



SCURRY COUNTY, TEXAS

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**December 31, 2023
(With Summarized Financial Information
as of and for the Year Ended December 31, 2022)**

SCURRY COUNTY, TEXAS

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December 31, 2023

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June 14, 2024

**The Honorable County Judge and Commissioners
Comprising the Commissioner's Court of
Scurry County, Texas**

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Scurry County, Texas (the "County"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Scurry County, Texas, as of December 31, 2023, and the respective changes in modified cash basis financial position and, where applicable, modified cash basis cash flows thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 modified cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions concerning this matter have not been modified.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in **Note 1** and for determining that the modified cash basis of accounting is an acceptable basis for 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 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 the County'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies and the reasonableness of significant accounting estimates made by management and 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 the County's ability to continue as a going concern for a reasonable time.

We must 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 management's discussion and analysis, budgetary comparison schedule – modified cash basis – general fund and budgetary comparison schedule – modified cash basis – road and bridge fund, and schedule of changes in net pension liability and related ratios – pension plan and schedule of contributions – pension plan, be presented to supplement the basic financial statements. Although not a part of the basic financial statements, such information is required by the Governmental Accounting Standards Board, which considers it an essential part of the 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 sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted to form opinions on the financial statements comprising the County's basic financial statements. The combining financial statements and schedule of expenditures of state awards, as required by the *Texas Grant Management Standards* are presented for additional analysis. They are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and schedule of expenditures of state awards are fairly stated, in all material respects, concerning the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the County's 2022 financial statements and expressed unmodified audit opinions on the respective modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2024, on our consideration of Scurry County, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scurry County, Texas' internal control over financial reporting and compliance.

Condly and Company, L.L.P.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information

SCURRY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2023, within the limitations of the County's modified cash basis of accounting. Please read it in conjunction with the County's financial statements that begin on page 14.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34 as applicable to the County's modified cash basis of accounting.

Report Components

This annual report consists of five parts as follows:

Government-Wide Financial Statements

The statement of net position and the statement of activities provide information about the activities of the County government-wide (or "as a whole") and present a longer-term view of the County's finances.

Fund Financial Statements

Fund financial statements focus on the individual parts of the County government. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant ("major") funds. For governmental activities, these statements tell how these services were financed in the short term and what remains for future spending. For proprietary activities, these statements offer short-term and long-term financial information about the activities the county operates, such as businesses.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

Required Supplementary Information

Management's discussion and analysis, the general fund, road and bridge fund, budgetary comparison schedule, and pension-related schedules represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other Supplementary Information

This part of the annual report includes optional financial information such as combining statements for nonmajor funds (which are added together and shown in the fund financial statements in a single column) and the schedule of expenditures of state awards, as required by the Texas Grant Management Standards, is also presented. This other supplemental financial information addresses certain specific needs of various users of the County's annual report.

Basis of Accounting

The County has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets, deferred outflows, liabilities, and deferred inflows. Under the County's modified cash basis of accounting, revenues and expenses and related assets, deferred outflows, liabilities, and deferred inflows are

recorded when they result from cash transactions, except for the recording of depreciation expense on capital assets, long-term debt, and deferred inflows and outflows related to pensions in the government-wide financial statements for all activities and in the fund financial statements for proprietary fund activities, and certain assets and liabilities on an accrual basis.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should consider the limitations resulting from using the modified cash basis of accounting.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which the County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that comprise the primary government.

The Government-Wide Statement of Net Position and the Statement of Activities

Our financial analysis of the County as a whole begins on page 14. The government-wide financial statements are presented on pages 14 through 16. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the County as a whole and its activities in a way that helps answer this question. These statements include all of the County's assets, deferred outflows, liabilities, and deferred inflows resulting from using the modified cash basis of accounting.

These two statements report the county's net positions and changes. Considering the limitations of the modified cash basis of accounting, you can think of the County's net position - the difference between assets plus deferred outflows and liabilities plus deferred inflows - as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position indicates whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's sales tax base and the condition of the County's capital assets, to assess the overall health of the County.

In the statement of net position and the statement of activities, we divide the County into two kinds of activities:

Governmental activities. Most of the County's basic services are reported here, including the sheriff, general administration, streets, parks, and senior citizens. Property and sales taxes, charges for services, fines, and state and federal grants finance most of these activities.

Business-type activities. The County charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Hermleigh Water Works, Scurry County Emergency Medical Services, Scurry County Golf Course, and Scurry County Airport funds are reported here.

Reporting the County's Most Significant Funds

The Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the most significant funds of the County as a whole. Some funds must be established by State law and bond covenants. However, the County establishes certain other funds to help it control and manage money for particular purposes or to show that it meets legal responsibilities for using certain taxes, grants, and other money. The County's three kinds of funds – governmental, proprietary, and fiduciary use different accounting approaches.

Governmental funds - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are

available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent soon to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations on pages 17 and 19. The County considers the general fund, the road and bridge fund, and the law enforcement debt service funds significant or major governmental funds. All other governmental funds are aggregated in a column entitled Other nonmajor governmental funds.

Proprietary funds - When the County charges customers for its services, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The County's proprietary (enterprise) fund financial statements are essentially the same as the business-type activities we report in the government-wide statements. Still, the fund statements provide more detail and additional information, such as cash flows. The County has four enterprise funds - Hermligh Water Works, Scurry County Emergency Medical Services, Scurry County Golf Course, and Scurry County Airport.

