

**DEAF SMITH COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2024**

**DEAF SMITH COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED SEPTEMBER 30, 2024**

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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, 2024, 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, 2024, 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 29 – 34 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 27, 2024

## **BASIC FINANCIAL STATEMENTS**

**DEAF SMITH COUNTY, TEXAS**  
**STATEMENT OF NET POSITION - CASH BASIS**  
**SEPTEMBER 30, 2024**

	<b>ASSETS</b>	<u><b>Governmental Activities</b></u>
Cash and cash equivalents		\$ 16,660,906
Total assets		<u>16,660,906</u>
	<b>LIABILITIES</b>	
Inmate funds held in trust		<u>6,081</u>
Total liabilities		<u>6,081</u>
	<b>NET POSITION</b>	
Restricted:		
Debt Service		173,876
By enabling legislation for special projects		1,120,684
Special projects		3,824,235
Unrestricted		<u>11,536,030</u>
Total net position		<u><u>\$ 16,654,825</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, 2024**

<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>
<b>Primary government</b>					
Governmental Activities:					
Administrative	\$ 3,193,003	\$ 769,565	\$ 5,135	\$ -	\$ (2,418,303)
Judicial	1,795,871	301,193	940,082	-	(554,596)
Public facilities	1,005,333	-	-	-	(1,005,333)
Public safety	5,704,224	244,947	322,001	-	(5,137,276)
Road and bridge	1,737,910	561,571	116,799	-	(1,059,540)
Public service	103,998	-	-	-	(103,998)
Extension services	116,086	-	-	-	(116,086)
Principal on indebtedness	1,533,988	-	-	-	(1,533,988)
Interest on indebtedness	934,688	-	-	-	(934,688)
Capital outlay	4,872,375	-	-	-	(4,872,375)
Total	<u>\$ 20,997,476</u>	<u>\$ 1,877,276</u>	<u>\$ 1,384,017</u>	<u>\$ -</u>	<u>(17,736,183)</u>
<b>General receipts:</b>					
Property taxes, levied for general purposes					10,769,739
Property taxes, levied for debt service					2,015,770
Payments in lieu of taxes					566,800
Sales tax					1,396,238
Miscellaneous taxes					12,235
Interest earnings					1,126,813
Miscellaneous					1,007,028
Gain on sale of asset					41,715
Total general receipts					<u>16,936,338</u>
Change in net position					(799,845)
<b>Net position - beginning</b>					<u>17,454,670</u>
<b>Net position - ending</b>					<u>\$ 16,654,825</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, 2024**

	<u>General</u>	<u>Road &amp; Bridge</u>	<u>Grant Funds</u>
<b>RECEIPTS</b>			
Property taxes	\$ 8,952,862	\$ 1,816,877	\$ -
Payments in lieu of taxes	365,800	201,000	-
Sales tax	1,396,238	-	-
Miscellaneous taxes	12,235	-	-
Licenses and fees	595,103	528,457	-
Fines and forfeitures	463,698	-	-
Intergovernmental	685,007	88,351	57,160
Sales	-	-	-
Interest	995,597	-	79,514
Miscellaneous	330,208	21,813	459,331
Insurance proceeds	181,521	-	-
	<u>13,978,269</u>	<u>2,656,498</u>	<u>596,005</u>
<b>DISBURSEMENTS</b>			
Administrative	3,048,489	-	8,980
Judicial	899,169	-	-
Public facilities	962,965	-	-
Public safety	5,242,546	-	-
Road and bridge	-	1,664,668	-
Public service	99,615	-	-
Extension service	111,194	-	-
Debt service			
Principal	-	498,988	-
Interest	-	62,319	-
Capital outlay	2,006,900	278,176	2,573,308
	<u>12,370,878</u>	<u>2,504,151</u>	<u>2,582,288</u>
<b>EXCESS OF RECEIPTS OVER/(UNDER)</b>			
<b>DISBURSEMENTS</b>			
	<u>1,607,391</u>	<u>152,347</u>	<u>(1,986,283)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	-	41,715	-
Transfers in	-	63,949	-
Transfers out	(1,646,237)	-	-
	<u>(1,646,237)</u>	<u>105,664</u>	<u>-</u>

<b>Debt Service</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
\$ 2,015,770	\$ -	\$ 12,785,509
-	-	566,800
-	-	1,396,238
-	-	12,235
-	114,954	1,238,514
-	-	463,698
-	553,499	1,384,017
-	175,064	175,064
11,696	25,705	1,112,512
-	14,155	825,507
-	-	181,521
2,027,466	883,377	20,141,615
600	9,351	3,067,420
-	913,131	1,812,300
-	-	962,965
-	120,187	5,362,733
-	-	1,664,668
-	-	99,615
-	-	111,194
1,035,000	-	1,533,988
872,369	-	934,688
-	13,991	4,872,375
1,907,969	1,056,660	20,421,946
119,497	(173,283)	(280,331)
-	-	41,715
-	396,637	460,586
-	(63,949)	(1,710,186)
-	332,688	(1,207,885)
		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, 2024**

