

DEAF SMITH COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2023**

DEAF SMITH COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2023

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PART I

INTRODUCTORY SECTION

DEAF SMITH COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2023

D.J. Wagner	County Judge
Chris Matthews	Commissioner, Precinct #1
Jerry O'Connor	Commissioner, Precinct #2
Mike Brumley	Commissioner, Precinct #3
Roddy Allred	Commissioner, Precinct #4
Roland Saul	Judge, 222 nd Judicial District
Chris Stroud	County / District Attorney
Elaine Gerber	District Clerk
Rachel Garman	County Clerk
Teresa Garth	County Tax Assessor/Collector
Brooke Fuentes	County Treasurer
Karen Boren	Justice of the Peace
J. Dale Butler	County Sheriff
Bryan Hedrick	Constable, Precinct 1
Mary P. (Trish) Brown, CPA	County Auditor

PART II
FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deaf Smith County, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Deaf Smith 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 cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deaf Smith County, Texas, as of September 30, 2023, and the respective changes in cash basis financial position for the year then ended in accordance with cash basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Deaf Smith 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis of the preparation of the financial statements in the circumstances. Management is also responsible 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 Deaf Smith 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 auditors' 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 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, 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 Deaf Smith 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 Deaf Smith 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 schedule of budgetary comparisons, schedule of changes in net pension liability and related ratios, and the schedule of employer contribution on pages 30 – 35 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 Deaf Smith County, Texas's basic financial statements as a whole. The combining non-major and fiduciary financial statements listed under other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major and fiduciary financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Doshier, Pickens & Francis, LLC

Amarillo, Texas

December 29, 2023

BASIC FINANCIAL STATEMENTS

DEAF SMITH COUNTY, TEXAS
STATEMENT OF NET POSITION - CASH BASIS
SEPTEMBER 30, 2023

	ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents		\$ 17,492,957
Total assets		<u>17,492,957</u>
	LIABILITIES	
Inmate funds held in trust		<u>38,287</u>
Total liabilities		<u>38,287</u>
	NET POSITION	
Restricted:		
Debt Service		54,379
By enabling legislation for special projects		946,569
Special projects		5,499,787
Unrestricted		<u>10,953,935</u>
Total net position		<u><u>\$ 17,454,670</u></u>

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

DEAF SMITH COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Functions/Programs</u>	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary government					
Governmental Activities:					
Administrative	\$ 3,439,301	\$ 803,666	\$ 15,604	\$ -	\$ (2,620,031)
Judicial	2,051,046	265,325	512,577	-	(1,273,144)
Public facilities	1,715,631	-	-	-	(1,715,631)
Public safety	6,130,652	289,658	131,463	-	(5,709,531)
Road and bridge	1,839,422	566,744	130,122	-	(1,142,556)
Public service	160,588	-	-	-	(160,588)
Extension services	156,780	-	-	-	(156,780)
Principal on indebtedness	1,561,275	-	-	-	(1,561,275)
Interest on indebtedness	956,401	-	-	-	(956,401)
Capital outlay	1,838,746	-	-	-	(1,838,746)
Total	<u>\$ 19,849,842</u>	<u>\$ 1,925,393</u>	<u>\$ 789,766</u>	<u>\$ -</u>	<u>(17,134,683)</u>
General receipts:					
Property taxes, levied for general purposes					9,913,485
Property taxes, levied for debt service					1,916,411
Payments in lieu of taxes					668,000
Sales tax					1,479,031
Miscellaneous taxes					12,330
Interest earnings					1,138,647
Miscellaneous					386,801
Total general receipts					<u>15,514,705</u>
Change in net position					(1,619,978)
Net position - beginning					<u>19,074,648</u>
Net position - ending					<u>\$ 17,454,670</u>

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

DEAF SMITH COUNTY, TEXAS
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Road & Bridge</u>	<u>Grant Funds</u>
RECEIPTS			
Property taxes	\$ 7,798,444	\$ 2,115,041	\$ -
Payments in lieu of taxes	365,800	302,200	-
Sales tax	1,479,031	-	-
Miscellaneous taxes	12,330	-	-
Licenses and fees	631,863	518,294	-
Fines and forfeitures	416,194	-	-
Intergovernmental	174,771	100,848	57,189
Sales	-	-	-
Interest	923,295	-	174,474
Miscellaneous	349,259	17,434	620
Insurance proceeds	2,124	-	-
	<u>12,153,111</u>	<u>3,053,817</u>	<u>232,283</u>
DISBURSEMENTS			
Administrative	2,904,845	-	50,490
Judicial	766,746	-	-
Public facilities	1,453,444	-	-
Public safety	4,905,302	-	-
Road and bridge	-	1,558,317	-
Public service	136,046	-	-
Extension service	132,821	-	-
Debt service			
Principal	-	581,275	-
Interest	-	33,658	-
Capital outlay	440,306	256,614	1,141,826
	<u>10,739,510</u>	<u>2,429,864</u>	<u>1,192,316</u>
EXCESS OF RECEIPTS OVER/(UNDER)			
DISBURSEMENTS	<u>1,413,601</u>	<u>623,953</u>	<u>(960,033)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	65,000	-
Transfers out	<u>(2,281,776)</u>	<u>-</u>	<u>-</u>
	<u>(2,281,776)</u>	<u>65,000</u>	<u>-</u>

<u>Debt Service</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 1,916,411	\$ -	\$ 11,829,896
-	-	668,000
-	-	1,479,031
-	-	12,330
-	138,041	1,288,198
-	-	416,194
-	456,958	789,766
-	221,001	221,001
8,812	20,824	1,127,405
-	17,364	384,677
-	-	2,124
1,925,223	854,188	18,218,622
250	8,604	2,964,189
-	973,732	1,740,478
-	-	1,453,444
-	238,048	5,143,350
-	-	1,558,317
-	-	136,046
-	-	132,821
980,000	-	1,561,275
922,744	-	956,402
-	-	1,838,746
1,902,994	1,220,384	17,485,068
22,229	(366,196)	733,554
-	531,900	596,900
-	(65,000)	(2,346,776)
-	466,900	(1,749,876)

