</u> | <u>2,033</u> |
| Total deferred inflows of resources | <u>2,033</u> | <u>2,033</u> |
| FUND BALANCES | | |
| Restricted: | | |
| By enabling legislation | - | \$ 461,668 |
| Unassigned | <u>734</u> | <u>734</u> |
| Total fund balances | <u>734</u> | <u>462,402</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u><u>\$ 2,767</u></u> | <u><u>\$ 467,087</u></u> |

CARSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | Special Revenue | | |
|---|-------------------------|--|--------------------------------|
| | Law Library | County Records Management | Courthouse Security |
| REVENUES | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Miscellaneous taxes | - | - | - |
| Licenses and fees | 5,237 | 36,458 | 13,534 |
| Sales | - | - | - |
| Investment earnings | 270 | 4,139 | 6,047 |
| Miscellaneous | - | 588 | - |
| Total revenues | <u>5,507</u> | <u>41,185</u> | <u>19,581</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Administrative | - | 9,767 | - |
| Judicial | 4,740 | - | 4,482 |
| Public safety | - | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Capital outlay | - | - | - |
| Total expenditures | <u>4,740</u> | <u>9,767</u> | <u>4,482</u> |
| EXCESS OF REVENUES OVER / (UNDER) EXPENDITURES | 767 | 31,418 | 15,099 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 767 | 31,418 | 15,099 |
| FUND BALANCES - BEGINNING | <u>10,405</u> | <u>132,020</u> | <u>151,097</u> |
| FUND BALANCES - ENDING | <u><u>\$ 11,172</u></u> | <u><u>\$ 163,438</u></u> | <u><u>\$ 166,196</u></u> |

Special Revenue

| Sheriff Forfeiture and Seizure | Judicial Technology | District & County Clerk Technology | Check Collection | VIT Interest | Jail Commissary |
|---|--------------------------------|---|-----------------------------|---------------------|----------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | 7,522 | 451 | - | - | - |
| - | - | - | - | - | 10,161 |
| 1,821 | 1,456 | 40 | 251 | 171 | 154 |
| 612 | - | - | - | - | - |
| <u>2,433</u> | <u>8,978</u> | <u>491</u> | <u>251</u> | <u>171</u> | <u>10,315</u> |
| - | - | - | - | - | - |
| - | 5,420 | - | - | - | - |
| 34,952 | - | - | - | - | 14,761 |
| 6,218 | - | - | - | - | - |
| 316 | - | - | - | - | - |
| 12,585 | - | - | - | - | - |
| <u>54,071</u> | <u>5,420</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,761</u> |
| (51,638) | 3,558 | 491 | 251 | 171 | (4,446) |
| 3,498 | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>3,498</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (48,140) | 3,558 | 491 | 251 | 171 | (4,446) |
| 89,834 | 34,943 | 1,204 | 9,012 | 918 | 9,504 |
| <u>\$ 41,694</u> | <u>\$ 38,501</u> | <u>\$ 1,695</u> | <u>\$ 9,263</u> | <u>\$ 1,089</u> | <u>\$ 5,058</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, 2024

Continuation

| | Special Revenue | | |
|---|-------------------------------|-----------------------------------|----------------------------|
| | Court Facility Fee | Court Reporter Service | Language Access |
| REVENUES | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Miscellaneous taxes | - | - | - |
| Licenses and fees | 2,871 | 3,218 | 587 |
| Sales | - | - | - |
| Investment earnings | - | - | - |
| Miscellaneous | - | - | - |
| Total revenues | <u>2,871</u> | <u>3,218</u> | <u>587</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Administrative | - | - | - |
| Judicial | - | - | - |
| Public safety | - | - | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest and other charges | - | - | - |
| Capital Outlay | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER / (UNDER) EXPENDITURES | 2,871 | 3,218 | 587 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 2,871 | 3,218 | 587 |
| FUND BALANCES - BEGINNING | <u>3,984</u> | <u>4,311</u> | <u>846</u> |
| FUND BALANCES - ENDING | <u>\$ 6,855</u> | <u>\$ 7,529</u> | <u>\$ 1,433</u> |

Special Revenue

| County Jury | Dispute Resolution | County Initiated Guardianship | Judicial Education & Support | Public Probate Administration | Total |
|--------------------|---------------------------|--------------------------------------|---|--------------------------------------|--------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 330 | 2,248 | 580 | 1,445 | 290 | 74,771 |
| - | - | - | - | - | 10,161 |
| - | - | - | - | - | 14,349 |
| - | - | - | - | - | 1,200 |
| 330 | 2,248 | 580 | 1,445 | 290 | 100,481 |
| - | - | - | - | - | 9,767 |
| - | 2,239 | - | - | - | 16,881 |
| - | - | - | - | - | 49,713 |
| - | - | - | - | - | 6,218 |
| - | - | - | - | - | 316 |
| - | - | - | - | - | 12,585 |
| - | 2,239 | - | - | - | 95,480 |
| 330 | 9 | 580 | 1,445 | 290 | 5,001 |
| - | - | - | - | - | 3,498 |
| - | - | - | - | - | - |
| - | - | - | - | - | 3,498 |
| 330 | 9 | 580 | 1,445 | 290 | 8,499 |
| 740 | 267 | 1,180 | 2,314 | 590 | 453,169 |
| \$ 1,070 | \$ 276 | \$ 1,760 | \$ 3,759 | \$ 880 | \$ 461,668 |