Continuation	<u>General</u>	<u>Road &amp; Bridge</u>	<u>Grant Funds</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (38,846)	\$ 258,011	\$ (1,986,283)
<b>CASH BASIS FUND</b>			
<b>BALANCES - Beginning of year</b>	<u>11,503,669</u>	<u>2,998,371</u>	<u>2,455,307</u>
<b>CASH BASIS FUND</b>			
<b>BALANCES - End of year</b>	<u>\$ 11,464,823</u>	<u>\$ 3,256,382</u>	<u>\$ 469,024</u>
<b>CASH BASIS ASSETS - End of year</b>			
Cash, net of liabilities	<u>\$ 11,464,823</u>	<u>\$ 3,256,382</u>	<u>\$ 469,024</u>
<b>CASH BASIS FUND BALANCES - End of Year</b>			
Restricted:			
By enabling legislation for special projects	\$ -	\$ -	\$ -
Special projects	-	3,256,382	469,024
Debt service	-	-	-
Unassigned (deficit)	<u>11,464,823</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances - end of year	<u>\$ 11,464,823</u>	<u>\$ 3,256,382</u>	<u>\$ 469,024</u>

<b>Debt Service</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
\$ 119,497	\$ 159,405	\$ (1,488,216)
<u>54,379</u>	<u>948,082</u>	<u>17,959,808</u>
<u>\$ 173,876</u>	<u>\$ 1,107,487</u>	<u>\$ 16,471,592</u>
<u>\$ 173,876</u>	<u>\$ 1,107,487</u>	<u>\$ 16,471,592</u>
\$ -	\$ 1,120,684	\$ 1,120,684
-	16,596	3,742,002
173,876	-	173,876
<u>-</u>	<u>(29,793)</u>	<u>11,435,030</u>
<u>\$ 173,876</u>	<u>\$ 1,107,487</u>	<u>\$ 16,471,592</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, 2024**

	<u>Cafeteria Plan</u>	<u>Self Insurance</u>	<u>Total</u>
<b>RECEIPTS</b>			
Healthcare contributions	\$ 26,367	\$ 1,424,466	\$ 1,450,833
Refunds	-	159,501	159,501
Interest	1,680	12,621	14,301
	<u>28,047</u>	<u>1,596,588</u>	<u>1,624,635</u>
<b>DISBURSEMENTS</b>			
Administrative costs	-	534,243	534,243
Insurance claims and expenses	22,221	1,629,400	1,651,621
	<u>22,221</u>	<u>2,163,643</u>	<u>2,185,864</u>
<b>EXCESS OF RECEIPTS OVER/(UNDER) DISBURSEMENTS</b>	<u>5,826</u>	<u>(567,055)</u>	<u>(561,229)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	5,826	(567,055)	(561,229)
Transfers in	-	1,249,600	1,249,600
<b>CHANGE IN NET ASSETS</b>	5,826	682,545	688,371
<b>CASH BASIS NET ASSETS - BEGINNING OF YEAR</b>	<u>30,975</u>	<u>(536,113)</u>	<u>(505,138)</u>
<b>CASH BASIS NET ASSETS - END OF YEAR</b>	<u>\$ 36,801</u>	<u>\$ 146,432</u>	<u>\$ 183,233</u>
<b>CASH BASIS ASSETS - End of year</b>			
Cash, net of liabilities	<u>\$ 36,801</u>	<u>\$ 146,432</u>	<u>\$ 183,233</u>
<b>CASH BASIS NET POSITION - End of Year</b>			
Restricted:			
Special projects	<u>\$ 36,801</u>	<u>\$ 146,432</u>	<u>\$ 183,233</u>
Total cash basis net position - end of year	<u>\$ 36,801</u>	<u>\$ 146,432</u>	<u>\$ 183,233</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, 2024**

	<b>ASSETS</b>	Custodial Funds
Cash and cash equivalents		\$ 1,258,774
Total assets		<u>\$ 1,258,774</u>
	<b>LIABILITIES</b>	
Due to other governments		\$ 223,318
Total liabilities		<u>223,318</u>
	<b>NET ASSETS</b>	
Restricted for:		
Individuals		880,256
Other governments		<u>155,200</u>
Total net position		<u>\$ 1,035,456</u>