Continued

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

DEAF SMITH COUNTY, TEXAS
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Continuation	<u>General</u>	<u>Road & Bridge</u>	<u>Grant Funds</u>
NET CHANGE IN FUND BALANCE	\$ (868,175)	\$ 688,953	\$ (960,033)
CASH BASIS FUND			
BALANCES - Beginning of year	<u>12,371,844</u>	<u>2,309,418</u>	<u>3,415,340</u>
CASH BASIS FUND			
BALANCES - End of year	<u>\$ 11,503,669</u>	<u>\$ 2,998,371</u>	<u>\$ 2,455,307</u>
CASH BASIS ASSETS - End of year			
Cash, net of liabilities	<u>\$ 11,503,669</u>	<u>\$ 2,998,371</u>	<u>\$ 2,455,307</u>
CASH BASIS FUND BALANCES - End of Year			
Restricted:			
By enabling legislation for special projects	\$ -	\$ -	\$ -
Special projects	-	2,998,371	2,455,307
Debt service	-	-	-
Unassigned (deficit)	<u>11,503,669</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances - end of year	<u>\$ 11,503,669</u>	<u>\$ 2,998,371</u>	<u>\$ 2,455,307</u>

<u>Debt Service</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 22,229	\$ 100,704	\$ (1,016,322)
<u>32,150</u>	<u>847,378</u>	<u>18,976,130</u>
<u>\$ 54,379</u>	<u>\$ 948,082</u>	<u>\$ 17,959,808</u>
<u>\$ 54,379</u>	<u>\$ 948,082</u>	<u>\$ 17,959,808</u>
\$ -	\$ 946,569	\$ 946,569
-	15,134	5,468,812
54,379	-	54,379
<u>-</u>	<u>(13,621)</u>	<u>11,490,048</u>
<u>\$ 54,379</u>	<u>\$ 948,082</u>	<u>\$ 17,959,808</u>

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

DEAF SMITH COUNTY, TEXAS
STATEMENT OF CASH BASIS ASSETS AND NET POSITION AND
CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Cafeteria Plan</u>	<u>Self Insurance</u>	<u>Total</u>
RECEIPTS			
Healthcare contributions	\$ 29,463	\$ 918,558	\$ 948,021
Refunds	-	127,888	127,888
Interest	1,443	9,799	11,242
	<u>30,906</u>	<u>1,056,245</u>	<u>1,087,151</u>
DISBURSEMENTS			
Administrative costs	-	586,181	586,181
Insurance claims and expenses	26,026	2,828,474	2,854,500
	<u>26,026</u>	<u>3,414,655</u>	<u>3,440,681</u>
EXCESS OF RECEIPTS OVER/(UNDER) DISBURSEMENTS	<u>4,880</u>	<u>(2,358,410)</u>	<u>(2,353,530)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	4,880	(2,358,410)	(2,353,530)
Transfers in	-	1,749,876	1,749,876
CHANGE IN NET ASSETS	4,880	(608,534)	(603,654)
CASH BASIS NET ASSETS - BEGINNING OF YEAR	<u>26,095</u>	<u>72,421</u>	<u>98,516</u>
CASH BASIS NET ASSETS - END OF YEAR	<u>\$ 30,975</u>	<u>(536,113)</u>	<u>\$ (505,138)</u>
CASH BASIS ASSETS - End of year			
Cash, net of liabilities	<u>\$ 30,975</u>	<u>\$ (536,113)</u>	<u>\$ (505,138)</u>
CASH BASIS NET POSITION - End of Year			
Restricted:			
Special projects	\$ 30,975	\$ -	\$ 30,975
Unrestricted (deficit)	<u>-</u>	<u>(536,113)</u>	<u>(536,113)</u>
Total cash basis net position - end of year	<u>\$ 30,975</u>	<u>\$ (536,113)</u>	<u>\$ (505,138)</u>

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

DEAF SMITH COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	ASSETS	Custodial Funds
Cash and cash equivalents		\$ 912,999
Total assets		<u>\$ 912,999</u>
	LIABILITIES	
Due to other governments		\$ 287,548
Total liabilities		<u>287,548</u>
	NET ASSETS	
Restricted for:		
Individuals		472,070
Other governments		<u>153,381</u>
Total net position		<u>\$ 625,451</u>

The accompanying notes are an integral part of this statement.

DEAF SMITH COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2021

	<u>Custodial Funds</u>
Additions	
Tax collections	\$ 7,194,975
Trust/Escrow contributions	1,000,329
Investment earnings	<u>36,861</u>
Total additions	<u>8,232,165</u>
Deductions	
Payments to local governments	7,488,200
Trust/Escrow disbursements	<u>1,031,970</u>
Total deductions	<u>8,520,170</u>
NET CHANGE IN NET POSITION	(288,005)
NET POSITION - BEGINNING	<u>913,456</u>
NET POSITION - ENDING	<u><u>\$ 625,451</u></u>

The accompanying notes are an integral part of this statement.

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Deaf Smith County, Texas (County) have been prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual. As a result, only cash and cash equivalents and related net position or fund balances arising from cash transactions are reported in the statements of net position and balance sheets. All other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that would be reported in GAAP basis financial statements are not reported in this cash basis presentation. 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 1876, 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. Government-Wide and Fund Financial Statements

Government-Wide Statements

Government-wide financial statements consist of the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis. These statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The County has no business-type activities.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *cash receipts and disbursements basis of accounting*. Under this measurement focus, revenues are recorded when received and expenses are recorded when spent.

Continued

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Government-Wide and Fund Financial Statements – Continuation

Government-Wide Statements – Continuation

The Statement of Activities – Cash Basis 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 revenue are reported instead as *general revenue*. In miscellaneous general revenues are non-program specific contributions including capital assets contributions.

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

Fund-Level Statements

All governmental funds are reported using *current financial resources measurement focus* and the *cash receipts and disbursements basis of accounting*. Under the cash receipts and disbursements basis of accounting, revenues are recognized when received. Expenditures are recorded when cash is expended.

Any proprietary funds, including internal service and fiduciary funds, including agency funds, are accounted for using the cash receipts and disbursements basis of accounting. Revenues are recognized when received, and expenses when they are spent. These funds are accounted for using an economic resources measurement focus. The agency funds are custodial in nature and involve no measurement of results of operations.

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 cash basis 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:

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, road and bridge, public services, capital acquisition, and debt service.

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.

The **Grant Funds** are used to account for funds received through various federal agencies passed through the State of Texas. The largest pass-thru grant is to be used to reimburse the County for qualified incurred costs and lost revenue related to the COVID-19 pandemic.