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CARSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Continuation

| | Debt Service | Total Non-Major Governmental Funds |
|---|---------------------|---|
| REVENUES | | |
| Property taxes | \$ 1,403 | \$ 1,403 |
| Miscellaneous taxes | 8 | 8 |
| Licenses and fees | - | 74,771 |
| Sales | - | 10,161 |
| Investment earnings | 66 | 14,415 |
| Miscellaneous | 941 | 2,141 |
| | <hr/> | <hr/> |
| Total revenues | 2,418 | 102,899 |
| | <hr/> | <hr/> |
| EXPENDITURES | | |
| Current: | | |
| Administrative | - | 9,767 |
| Judicial | - | 16,881 |
| Public safety | - | 49,713 |
| Debt Service: | | |
| Principal | - | 6,218 |
| Interest and other charges | - | 316 |
| Capital Outlay | - | 12,585 |
| | <hr/> | <hr/> |
| Total expenditures | - | 95,480 |
| | <hr/> | <hr/> |
| EXCESS OF REVENUES OVER / (UNDER) EXPENDITURES | 2,418 | 7,419 |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | - | 3,498 |
| Transfers out | (3,789) | (3,789) |
| | <hr/> | <hr/> |
| TOTAL OTHER FINANCING SOURCES (USES) | (3,789) | (291) |
| | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCES | (1,371) | 7,128 |
| FUND BALANCES - BEGINNING | 2,105 | 455,274 |
| | <hr/> | <hr/> |
| FUND BALANCES - ENDING | \$ 734 | \$ 462,402 |
| | <hr/> <hr/> | <hr/> <hr/> |

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, 2024

| | County and District Clerk | Justices of the Peace | Tax Assessor Collector | Inmate Trust | Sheriff | Total |
|---------------------------|---------------------------------|--------------------------|------------------------------|-----------------|------------|------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 349,628 | \$ 1,279 | \$ 49,797 | \$ 11,576 | \$ 133,752 | \$ 546,032 |
| Total assets | 349,628 | 1,279 | 49,797 | 11,576 | 133,752 | 546,032 |
| LIABILITIES | | | | | | |
| Accounts payable | - | - | 5,206 | 3,842 | - | 9,048 |
| Due to other governments | 314 | - | 31,012 | - | - | 31,326 |
| Total liabilities | 314 | - | 36,218 | 3,842 | - | 40,374 |
| NET POSITION | | | | | | |
| Restricted for: | | | | | | |
| Individuals | 349,314 | 1,279 | 13,579 | 7,734 | 133,752 | 505,658 |
| Total net position | \$ 349,314 | \$ 1,279 | \$ 13,579 | \$ 7,734 | \$ 133,752 | \$ 505,658 |

CARSON COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

| | County and District Clerk | Justices of the Peace | Tax Assessor Collector | Inmate Trust | Sheriff | Total |
|-----------------------------------|---------------------------------|--------------------------|------------------------------|-----------------|-------------------|-------------------|
| Additions | | | | | | |
| Tax collections | \$ - | \$ - | \$ 6,744,560 | \$ - | \$ - | \$ 6,744,560 |
| Trust/Escrow contributions | 1,025,867 | 537,361 | - | - | 71,641 | 1,634,869 |
| Inmate accounts | - | - | - | 53,787 | - | 53,787 |
| Investment earnings | 8,736 | 810 | 7,121 | - | 34 | 16,701 |
| Total additions | <u>1,034,603</u> | <u>538,171</u> | <u>6,751,681</u> | <u>53,787</u> | <u>71,675</u> | <u>8,449,917</u> |
| Deductions | | | | | | |
| Payments to local governments | - | - | 6,752,989 | - | - | 6,752,989 |
| Trust/Escrow disbursements | 849,474 | 538,155 | - | - | 55,375 | 1,443,004 |
| Inmate accounts | - | - | - | 51,060 | - | 51,060 |
| Total deductions | <u>849,474</u> | <u>538,155</u> | <u>6,752,989</u> | <u>51,060</u> | <u>55,375</u> | <u>8,247,053</u> |
| NET CHANGE IN NET POSITION | 185,129 | 16 | (1,308) | 2,727 | 16,300 | 202,864 |
| NET POSITION - BEGINNING | <u>164,185</u> | <u>1,263</u> | <u>14,887</u> | <u>5,007</u> | <u>117,452</u> | <u>302,794</u> |
| NET POSITION - ENDING | <u>\$ 349,314</u> | <u>\$ 1,279</u> | <u>\$ 13,579</u> | <u>\$ 7,734</u> | <u>\$ 133,752</u> | <u>\$ 505,658</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, 2024, 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 April 30, 2025.

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

April 30, 2025