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

**DEAF SMITH COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Custodial Funds</u>
<b>Additions</b>	
Tax collections	\$ 6,682,463
Trust/Escrow contributions	1,391,263
Investment earnings	<u>43,424</u>
<b>Total additions</b>	<u>8,117,150</u>
 <b>Deductions</b>	
Payments to local governments	6,704,550
Trust/Escrow disbursements	<u>1,002,595</u>
<b>Total deductions</b>	<u>7,707,145</u>
 <b>NET CHANGE IN NET POSITION</b>	 410,005
 <b>NET POSITION - BEGINNING</b>	 <u>625,451</u>
 <b>NET POSITION - ENDING</b>	 <u><u>\$ 1,035,456</u></u>

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



**DEAF SMITH COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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, 2024**

**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, 2024**

**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, 2024**

**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, 2024**

**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, 2024**

**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 Schedules for the General Fund and the Road and Bridge 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, 2024**

**NOTE 3 – CASH AND INVESTMENTS**

Following is a reconciliation of the County’s cash and deposit balances as of September 30, 2024:

Cash and deposit balances consist of:

Bank deposits	\$	17,763,747
Temporary investments - TexPool		155,933
		17,919,680
Total	\$	17,919,680

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

Government-wide Statement of Net Position - Cash Basis:		
Unrestricted	\$	16,660,906
Fiduciary Funds Statement of Net Position - Cash Basis		1,258,774
		17,919,680
Total	\$	17,919,680

**Custodial credit risk – deposits.** As of September 30, 2024, the carrying amount of the County's deposits with financial institutions was \$17,763,747 and the bank's balance was \$18,023,838. Of the bank balance, \$1,063,235 was insured through the Federal Depository Insurance Corporation (FDIC) and the remaining \$16,960,603 was collateralized with securities held by the pledging institution’s agent in the County’s name.

As of September 30, 2024, the County had \$155,933 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, 2024, .87% 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, 2024**

**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 2023 tax roll was \$.541326 per \$100, which means that the County has a tax margin of \$.258674 per \$100 and could raise up to \$6,051,384 additional revenue from the 2023 assessed valuation of \$2,339,386,342 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](http://www.tcdrs.org).

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

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

**Employees Covered by Benefit Terms:** At September 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	165
Active employees	141

**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, 2024**

**NOTE 5 – RETIREMENT PLAN – Continuation**

The County contributed using the actuarially determined rate of 10.76% with a supplemental rate of .92% for the months of the accounting year in 2023 and the actuarially determined rate of 10.21% with a supplemental rate of 1.47% for the months of the accounting year in 2024. The contribution rate payable by employee members is 7.0% for fiscal year 2024 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, 2023, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2023. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

**TCDRS system-wide economic assumptions:**

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

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

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

**Employer-specific economic assumptions:**

Growth in membership	0.00%
Payroll growth for funding calculations	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, 2024**

**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 shown below are provided by TCDRS’ investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

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

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

Continued

**DEAF SMITH COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 5 – RETIREMENT PLAN** – Continuation

- (1) Target asset allocation adopted at the March 2024 TCDRS Board Meeting.
- (2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.
- (3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
- (4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
- (5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

**Discount Rate:** The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

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

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

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments.

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

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

Continued

**DEAF SMITH COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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, 2022	\$ 35,533,170	\$ 33,943,014	\$ 1,590,156
Changes for the year:			
Service cost	833,177	-	833,177
Interest on total pension liability (1)	2,694,872	-	2,694,872
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(187,771)	-	(187,771)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(80,551)	(80,551)	-
Benefit payments	(1,768,324)	(1,768,324)	-
Administrative expenses	-	(19,341)	19,341
Member contributions	-	471,312	(471,312)
Net investment income	-	3,724,517	(3,724,517)
Employer contributions	-	786,419	(786,419)
Other (3)	-	(16,640)	16,640
Balances as of December 31, 2023	<u>\$ 37,024,573</u>	<u>\$ 37,040,406</u>	<u>\$ (15,833)</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	\$ 41,729,414	\$ 37,024,573	\$ 33,097,080
Fiduciary net position	<u>37,040,406</u>	<u>37,040,406</u>	<u>37,040,406</u>
Net pension liability / (asset)	<u>\$ 4,689,008</u>	<u>\$ (15,833)</u>	<u>\$ (3,943,326)</u>

Continued

**DEAF SMITH COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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, 2023 to December 31, 2023
Service cost	\$ 833,177
Interest on total pension liability (1)	2,694,872
Effect of plan changes	-
Administrative expenses	19,341
Member contributions	(471,312)
Expected investment return net of investment expenses	(2,556,275)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	19,216
Recognition of assumption changes or inputs	403,268
Recognition of investment gains or losses	(684,930)
Other (2)	16,640
Pension expense / (income)	\$ 273,997

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

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

**Deferred Inflows / Outflows of Resources:** As of September 30, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 140,828	\$ 85,897
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	106,313
Contributions made subsequent to measurement date	N/A	658,974

Continued

**DEAF SMITH COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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:	
2024	\$ (269,438)
2025	(138,250)
2026	692,717
2027	(233,647)
2028	-
Thereafter	-

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

**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](http://www.tcdrs.org). TCDRS' CAFR may also be obtained by writing to the Texas County & District System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

*Funding Policy*

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Carson County's contributions to the GTLF for the years ended September 30, 2024, 2023, and 2022, were \$8,454, \$8,214, and \$10,696, respectively, which equaled the contractually required contributions each year.