Continued

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Government-Wide and Fund Financial Statements – Continuation

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.

Additionally, the County reports the following fund types:

Internal Service Fund – *Internal Service Funds* account for the financing of services provided by one department to other departments of the County on a cost-reimbursement basis. The Health Self-Insurance program of the County is accounted for as an Internal Service Fund.

Special Revenue Funds – *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 – *Custodial Funds* account for assets received by the governmental unit in its capacity as trustee or agent for the County, other governmental entities, or individuals. The receipts and disbursements of such funds are governed by the terms of the statutes, ordinances, regulations or other authority.

C. Use of Restricted Assets

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The County’s cash and cash equivalents are considered to be cash on hand and demand deposits. 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. TexPool is duly chartered and administered by the Texas Treasury Safekeeping Trust Company and the portfolio normally consists of U.S. T-Bills or T-Notes, collateralized certificates of deposit, and repurchase agreements. The carrying value (cost) and market value are equal for these deposits.

The County is required by Government Code Chapter 2256, the Public Funds Investment Act (“Act”), to adopt 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 areas of investment practices, management reports and establish appropriate policies. The County adheres to the requirements of the Act. Additionally, investment practices of the County are in accordance with local policies.

Continued

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, and Net Position or Equity – Continuation

2. Accounts Payable

Payables recorded do not reflect an accrual entry, but are amounts collected, as an agent, in the process of payment primarily to other governments within 30 days. They are treated as fiduciary in nature.

3. Property Tax Calendar and Receipts

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. Tax collections after February 1 are treated as late payments and are subject to penalties and interest. Uncollected taxes from the current roll become delinquent on July 1 and are subject to additional penalties and interest.

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 management, preservation, maintenance, restoration and archiving of public records, enhancement of law enforcement operations with seized funds, personnel and security for the courthouse, technology requirements for the justice court, and maintenance of the County Law Library). All restrictions are enacted according to Texas statutes.

5. Capital Assets

The County's cash receipts and disbursements basis of accounting reports capital asset purchases resulting from transactions. In the government-wide and fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Compensated Absences

Regular full-time employees are entitled to vacation of up to three weeks per year as earned. Vacation time earned, but not taken, is not allowed to accumulate from year to year unless an employee is unable to take vacation because of the needs of the County. A liability for accrued compensated absences has not been calculated for disclosure because it is immaterial to the financial statements as there is no accumulated value, and only the current year's unused vacation is paid.

7. Long-term Obligations

Long-term debt arising from cash receipts and disbursements basis transactions of governmental funds is not reported as liabilities in either the government-wide or fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

Continued

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, and Net Position or Equity – Continuation

8. 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 and are reported in the notes to the financial statements and the required supplementary information. 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.

9. 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.

10. Net Position

In the government-wide financial statements, equity is classified as Net Position and displayed in two categories.

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 positions that do not meet the definition of “restricted net position.”

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

B. Excess of Disbursements 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:

Violation

Expenditures exceeded the budget in various departments of the General Fund.

Action Taken

A combination of underspending in other departments have covered such overspending.

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 – CASH AND INVESTMENTS

Following is a reconciliation of the County’s cash and deposit balances as of September 30, 2023:

Cash and deposit balances consist of:

Bank deposits	\$ 18,258,102
Temporary investments - TexPool	147,854

Total	\$ 18,405,956
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Cash and deposit balances are reported in the basic financial statements as follows:

Government-wide Statement of Net Position - Cash Basis:

Unrestricted	\$ 17,492,957
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Fiduciary Funds Statement of Net Position - Cash Basis	912,999
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Total	\$ 18,405,956
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Custodial credit risk – deposits. As of September 30, 2023, the carrying amount of the County's deposits with financial institutions was \$18,258,102 and the bank's balance was \$19,257,398. Of the bank balance, \$1,023,199 was insured through the Federal Depository Insurance Corporation (FDIC) and the remaining \$18,234,199 was collateralized with securities held by the pledging institution’s agent in the County’s name.

As of September 30, 2023, the County had \$147,854 invested with Texas Treasury Safekeeping Trust Company (TexPool). The Interlocal 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 the fund. 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 the pool and other persons who do not have a business relationship with the pool. The advisory board members review the investment policy and management fee structure.

TexPool uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool does not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. TexPool has a credit rating of AAA 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 invests 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, the readily available TexPool shares, or in certificates of deposit with maturities of one year or less.

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 on nationally recognized rating service.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. As of September 30, 2023, .80% of the County’s carrying value of cash was invested in TexPool. All other cash was deposited with the County’s depository and was adequately secured as described above.

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4 – 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 2022 tax roll was \$.574533 per \$100, which means that the County has a tax margin of \$.225467 per \$100 and could raise up to \$4,679,176 additional revenue from the 2022 assessed valuation of \$2,075,326,249 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.

NOTE 5 – RETIREMENT PLAN

Plan Description: Deaf Smith 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 September 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	89
Inactive employees entitled to but not yet receiving benefits	148
Active employees	146

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.

Continued

**DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5 – RETIREMENT PLAN – Continuation

The County contributed using the actuarially determined rate of 10.21% plus an additional 1.47% for the months of the accounting year in 2022 and the actuarially determined rate of 10.76% plus an additional .92% for the months of the accounting year in 2023. The contribution rate payable by employee members is 7.0% for fiscal year 2023 as adopted by the governing body of the County. The employee contribution rate and 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, 2022, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. No net pension liability or asset, or deferred inflows or outflows of resources are reported in these cash basis financial statements.