**NOTE 7 – CONCENTRATION OF TAXPAYERS**

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

<u>Taxpayer</u>	<u>Industry</u>	<u>Tax Amount</u>	<u>Percent of Total Levy</u>
Taxpayer A	Beef packing	\$ 1,073,794	8.48 %
Taxpayer B	Pet care	\$ 833,600	6.58 %

**DEAF SMITH COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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	\$ -	\$ 1,646,237
Special Revenue:		
Road and Bridge	63,949	-
Lateral Road	-	28,449
Right of Way	-	35,500
Juvenile Probation Department	371,637	-
Law Library	25,000	-
Internal Service Fund:		
Self Insurance	1,249,600	-
	<u>\$ 1,710,186</u>	<u>\$ 1,710,186</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, 2024**

**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 leases for vehicles and heavy equipment. The twelve leases all have various maturity dates ranging through March 11, 2029, and bear interest rates between 2.60% and 6.45%.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General Obligation Bonds, Series 2020	\$ 32,760,000	\$ -	\$ (1,035,000)	\$ 31,725,000	\$ 1,085,000
Leases	1,821,960	877,058	(782,498)	1,916,520	648,860
 Governmental activity long-term liabilities	 <u>\$ 34,581,960</u>	 <u>\$ 877,058</u>	 <u>\$ (1,817,498)</u>	 <u>\$ 33,641,520</u>	 <u>\$ 1,733,860</u>

The County paid interest costs of \$934,688 during the fiscal year ended September 30, 2024.

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

Years Ending September 30,	Total	General Obligation Bonds Series 2020		Leases	
		Principal	Interest	Principal	Interest
2025	\$ 2,649,639	\$ 1,085,000	\$ 819,369	\$ 648,860	\$ 96,410
2026	2,247,183	1,140,000	763,744	271,948	71,491
2027	2,248,683	1,200,000	705,244	287,395	56,044
2028	2,247,183	1,260,000	643,744	303,679	39,760
2029	2,334,615	1,315,000	592,519	404,638	22,458
2030 - 2034	9,534,369	7,130,000	2,404,369	-	-
2035 - 2039	9,525,372	7,905,000	1,620,372	-	-
2040 - 2044	9,521,119	8,805,000	716,119	-	-
2045	1,906,206	1,885,000	21,206	-	-
	 <u>\$ 42,214,369</u>	 <u>\$ 31,725,000</u>	 <u>\$ 8,286,686</u>	 <u>\$ 1,916,520</u>	 <u>\$ 286,163</u>



**DEAF SMITH COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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, 2024, Deaf Smith County abated property taxes totaling \$1,177,465 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 \$243,447.
- A 100 percent tax abatement to Canadian Breaks for eligible property in the reinvestment zone. The abatement amounted to \$196,346.
- A 100 percent tax abatement to TX Hereford Wind for eligible property in the reinvestment zone. The abatement amounted to \$737,672.

**DEAF SMITH COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DEAF SMITH COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF BUDGETARY COMPARISON - CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance</b>	\$ 11,503,669	\$ 11,503,669	\$ 11,503,669	\$ -
<b>Resources (Inflows):</b>				
Property taxes	8,817,042	8,817,042	8,952,862	135,820
Payments in lieu of taxes	365,800	365,800	365,800	-
Sales and miscellaneous taxes	1,312,300	1,312,300	1,408,473	96,173
Licenses and fees	622,600	622,600	595,103	(27,497)
Fines and forfeitures	416,700	416,700	463,698	46,998
Intergovernmental	697,245	702,485	685,007	(17,478)
Interest	150,700	150,700	995,597	844,897
Miscellaneous	108,000	141,370	330,208	188,838
Insurance proceeds	-	181,600	181,521	(79)
<b>Total resources</b>	<u>12,490,387</u>	<u>12,710,597</u>	<u>13,978,269</u>	<u>1,267,672</u>
<b>Amounts available for appropriation</b>	<u>23,994,056</u>	<u>24,214,266</u>	<u>25,481,938</u>	<u>1,267,672</u>
<b>Appropriations (Outflows):</b>				
<b>Administrative</b>				
County Judge	191,607	191,607	187,135	4,472
County Clerk	323,173	323,173	267,509	55,664
District Clerk	234,282	234,282	212,742	21,540
County Treasurer	126,631	126,631	130,766	(4,135)
Tax-assessor Collector	242,355	242,355	218,441	23,914
County Auditor	85,840	85,840	82,730	3,110
County-wide services	2,167,575	2,183,911	1,949,166	234,745
<b>Total Administrative</b>	<u>3,371,463</u>	<u>3,387,799</u>	<u>3,048,489</u>	<u>339,310</u>
<b>Judicial</b>				
222nd Community Supervision	15,005	15,005	8,916	6,089
District Judge	87,241	87,141	82,535	4,606
Justice of the Peace	263,557	263,557	256,820	6,737
District Attorney	514,852	515,632	448,007	67,625
SB22 - District Attorney	175,000	175,000	102,891	72,109
<b>Total Judicial</b>	<u>1,055,655</u>	<u>1,056,335</u>	<u>899,169</u>	<u>157,166</u>

Continued

**DEAF SMITH COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF BUDGETARY COMPARISON - CASH BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Continuation	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Appropriations (Outflows): continued</b>				
Public facilities				
County museum	\$ 129,125	\$ 139,075	\$ 138,671	\$ 404
County library	407,291	420,991	400,583	20,408
County maintenance department	368,237	549,837	423,711	126,126
Total Public facilities	<u>904,653</u>	<u>1,109,903</u>	<u>962,965</u>	<u>146,938</u>
Public safety				
County correctional facilities	3,302,762	3,307,761	3,743,662	(435,901)
County Sheriff	1,642,713	1,647,173	1,488,107	159,066
SB22 - County Sheriff	78,000	71,000	10,777	60,223
Total Public safety	<u>5,023,475</u>	<u>5,025,934</u>	<u>5,242,546</u>	<u>(216,612)</u>
Public service				
County social services	113,980	147,350	99,615	47,735
Total Public service	<u>113,980</u>	<u>147,350</u>	<u>99,615</u>	<u>47,735</u>
Extension service				
Extension office	161,417	165,981	111,194	54,787
Total Extension service	<u>161,417</u>	<u>165,981</u>	<u>111,194</u>	<u>54,787</u>
Capital outlay	<u>3,518,597</u>	<u>3,476,147</u>	<u>2,006,900</u>	<u>1,469,247</u>
Other financing uses:				
Transfers out	<u>1,376,205</u>	<u>1,376,205</u>	<u>1,646,237</u>	<u>(270,032)</u>
<b>Total appropriations</b>	<u>15,525,445</u>	<u>15,745,654</u>	<u>14,017,115</u>	<u>1,728,539</u>
<b>Ending Budgetary Fund Balance</b>	<u><u>\$ 8,468,611</u></u>	<u><u>\$ 8,468,612</u></u>	<u><u>\$ 11,464,823</u></u>	<u><u>\$ 2,996,211</u></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, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance</b>	\$ 2,998,371	\$ 2,998,371	\$ 2,998,371	\$ -
<b>Resources (Inflows):</b>				
Property taxes	2,023,724	2,023,724	1,816,877	(206,847)
Payments in lieu of taxes	201,000	201,000	201,000	-
Licenses and fees	524,000	524,000	528,457	4,457
Intergovernmental	100,000	100,000	88,351	(11,649)
Miscellaneous	16,300	16,300	21,813	5,513
Other financing sources:				
Proceeds from sale of capital assets	-	41,716	41,715	(1)
Transfers in	65,000	65,000	63,949	(1,051)
<b>Total resources</b>	<u>2,930,024</u>	<u>2,971,740</u>	<u>2,762,162</u>	<u>(209,578)</u>
<b>Amounts available for appropriation</b>	<u>5,928,395</u>	<u>5,970,111</u>	<u>5,760,533</u>	<u>(209,578)</u>
<b>Appropriations (Outflows):</b>				
Road and bridge				
Precinct 1	464,776	464,776	412,105	52,671
Precinct 2	460,760	460,760	438,428	22,332
Precinct 3	406,883	406,883	365,906	40,977
Precinct 4	478,153	478,153	448,229	29,924
Total Administrative	<u>1,810,572</u>	<u>1,810,572</u>	<u>1,664,668</u>	<u>145,904</u>
Debt service				
Principal	-	498,988	498,988	-
Interest and other charges	-	62,319	62,319	-
Total Debt service	<u>-</u>	<u>561,307</u>	<u>561,307</u>	<u>-</u>
Capital outlay	<u>1,119,452</u>	<u>599,861</u>	<u>278,176</u>	<u>321,685</u>
<b>Total appropriations</b>	<u>2,930,024</u>	<u>2,971,740</u>	<u>2,504,151</u>	<u>467,589</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 2,998,371</u>	<u>\$ 2,998,371</u>	<u>\$ 3,256,382</u>	<u>\$ 258,011</u>