Actuarial Assumptions: The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

The actuarial assumptions that determined the total pension liability as of December 31, 2022, were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

TCDRS system-wide economic assumptions:

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

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

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	3.00%

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

Continued

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 – RETIREMENT PLAN – Continuation

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 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

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 – RETIREMENT PLAN – Continuation

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

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
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%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 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

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 – RETIREMENT PLAN – Continuation

Discount Rate: The discount rate used to measure the total pension liability was 7.60%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

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

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

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

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

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 – 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, 2021	\$ 33,807,672	\$ 36,708,344	\$ (2,900,672)
Changes for the year:			
Service cost	698,315	-	698,315
Interest on total pension liability (1)	2,558,907	-	2,558,907
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	171,795	-	171,795
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(50,352)	(50,352)	-
Benefit payments	(1,653,167)	(1,653,167)	-
Administrative expenses	-	(19,891)	19,891
Member contributions	-	413,980	(413,980)
Net investment income	-	(2,101,466)	2,101,466
Employer contributions	-	698,141	(698,141)
Other (3)	-	(52,575)	52,575
Balances as of December 31, 2022	<u>\$ 35,533,170</u>	<u>\$ 33,943,014</u>	<u>\$ 1,590,156</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 Authority, calculated using the discount rate of 7.60%, as well as what the Deaf Smith County 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	\$ 40,035,531	\$ 35,533,170	\$ 31,750,657
Fiduciary net position	33,943,014	33,943,014	33,943,014
Net pension liability / (asset)	<u>\$ 6,092,517</u>	<u>\$ 1,590,156</u>	<u>\$ (2,192,357)</u>

Continued

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 – RETIREMENT PLAN – Continuation

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

Pension Expense / (Income):

	January 1, 2022 to December 31, 2022
Service cost	\$ 698,315
Interest on total pension liability (1)	2,558,907
Effect of plan changes	-
Administrative expenses	19,891
Member contributions	(413,980)
Expected investment return net of investment expenses	(2,765,069)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	33,937
Recognition of assumption changes or inputs	403,268
Recognition of investment gains or losses	61,882
Other (2)	52,575
Pension expense / (income)	\$ 649,726

(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, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,227	\$ 154,283
Changes of assumptions	41,454	444,722
Net difference between projected and actual earnings	-	589,626
Contributions made subsequent to measurement date	N/A	617,166

Continued

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 – 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:	
2023	\$ 18,146
2024	11,154
2025	142,342
2026	973,308
2027	-
Thereafter	-

NOTE 6 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN

Plan Description

Deaf Smith 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, 2023, 2022, and 2021, were \$8,214, \$10,696, and \$9,118, respectively, which equaled the contractually required contributions each year.

NOTE 7 – CONCENTRATION OF TAXPAYERS

As of September 30, 2023, the following taxpayer accounted for a significant portion of the County's total tax levy.

Taxpayer	Industry	Tax Amount	Percent of Total Levy
Taxpayer A	Beef packing	\$ 828,726	6.95 %
Taxpayer B	Pet care	\$ 754,238	6.33 %

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8 – EMPLOYEE HEALTH FUNDS

Cafeteria Fund:

Deaf Smith County entered into an Administrative Services Agreement with Wage Works beginning October 1, 2016, whereby the County adopted a flexible benefits plan of the type described in Section 125 of the Internal Revenue Code. The plan is automatically renewable annually on October 1, unless agreed in writing no later than thirty days prior to renewal date. The participants in the cafeteria plan are entitled to certain rights and protection under the Employee Retirement Income Security Act of 1984 (ERISA).

Self-Insurance:

Effective for the year beginning October 1, 1989, Deaf Smith County adopted a self-insured health insurance plan. The employees of the County are covered under this plan for group hospitalization insurance. Employees may contribute for their dependents' coverage by electing payroll withholding for the premiums to the Plan. The County contributes \$345 per employee per month to the County's third party administrator acting on behalf of the County, which then in turn bills the County for the claims paid plus the administrative fees for services rendered. The County is protected against unanticipated catastrophic individual losses in excess of \$80,000 by stop-loss coverage provided by Companion Life Insurance Company.

NOTE 9 – INTERFUND TRANSFERS

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ -	\$ 2,281,776
Special Revenue:		
Road and Bridge	65,000	-
Lateral Road	-	29,500
Right of Way	-	35,500
Juvenile Probation Department	506,900	-
Law Library	25,000	-
Internal Service Fund:		
Self Insurance	1,749,876	-
	<u>\$ 2,346,776</u>	<u>\$ 2,346,776</u>

The primary purpose for inter-fund transfers is to move revenues from the General Fund to finance various programs and operations in other funds that the County must account for separately in accordance with budgetary authorizations, including subsidizing the internal service health funds.

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 – LONG-TERM LIABILITIES

In 2020, the County issued \$36,200,000 of General Obligation Bonds, Series 2020, for the purpose of constructing and equipping the Deaf Smith County Correctional Facility. Principal payments on the bonds are made annually, each February 15, and interest payments are made semi-annually, each February 15 and August 15, with interest rates ranging from 2.25% to 5.00%. General Obligation Bonds are supported by a pledge of the County’s full faith and credit. The related bond ordinance requires a levy and collection of ad valorem taxes on taxable property located within the County.

The County has entered into multiple capital leases for vehicles and heavy equipment. The fourteen leases all have various maturity dates ranging through November 4, 2028, and bear interest rates between 2.60% and 4.95%.

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation Bonds, Series 2020	\$ 33,740,000	\$ -	\$ (980,000)	\$ 32,760,000	\$ 1,035,000
Capital leases	1,285,208	1,118,027	(581,275)	1,821,960	612,561
 Governmental activity long-term liabilities	 <u>\$ 35,025,208</u>	 <u>\$ 1,118,027</u>	 <u>\$ (1,561,275)</u>	 <u>\$ 34,581,960</u>	 <u>\$ 1,647,561</u>

The County paid interest costs of \$956,401 during the fiscal year ended September 30, 2023.

The annual debt service requirement on long-term liabilities outstanding as of September 30, 2023 is as follows:

Years Ending September 30,	Total	General Obligation Bonds		Capital Leases	
		Principal	Interest	Principal	Interest
2024	\$ 2,589,625	\$ 1,035,000	\$ 872,369	\$ 612,561	\$ 69,695
2025	2,479,703	1,085,000	819,369	524,533	50,801
2026	2,077,246	1,140,000	763,744	139,601	33,901
2027	2,078,746	1,200,000	705,244	146,511	26,991
2028	2,077,246	1,260,000	643,744	153,764	19,738
2029 - 2033	9,791,444	6,955,000	2,579,294	244,990	12,160
2034 - 2038	9,529,863	7,750,000	1,779,863	-	-
2039 - 2043	9,521,009	8,610,000	911,009	-	-
2044 - 2045	3,809,319	3,725,000	84,319	-	-
	<u>\$ 43,954,201</u>	<u>\$ 32,760,000</u>	<u>\$ 9,158,955</u>	<u>\$ 1,821,960</u>	<u>\$ 213,286</u>

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 11 – TAX ABATEMENTS

During the year ended September 30, 2014, Deaf Smith 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 Deaf Smith County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with minimum nameplate capacity of 60 megawatts. 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 \$2,000 per megawatt of turbine nameplate capacity during the abatement period.