**DEAF SMITH COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**Last Ten Years**

	Year Ended December 31,			
	2023	2022	2021	2020
<b>Total Pension Liability:</b>				
Service cost	\$ 833,177	\$ 698,315	\$ 691,063	\$ 614,596
Interest on total pension liability	2,694,872	2,558,907	2,459,592	2,353,201
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	-	(124,360)	1,778,885
Effect of economic/demographic (gains) or losses	(187,771)	171,795	(6,683)	101,754
Benefit payments/refunds of contributions	(1,848,875)	(1,703,519)	(1,736,082)	(1,494,036)
Net change in total pension liability	1,491,403	1,725,498	1,283,530	3,354,400
Total pension liability, beginning	35,533,170	33,807,672	32,524,142	29,169,742
Total pension liability, ending (a)	<u>\$ 37,024,573</u>	<u>\$ 35,533,170</u>	<u>\$ 33,807,672</u>	<u>\$ 32,524,142</u>
<b>Fiduciary Net Position:</b>				
Employer contributions	\$ 786,419	\$ 698,141	\$ 608,726	\$ 603,180
Member contributions	471,312	413,980	364,819	361,448
Investment income net of investment expenses	3,724,517	(2,101,466)	6,682,329	2,937,839
Benefit payments/refunds of contributions	(1,848,875)	(1,703,519)	(1,736,082)	(1,494,036)
Administrative expenses	(19,341)	(19,891)	(19,860)	(22,553)
Other	(16,640)	(52,575)	(13,115)	(12,846)
Net change in fiduciary net position	3,097,392	(2,765,330)	5,886,817	2,373,032
Fiduciary net position, beginning	33,943,014	36,708,344	30,821,527	28,448,495
Fiduciary net position, ending (b)	<u>\$ 37,040,406</u>	<u>\$ 33,943,014</u>	<u>\$ 36,708,344</u>	<u>\$ 30,821,527</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (15,833)</u>	<u>\$ 1,590,156</u>	<u>\$ (2,900,672)</u>	<u>\$ 1,702,615</u>
Fiduciary net position as a % of total pension liability	100.04%	95.52%	108.58%	94.77%
Pensionable covered payroll	\$ 6,733,032	\$ 5,913,993	\$ 5,211,694	\$ 5,163,545
Net pension liability as a % of covered payroll	-0.24%	26.89%	-55.66%	32.97%



Year Ended December 31,

2019	2018	2017	2016	2015	2014
\$ 594,397	\$ 619,883	\$ 622,337	\$ 647,790	\$ 581,423	\$ 595,081
2,248,890	2,141,040	2,048,973	1,931,964	1,859,703	1,770,022
-	-	-	-	(88,194)	-
-	-	77,694	-	247,328	-
(128,897)	(34,580)	(302,564)	(138,872)	(426,880)	(169,164)
<u>(1,401,371)</u>	<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>
1,313,019	1,387,735	1,169,164	1,116,917	1,022,401	1,027,074
<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>22,133,432</u>
<u>\$ 29,169,742</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>
\$ 519,547	\$ 541,895	\$ 518,455	\$ 539,660	\$ 540,531	\$ 541,700
347,689	344,529	336,346	334,468	328,055	321,348
4,093,711	(487,478)	3,349,203	1,609,854	25,076	1,453,759
(1,401,371)	(1,338,608)	(1,277,276)	(1,323,965)	(1,150,979)	(1,168,865)
(21,679)	(20,020)	(17,221)	(17,490)	(15,822)	(16,688)
<u>(14,323)</u>	<u>(10,869)</u>	<u>(5,824)</u>	<u>65,622</u>	<u>(201,499)</u>	<u>21,463</u>
3,523,574	(970,551)	2,903,683	1,208,149	(474,638)	1,152,717
<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>21,105,561</u>
<u>\$ 28,448,495</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>\$ 721,247</u>	<u>\$ 2,931,802</u>	<u>\$ 573,516</u>	<u>\$ 2,308,035</u>	<u>\$ 2,399,267</u>	<u>\$ 902,228</u>
97.53%	89.48%	97.83%	90.88%	90.08%	96.10%
\$ 4,966,993	\$ 4,921,849	\$ 4,804,949	\$ 4,778,113	\$ 4,681,970	\$ 4,590,683
14.52%	59.57%	11.94%	48.30%	51.24%	19.65%

**DEAF SMITH COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Last Ten Fiscal Years**

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 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%
2024	762,087	860,930	(98,843)	7,370,979	11.7%

**DEAF SMITH COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Last Ten Fiscal Years**

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates (Dec. 31, 2021 valuation for 2023 contributions):

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	9.3 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the 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. 2023: No changes in plan provisions were reflected in the Schedule.

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

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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, 2024**

	<b>Lateral Road Fund</b>	<b>Right of Way Fund</b>	<b>Juvenile Probation Department</b>
<b>RECEIPTS</b>			
Licenses and fees	\$ -	\$ 33,113	\$ -
Intergovernmental	28,449	-	522,025
Sales	-	-	-
Interest	-	-	2,550
Miscellaneous	-	-	9,022
Total receipts	<u>28,449</u>	<u>33,113</u>	<u>533,597</u>
<b>DISBURSEMENTS</b>			
Current:			
Administrative	-	-	-
Judicial	-	-	854,899
Public safety	-	-	-
Capital Outlay	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>854,899</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	28,449	33,113	(321,302)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	371,637
Transfers out	(28,449)	(35,500)	-
Total other financing sources and uses	<u>(28,449)</u>	<u>(35,500)</u>	<u>371,637</u>
<b>EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	-	(2,387)	50,335
<b>CASH BASIS FUND BALANCE - Beginning of Year</b>	<u>1,600</u>	<u>32,909</u>	<u>18,844</u>
<b>CASH BASIS FUND BALANCE - End of Year</b>	<u>\$ 1,600</u>	<u>\$ 30,522</u>	<u>\$ 69,179</u>
<b>CASH BASIS ASSETS - End of Year</b>			
Cash, net of liabilities	<u>\$ 1,600</u>	<u>\$ 30,522</u>	<u>\$ 69,179</u>
<b>CASH BASIS FUND BALANCE - End of Year</b>			
Restricted:			
By enabling legislation for special projects	\$ 1,600	\$ 30,522	69,179
Special projects	-	-	-
Unassigned (deficit)	-	-	-
Total cash basis fund balance - end of year	<u>\$ 1,600</u>	<u>\$ 30,522</u>	<u>\$ 69,179</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>
\$ 6,783	\$ 21,393	\$ 13,006	\$ 60	\$ 296	\$ 19,290
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,783</u>	<u>21,393</u>	<u>13,006</u>	<u>60</u>	<u>296</u>	<u>19,290</u>
-	4,531	2,404	-	1,454	-
47,955	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>47,955</u>	<u>4,531</u>	<u>2,404</u>	<u>-</u>	<u>1,454</u>	<u>-</u>
(41,172)	16,862	10,602	60	(1,158)	19,290
25,000	-	-	-	-	-
-	-	-	-	-	-
<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(16,172)	16,862	10,602	60	(1,158)	19,290
<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>\$ (29,793)</u>	<u>\$ 131,032</u>	<u>\$ 61,072</u>	<u>\$ 8,395</u>	<u>\$ 13,145</u>	<u>\$ 227,901</u>
<u>\$ (29,793)</u>	<u>\$ 131,032</u>	<u>\$ 61,072</u>	<u>\$ 8,395</u>	<u>\$ 13,145</u>	<u>\$ 227,901</u>
\$ -	\$ 131,032	\$ 61,072	\$ 8,395	\$ 13,145	\$ 227,901
-	-	-	-	-	-
<u>(29,793)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (29,793)</u>	<u>\$ 131,032</u>	<u>\$ 61,072</u>	<u>\$ 8,395</u>	<u>\$ 13,145</u>	<u>\$ 227,901</u>

**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, 2024**

	<b>Courthouse Security</b>	<b>Court Mediation</b>	<b>Voter Registration</b>
Continuation			
<b>RECEIPTS</b>			
Licenses and fees	\$ 11,541	\$ 5,873	\$ -
Intergovernmental	-	-	3,025
Sales	-	-	-
Interest	-	-	-
Miscellaneous	-	-	9
Total receipts	<u>11,541</u>	<u>5,873</u>	<u>3,034</u>
<b>DISBURSEMENTS</b>			
Current:			
Administrative	557	-	405
Judicial	-	-	-
Public safety	-	-	-
Capital Outlay	<u>13,991</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>14,548</u>	<u>-</u>	<u>405</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	(3,007)	5,873	2,629
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(3,007)	5,873	2,629
<b>CASH BASIS FUND BALANCE - Beginning of Year</b>	<u>89,935</u>	<u>2,177</u>	<u>42,610</u>
<b>CASH BASIS FUND BALANCE - End of Year</b>	<u>\$ 86,928</u>	<u>\$ 8,050</u>	<u>\$ 45,239</u>
<b>CASH BASIS ASSETS - End of Year</b>			
Cash, net of liabilities	<u>\$ 86,928</u>	<u>\$ 8,050</u>	<u>\$ 45,239</u>
<b>CASH BASIS FUND BALANCE - End of Year</b>			
Restricted:			
By enabling legislation for special projects	\$ 86,928	\$ 8,050	\$ 45,239
Special projects	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balance - end of year	<u>\$ 86,928</u>	<u>\$ 8,050</u>	<u>\$ 45,239</u>