During the year ended September 30, 2014, Deaf Smith 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 Deaf Smith County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with minimum nameplate capacity of 29 megawatts. 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 \$2,000 per megawatt of turbine nameplate capacity during the abatement period.

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For the fiscal year ended September 30, 2023, Deaf Smith County abated property taxes totaling \$743,703 under this program, including the following tax abatement agreements:

- A 100 percent tax abatement to Broadview Energy for eligible property in the reinvestment zone. The abatement amounted to \$320,589.
- A 100 percent tax abatement to Canadian Breaks for eligible property in the reinvestment zone. The abatement amounted to \$226,324.
- A 100 percent tax abatement to TX Hereford Wind for eligible property in the reinvestment zone. The abatement amounted to \$196,790.

DEAF SMITH COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 12 – RISK MANAGEMENT

The County's major areas of risk management are: public officials' liability, automobile liability, airport liability, general comprehensive liability, and property damage, workers compensation, automobile liability 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 or previous years.

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REQUIRED SUPPLEMENTARY INFORMATION

DEAF SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 12,371,844	\$ 12,371,844	\$ 12,371,844	\$ -
Resources (Inflows):				
Property taxes	8,084,237	8,084,237	7,798,444	(285,793)
Payments in lieu of taxes	365,800	365,800	365,800	-
Sales and miscellaneous taxes	1,112,300	1,112,300	1,491,361	379,061
Licenses and fees	625,200	625,200	631,863	6,663
Fines and forfeitures	413,700	413,700	416,194	2,494
Intergovernmental	202,245	205,147	174,771	(30,376)
Interest	60,700	60,700	923,295	862,595
Miscellaneous	99,500	168,000	349,259	181,259
Insurance proceeds	702,858	704,889	2,124	(702,765)
Total resources	<u>11,666,540</u>	<u>11,739,973</u>	<u>12,153,111</u>	<u>413,138</u>
Amounts available for appropriation	<u>24,038,384</u>	<u>24,111,817</u>	<u>24,524,955</u>	<u>413,138</u>
Appropriations (Outflows):				
Administrative				
County Judge	180,834	180,834	178,142	2,692
County Clerk	292,671	292,671	262,542	30,129
District Clerk	210,923	210,923	192,529	18,394
County Treasurer	110,165	110,165	104,817	5,348
Tax-assessor Collector	227,009	227,009	208,015	18,994
County Auditor	81,055	81,055	77,800	3,255
County-wide services	1,956,911	1,999,311	1,881,000	118,311
Total Administrative	<u>3,059,568</u>	<u>3,101,968</u>	<u>2,904,845</u>	<u>197,123</u>
Judicial				
222nd Community Supervision	15,005	15,005	6,466	8,539
District Judge	78,540	78,540	60,265	18,275
Justice of the Peace	243,369	245,869	243,204	2,665
District Attorney	481,272	481,837	456,811	25,026
Total Judicial	<u>818,186</u>	<u>821,251</u>	<u>766,746</u>	<u>54,505</u>

Continued

DEAF SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Continuation	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Appropriations (Outflows): continued				
Public facilities				
County museum	\$ 120,941	\$ 123,541	\$ 120,893	\$ 2,648
County library	372,997	364,997	336,269	28,728
County maintenance department	1,032,867	1,037,867	996,282	41,585
Total Public facilities	<u>1,526,805</u>	<u>1,526,405</u>	<u>1,453,444</u>	<u>72,961</u>
Public safety				
County correctional facilities	3,050,058	3,051,158	3,475,223	(424,065)
County Sheriff	1,551,577	1,555,945	1,430,079	125,866
Total Public safety	<u>4,601,635</u>	<u>4,607,103</u>	<u>4,905,302</u>	<u>(298,199)</u>
Public service				
County social services	109,711	173,211	136,046	37,165
Total Public service	<u>109,711</u>	<u>173,211</u>	<u>136,046</u>	<u>37,165</u>
Extension service				
Extension office	147,890	147,890	132,821	15,069
Total Extension service	<u>147,890</u>	<u>147,890</u>	<u>132,821</u>	<u>15,069</u>
Capital outlay	133,540	92,940	440,306	(347,366)
Other financing uses:				
Transfers out	1,269,205	1,269,205	2,281,776	(1,012,571)
Total appropriations	<u>11,666,540</u>	<u>11,739,973</u>	<u>13,021,286</u>	<u>(268,742)</u>
Ending Budgetary Fund Balance	<u>\$ 12,371,844</u>	<u>\$ 12,371,844</u>	<u>\$ 11,503,669</u>	<u>\$ 144,396</u>

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DEAF SMITH COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON - CASH BASIS
ROAD & BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 2,309,418	\$ 2,309,418	\$ 2,309,418	\$ -
Resources (Inflows):				
Property taxes	1,994,203	1,994,203	2,115,041	120,838
Payments in lieu of taxes	201,000	201,000	302,200	101,200
Licenses and fees	524,000	524,000	518,294	(5,706)
Intergovernmental	100,000	100,000	100,848	848
Miscellaneous	16,300	16,300	17,434	1,134
Other financing sources:				
Transfers in	65,000	65,000	65,000	-
Total resources	<u>2,900,503</u>	<u>2,900,503</u>	<u>3,118,817</u>	<u>218,314</u>
Amounts available for appropriation	<u>5,209,921</u>	<u>5,209,921</u>	<u>5,428,235</u>	<u>218,314</u>
Appropriations (Outflows):				
Road and bridge				
Precinct 1	439,817	439,817	365,798	74,019
Precinct 2	435,022	435,022	390,888	44,134
Precinct 3	387,470	387,470	363,938	23,532
Precinct 4	453,021	453,021	437,693	15,328
Total Administrative	<u>1,715,330</u>	<u>1,715,330</u>	<u>1,558,317</u>	<u>157,013</u>
Debt service				
Principal	-	581,275	581,275	-
Interest and other charges	-	33,658	33,658	-
Total Debt service	<u>-</u>	<u>614,933</u>	<u>614,933</u>	<u>-</u>
Capital outlay	<u>1,185,173</u>	<u>570,240</u>	<u>256,614</u>	<u>313,626</u>
Total appropriations	<u>2,900,503</u>	<u>2,900,503</u>	<u>2,429,864</u>	<u>470,639</u>
Ending Budgetary Fund Balance	<u>\$ 2,309,418</u>	<u>\$ 2,309,418</u>	<u>\$ 2,998,371</u>	<u>\$ 688,953</u>

DEAF SMITH COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Years (will ultimately be displayed as available)

	Year Ended December 31,			
	2022	2021	2020	2019
Total Pension Liability:				
Service cost	\$ 698,315	\$ 691,063	\$ 614,596	\$ 594,397
Interest on total pension liability	2,558,907	2,459,592	2,353,201	2,248,890
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	(124,360)	1,778,885	-
Effect of economic/demographic (gains) or losses	171,795	(6,683)	101,754	(128,897)
Benefit payments/refunds of contributions	<u>(1,703,519)</u>	<u>(1,736,082)</u>	<u>(1,494,036)</u>	<u>(1,401,371)</u>
Net change in total pension liability	1,725,498	1,283,530	3,354,400	1,313,019
Total pension liability, beginning	<u>33,807,672</u>	<u>32,524,142</u>	<u>29,169,742</u>	<u>27,856,723</u>
Total pension liability, ending (a)	<u><u>\$ 35,533,170</u></u>	<u><u>\$ 33,807,672</u></u>	<u><u>\$ 32,524,142</u></u>	<u><u>\$ 29,169,742</u></u>
Fiduciary Net Position:				
Employer contributions	\$ 698,141	\$ 608,726	\$ 603,180	\$ 519,547
Member contributions	413,980	364,819	361,448	347,689
Investment income net of investment expenses	(2,101,466)	6,682,329	2,937,839	4,093,711
Benefit payments/refunds of contributions	(1,703,519)	(1,736,082)	(1,494,036)	(1,401,371)
Administrative expenses	(19,891)	(19,860)	(22,553)	(21,679)
Other	<u>(52,575)</u>	<u>(13,115)</u>	<u>(12,846)</u>	<u>(14,323)</u>
Net change in fiduciary net position	(2,765,330)	5,886,817	2,373,032	3,523,574
Fiduciary net position, beginning	<u>36,708,344</u>	<u>30,821,527</u>	<u>28,448,495</u>	<u>24,924,921</u>
Fiduciary net position, ending (b)	<u><u>\$ 33,943,014</u></u>	<u><u>\$ 36,708,344</u></u>	<u><u>\$ 30,821,527</u></u>	<u><u>\$ 28,448,495</u></u>
Net pension liability / (asset), ending = (a) - (b)	<u><u>\$ 1,590,156</u></u>	<u><u>\$ (2,900,672)</u></u>	<u><u>\$ 1,702,615</u></u>	<u><u>\$ 721,247</u></u>
Fiduciary net position as a % of total pension liability	95.52%	108.58%	94.77%	97.53%
Pensionable covered payroll	\$ 5,913,993	\$ 5,211,694	\$ 5,163,545	\$ 4,966,993
Net pension liability as a % of covered payroll	26.89%	-55.66%	32.97%	14.52%

Year Ended December 31,

2018	2017	2016	2015	2014	2013
\$ 619,883	\$ 622,337	\$ 647,790	\$ 581,423	\$ 595,081	\$ N/A
2,141,040	2,048,973	1,931,964	1,859,703	1,770,022	N/A
-	-	-	(88,194)	-	N/A
-	77,694	-	247,328	-	N/A
(34,580)	(302,564)	(138,872)	(426,880)	(169,164)	N/A
<u>(1,338,608)</u>	<u>(1,277,276)</u>	<u>(1,323,965)</u>	<u>(1,150,979)</u>	<u>(1,168,865)</u>	<u>N/A</u>
1,387,735	1,169,164	1,116,917	1,022,401	1,027,074	N/A
<u>26,468,988</u>	<u>25,299,824</u>	<u>24,182,907</u>	<u>23,160,506</u>	<u>22,133,432</u>	<u>N/A</u>
<u>\$ 27,856,723</u>	<u>\$ 26,468,988</u>	<u>\$ 25,299,824</u>	<u>\$ 24,182,907</u>	<u>23,160,506</u>	<u>\$ N/A</u>
\$ 541,895	\$ 518,455	\$ 539,660	\$ 540,531	\$ 541,700	\$ N/A
344,529	336,346	334,468	328,055	321,348	N/A
(487,478)	3,349,203	1,609,854	25,076	1,453,759	N/A
(1,338,608)	(1,277,276)	(1,323,965)	(1,150,979)	(1,168,865)	N/A
(20,020)	(17,221)	(17,490)	(15,822)	(16,688)	N/A
<u>(10,869)</u>	<u>(5,824)</u>	<u>65,622</u>	<u>(201,499)</u>	<u>21,463</u>	<u>N/A</u>
(970,551)	2,903,683	1,208,149	(474,638)	1,152,717	N/A
<u>25,895,472</u>	<u>22,991,789</u>	<u>21,783,640</u>	<u>22,258,278</u>	<u>21,105,561</u>	<u>N/A</u>
<u>\$ 24,924,921</u>	<u>\$ 25,895,472</u>	<u>\$ 22,991,789</u>	<u>\$ 21,783,640</u>	<u>22,258,278</u>	<u>\$ N/A</u>
<u>\$ 2,931,802</u>	<u>\$ 573,516</u>	<u>\$ 2,308,035</u>	<u>\$ 2,399,267</u>	<u>902,228</u>	<u>\$ N/A</u>
89.48%	97.83%	90.88%	90.08%	96.10%	N/A
\$ 4,921,849	\$ 4,804,949	\$ 4,778,113	\$ 4,681,970	\$ 4,590,683	\$ N/A
59.57%	11.94%	48.30%	51.24%	19.65%	N/A

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

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 541,700	\$ 541,700	\$ -	\$ 4,590,683	11.8%
2016	539,363	540,531	(1,168)	4,681,970	11.5%
2017	539,449	539,660	(211)	4,778,113	11.3%
2018	518,455	518,455	-	4,804,949	10.8%
2019	541,895	541,895	-	4,921,849	11.0%
2020	519,547	519,547	-	4,966,993	10.5%
2021	603,102	603,180	(78)	5,163,545	11.7%
2022	588,921	608,726	(19,805)	5,211,694	11.7%
2023	697,063	766,952	(69,889)	6,197,420	12.4%

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

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.4 years (based on contribution rate calculated in 12/31/2022 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 RP-2010 Healthy Annuitant Mortality Table for males and 120% of the RP-2010 Healthy Annuitant Mortality 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.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Lateral Road – The Lateral Road Fund accounts for receipts from the State of Texas under the guidelines of the Transportation Code Chapter 256. Under the Code, the funds can only be used purchasing right-of-way for lateral roads, farm-to-market roads, or state highways, or constructing and maintaining lateral roads.