<b>District Attorney Check Collection</b>	<b>District Attorney Seizure / Forfeiture</b>	<b>JP Technology</b>	<b>Donated Funds</b>	<b>Sheriff Commissary</b>	<b>Total Nonmajor Funds</b>
\$ -	\$ -	\$ 3,599	\$ -	\$ -	\$ 114,954
-	-	-	-	-	553,499
-	-	-	-	175,064	175,064
732	2,865	588	-	18,970	25,705
-	3,662	-	1,462	-	14,155
<u>732</u>	<u>6,527</u>	<u>4,187</u>	<u>1,462</u>	<u>194,034</u>	<u>883,377</u>
-	-	-	-	-	9,351
-	3,863	6,414	-	-	913,131
-	-	-	-	120,187	120,187
-	-	-	-	-	13,991
<u>-</u>	<u>3,863</u>	<u>6,414</u>	<u>-</u>	<u>120,187</u>	<u>1,056,660</u>
732	2,664	(2,227)	1,462	73,847	(173,283)
-	-	-	-	-	396,637
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,949)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,688</u>
732	2,664	(2,227)	1,462	73,847	159,405
<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>\$ 13,769</u>	<u>\$ 54,840</u>	<u>\$ 8,741</u>	<u>\$ 16,596</u>	<u>\$ 360,271</u>	<u>\$ 1,107,487</u>
<u>\$ 13,769</u>	<u>\$ 54,840</u>	<u>\$ 8,741</u>	<u>\$ 16,596</u>	<u>\$ 360,271</u>	<u>\$ 1,107,487</u>
\$ 13,769	\$ 54,840	\$ 8,741	\$ -	\$ 360,271	\$ 1,120,684
-	-	-	16,596	-	16,596
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,793)</u>
<u>\$ 13,769</u>	<u>\$ 54,840</u>	<u>\$ 8,741</u>	<u>\$ 16,596</u>	<u>\$ 360,271</u>	<u>\$ 1,107,487</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, 2024**

	<b>Tax Assessor / Collector</b>	<b>County Clerk</b>	<b>District Clerk</b>	<b>County Sheriff</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 378,518	\$ 25,614	\$ 518,293	\$ 298,720
Total assets	<u>378,518</u>	<u>25,614</u>	<u>518,293</u>	<u>298,720</u>
<b>LIABILITIES</b>				
Due to other governments	<u>223,318</u>	-	-	-
Total liabilities	<u>223,318</u>	-	-	-
<b>NET ASSETS</b>				
Restricted for:				
Individuals	-	25,614	518,293	298,720
Other governments	<u>155,200</u>	-	-	-
Total net position	<u>\$ 155,200</u>	<u>\$ 25,614</u>	<u>\$ 518,293</u>	<u>\$ 298,720</u>

<b>Justice of the Peace</b>	<b>Total Custodial Funds</b>
<u>\$ 37,629</u>	<u>\$ 1,258,774</u>
<u>37,629</u>	<u>1,258,774</u>
<u>-</u>	<u>223,318</u>
<u>-</u>	<u>223,318</u>
<u>37,629</u>	<u>880,256</u>
<u>-</u>	<u>155,200</u>
<u><u>\$ 37,629</u></u>	<u><u>\$ 1,035,456</u></u>

**DEAF SMITH COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS**  
**CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Tax Assessor / Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>County Sheriff</u>
<b>Additions</b>				
Tax collections	\$ 6,682,463	\$ -	\$ -	\$ -
Trust/Escrow contributions	-	301,228	583,685	181,078
Investment earnings	23,906	998	3,618	13,417
<b>Total additions</b>	<u>6,706,369</u>	<u>302,226</u>	<u>587,303</u>	<u>194,495</u>
<b>Deductions</b>				
Payments to local governments	6,704,550	-	-	-
Trust/Escrow disbursements	-	307,161	274,817	95,342
<b>Total deductions</b>	<u>6,704,550</u>	<u>307,161</u>	<u>274,817</u>	<u>95,342</u>
<b>NET CHANGE IN NET POSITION</b>	1,819	(4,935)	312,486	99,153
<b>NET POSITION - BEGINNING</b>	<u>153,381</u>	<u>30,549</u>	<u>205,807</u>	<u>199,567</u>
<b>NET POSITION - ENDING</b>	<u>\$ 155,200</u>	<u>\$ 25,614</u>	<u>\$ 518,293</u>	<u>\$ 298,720</u>



<u>Justice of the Peace</u>	<u>Total Custodial Funds</u>
\$ -	\$ 6,682,463
325,272	1,391,263
1,485	43,424
<u>326,757</u>	<u>8,117,150</u>
-	6,704,550
<u>325,275</u>	<u>1,002,595</u>
<u>325,275</u>	<u>7,707,145</u>
1,482	410,005
<u>36,147</u>	<u>625,451</u>
<u>\$ 37,629</u>	<u>\$ 1,035,456</u>

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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, 2024. 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, 2024.

**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, 2024. Accordingly, this report is not suitable for any other purpose.

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

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

December 27, 2024