Right of Way – The Right of Way Fund accounts for vehicle registration fees collected by the County Tax Assessor/Collector. The fees are committed to be used to assist in funding the purchase and maintenance of right of ways within the County.

Juvenile Probation Department – The Juvenile Probation Department accounts for grants received from the Texas Juvenile Justice Department as well as local funds used for providing juvenile probation services.

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.

Records Management – The Records Management Fund accounts for receipts from fees collected by the County and District Clerks on court cases. The receipts are to be used for specific records management projects of the office.

Records Preservation – The Records Preservation Funds account for receipts from fees collected by the County and District Clerks on documents of official public record and court cases. These receipts are to be used for specific preservation projects of the offices.

Records Archive – The Records Archive Fund accounts for receipts from fees collected by the County and District Clerks on the filing of documents of official public record and court cases. These receipts are to be used for specific archiving projects of the offices.

Courthouse Security – The Courthouse Security Fund accounts for statutory filing fees collected by the County and District Clerks which are dedicated by law to maintain the security of the courthouse.

Court Mediation – The Court Mediation 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.

Voter Registration – The Voter Registration Fund accounts for funds issued by the Texas Secretary of State to voter registrars in Texas to help defray the County's voter registration expenses. The funds are restricted by law to be spent on any item or services designed to increase the number of registered voters, maintain and report an accurate list of the number of registered voters, and/or increase the efficiency of the voter registration office.

District Attorney Check Collection – The District Attorney Check Collection Fund is used to account for revenues derived from the fees assessed on the collection and processing of dishonored and forged checks. The funds can be used at the District Attorney's discretion to defray the salaries and expenses of the prosecutor's office.

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

JP Technology – The Justice of the Peace Technology Fund accounts for money charged to a defendant convicted of a misdemeanor in a justice court. It is dedicated by law to the purchase of technological enhancements for a justice court.

Donated Funds – The Donated Funds Fund accounts for funds that are donated to the County. The funds are restricted by the donors to specific purposes, such as the library or Sheriff’s office.

Sheriff Commissary – The Sheriff Commissary Fund is used to account 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 to purchase items for the benefit of the inmate population. Additionally, the inmate trust funds, that are being held in trust by the County Correctional Facility, as being accounted for in the same funds.

DEAF SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS , DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Lateral Road Fund</u>	<u>Right of Way Fund</u>	<u>Juvenile Probation Department</u>
RECEIPTS			
Licenses and fees	\$ -	\$ 48,449	\$ -
Intergovernmental	29,274	-	422,920
Sales	-	-	-
Interest	-	-	1,504
Miscellaneous	-	-	9,195
	<u>29,274</u>	<u>48,449</u>	<u>433,619</u>
DISBURSEMENTS			
Current:			
Administrative	-	-	-
Judicial	-	-	927,919
Public safety	-	-	-
	<u>-</u>	<u>-</u>	<u>927,919</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	29,274	48,449	(494,300)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	506,900
Transfers out	(29,500)	(35,500)	-
	<u>(29,500)</u>	<u>(35,500)</u>	<u>506,900</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(226)	12,949	12,600
CASH BASIS FUND BALANCE - Beginning of Year	<u>1,826</u>	<u>19,960</u>	<u>6,244</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 1,600</u>	<u>\$ 32,909</u>	<u>\$ 18,844</u>
CASH BASIS ASSETS - End of Year			
Cash, net of liabilities	<u>\$ 1,600</u>	<u>\$ 32,909</u>	<u>\$ 18,844</u>
CASH BASIS FUND BALANCE - End of Year			
Restricted:			
By enabling legislation for special projects	\$ 1,600	\$ 32,909	18,844
Special projects	-	-	-
Unassigned (deficit)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balance - end of year	<u>\$ 1,600</u>	<u>\$ 32,909</u>	<u>\$ 18,844</u>

<u>Law Library</u>	<u>Records Management</u>	<u>Courthouse Records Preservation</u>	<u>Vital Records Preservation</u>	<u>District Clerk Records Preservation</u>	<u>Records Archive Fund</u>
\$ 6,427	\$ 22,331	\$ 11,506	\$ 133	\$ 714	\$ 19,008
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,427</u>	<u>22,331</u>	<u>11,506</u>	<u>133</u>	<u>714</u>	<u>19,008</u>
-	5,047	1,841	-	1,108	-
38,625	-	-	-	-	-
-	-	-	-	-	-
<u>38,625</u>	<u>5,047</u>	<u>1,841</u>	<u>-</u>	<u>1,108</u>	<u>-</u>
(32,198)	17,284	9,665	133	(394)	19,008
25,000	-	-	-	-	-
-	-	-	-	-	-
<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(7,198)	17,284	9,665	133	(394)	19,008
<u>(6,423)</u>	<u>96,886</u>	<u>40,805</u>	<u>8,202</u>	<u>14,697</u>	<u>189,603</u>
<u>\$ (13,621)</u>	<u>\$ 114,170</u>	<u>\$ 50,470</u>	<u>\$ 8,335</u>	<u>\$ 14,303</u>	<u>\$ 208,611</u>
<u>\$ (13,621)</u>	<u>\$ 114,170</u>	<u>\$ 50,470</u>	<u>\$ 8,335</u>	<u>\$ 14,303</u>	<u>\$ 208,611</u>
\$ -	\$ 114,170	\$ 50,470	\$ 8,335	\$ 14,303	\$ 208,611
-	-	-	-	-	-
<u>(13,621)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (13,621)</u>	<u>\$ 114,170</u>	<u>\$ 50,470</u>	<u>\$ 8,335</u>	<u>\$ 14,303</u>	<u>\$ 208,611</u>

Continued

DEAF SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND
CASH RECEIPTS , DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Continuation	<u>Courthouse Security</u>	<u>Court Mediation</u>	<u>Voter Registration</u>
RECEIPTS			
Licenses and fees	\$ 14,763	\$ 2,177	\$ -
Intergovernmental	-	-	4,764
Sales	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>14,763</u>	<u>2,177</u>	<u>4,764</u>
DISBURSEMENTS			
Current:			
Administrative	-	-	608
Judicial	-	-	-
Public safety	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>608</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	14,763	2,177	4,156
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	14,763	2,177	4,156
CASH BASIS FUND BALANCE - Beginning of Year	<u>75,172</u>	<u>-</u>	<u>38,454</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 89,935</u>	<u>\$ 2,177</u>	<u>\$ 42,610</u>
CASH BASIS ASSETS - End of Year			
Cash, net of liabilities	<u>\$ 89,935</u>	<u>\$ 2,177</u>	<u>\$ 42,610</u>
CASH BASIS FUND BALANCE - End of Year			
Restricted:			
By enabling legislation for special projects	\$ 89,935	\$ 2,177	\$ 42,610
Special projects	-	-	-
Unassigned (deficit)	-	-	-
Total cash basis fund balance - end of year	<u>\$ 89,935</u>	<u>\$ 2,177</u>	<u>\$ 42,610</u>

District Attorney Check Collection	District Attorney Seizure / Forfeiture	JP Technology	Donated Funds	Sheriff Commissary	Total Nonmajor Funds
\$ 30	\$ -	\$ 12,503	\$ -	\$ -	\$ 138,041
-	-	-	-	-	456,958
-	-	-	-	221,001	221,001
666	2,386	514	-	15,754	20,824
-	5,454	-	2,715	-	17,364
<u>696</u>	<u>7,840</u>	<u>13,017</u>	<u>2,715</u>	<u>236,755</u>	<u>854,188</u>
-	-	-	-	-	8,604
-	5,139	2,049	-	-	973,732
-	-	-	-	238,048	238,048
<u>-</u>	<u>5,139</u>	<u>2,049</u>	<u>-</u>	<u>238,048</u>	<u>1,220,384</u>
696	2,701	10,968	2,715	(1,293)	(366,196)
-	-	-	-	-	531,900
-	-	-	-	-	(65,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,900</u>
696	2,701	10,968	2,715	(1,293)	100,704
<u>12,341</u>	<u>49,475</u>	<u>-</u>	<u>12,419</u>	<u>287,717</u>	<u>847,378</u>
<u>\$ 13,037</u>	<u>\$ 52,176</u>	<u>\$ 10,968</u>	<u>\$ 15,134</u>	<u>\$ 286,424</u>	<u>\$ 948,082</u>
<u>\$ 13,037</u>	<u>\$ 52,176</u>	<u>\$ 10,968</u>	<u>\$ 15,134</u>	<u>\$ 286,424</u>	<u>\$ 948,082</u>
\$ 13,037	\$ 52,176	\$ 10,968	\$ -	\$ 286,424	\$ 946,569
-	-	-	15,134	-	15,134
-	-	-	-	-	(13,621)
<u>\$ 13,037</u>	<u>\$ 52,176</u>	<u>\$ 10,968</u>	<u>\$ 15,134</u>	<u>\$ 286,424</u>	<u>\$ 948,082</u>

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FIDUCIARY

CUSTODIAL FUNDS

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

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

County and District Clerk – The County and District Clerk Funds accounts for money collected that is remitted to various entities and for registry funds held by the County and District Clerk.

County Sheriff – The County Sheriff's Fund accounts for fees and cash bonds collected by the Sheriff and remitted to various agencies.

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

DEAF SMITH COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

	Tax Assessor / Collector	County Clerk	District Clerk	County Sheriff
ASSETS				
Cash and cash equivalents	\$ 440,929	\$ 30,549	\$ 205,807	\$ 199,567
Total assets	<u>440,929</u>	<u>30,549</u>	<u>205,807</u>	<u>199,567</u>
LIABILITIES				
Due to other governments	<u>287,548</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>287,548</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Restricted for:				
Individuals	-	30,549	205,807	199,567
Other governments	<u>153,381</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 153,381</u>	<u>\$ 30,549</u>	<u>\$ 205,807</u>	<u>\$ 199,567</u>

<u>Justice of the Peace</u>	<u>Total Custodial Funds</u>
\$ 36,147	\$ 912,999
<u>36,147</u>	<u>912,999</u>
<u>-</u>	<u>287,548</u>
<u>-</u>	<u>287,548</u>
36,147	472,070
<u>-</u>	<u>153,381</u>
<u>\$ 36,147</u>	<u>\$ 625,451</u>

DEAF SMITH COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Tax Assessor / Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>County Sheriff</u>
Additions				
Tax collections	\$ 7,194,975	\$ -	\$ -	\$ -
Trust/Escrow contributions	-	323,402	262,525	141,000
Investment earnings	20,691	1,046	2,668	10,692
Total additions	7,215,666	324,448	265,193	151,692
Deductions				
Payments to local governments	7,488,200	-	-	-
Trust/Escrow disbursements	-	324,064	272,803	142,415
Total deductions	7,488,200	324,064	272,803	142,415
NET CHANGE IN NET POSITION	(272,534)	384	(7,610)	9,277
NET POSITION - BEGINNING	425,915	30,165	213,417	190,290
NET POSITION - ENDING	<u>\$ 153,381</u>	<u>\$ 30,549</u>	<u>\$ 205,807</u>	<u>\$ 199,567</u>

<u>Justice of the Peace</u>	<u>Total Custodial Funds</u>
\$ -	\$ 7,194,975
273,402	1,000,329
1,764	36,861
275,166	8,232,165
-	7,488,200
292,688	1,031,970
292,688	8,520,170
(17,522)	(288,005)
53,669	913,456
\$ 36,147	\$ 625,451

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PART III
COMPLIANCE



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

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS
FOR AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

We have examined Deaf Smith County, Texas's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2022 OMB Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended September 30, 2023. Management of Deaf Smith County, Texas is responsible for Deaf Smith County, Texas's compliance with the specified requirements. Our responsibility is to express an opinion on Deaf Smith County, Texas's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with the attestation standards established by the AICPA; the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether Deaf Smith County, Texas complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Deaf Smith County, Texas complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on Deaf Smith County, Texas compliance with specified requirements.

In our opinion, Deaf Smith County, Texas complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2023.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on Deaf Smith County, Texas's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on Deaf Smith County, Texas's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the

specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether Deaf Smith County, Texas complied, in all material respects with the specified requirements referenced above during the year ended September 30, 2023. Accordingly, this report is not suitable for any other purpose.

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

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

December 29, 2023