Fiduciary funds – These funds are used to account for assets that are held in a trustee or fiduciary capacity of the County, such as pension plan assets, assets held per trust agreements, and similar arrangements.

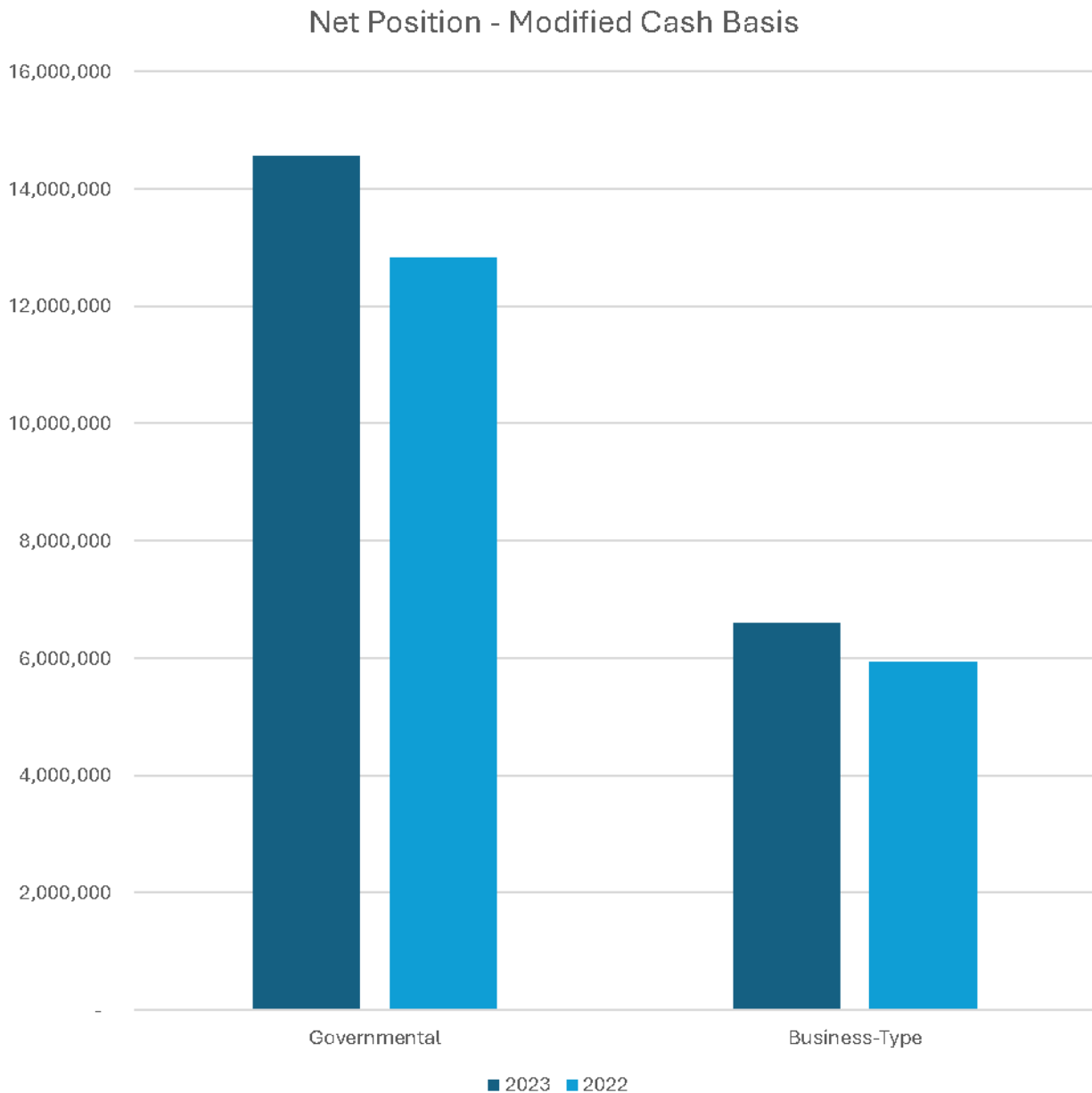
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Total Assets

The County's combined total assets and deferred outflows of resources amounted to \$48,504,074 and \$47,928,375 for the years ended December 31, 2023 and 2022, respectively. Total liabilities and deferred inflows amounted to \$27,325,918 and \$29,096,319 for the years ended December 31, 2023 and 2022, respectively.

Net Position - Modified Cash Basis

The County's combined net position, resulting from modified cash basis transactions, increased from \$18,832,056 to \$21,178,156 between fiscal years 2022 and 2023.



Changes in Net Position - Modified Cash Basis

For the year ended December 31, 2023, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 2,217,432	\$ 1,960,591	\$ 4,178,023
Operating grants and contributions	1,827,562	23,571	1,851,133
General revenues:			
Property taxes	12,818,615	2,107,145	14,925,760
Tax collector fees	559,942		559,942
Sales and use taxes	3,374,105		3,374,105
Mixed drink tax	32,873		32,873
Gain on sale of assets	64,820		64,820
Investment earnings	875,057		875,057
Miscellaneous	219,615	259,783	479,398
	<u>21,990,021</u>	<u>4,351,090</u>	<u>26,341,111</u>
Total revenues			
	<u>21,990,021</u>	<u>4,351,090</u>	<u>26,341,111</u>
Expenses:			
General government	4,808,570		4,808,570
Health and welfare	1,863,120		1,863,120
Judicial and legal	3,557,510		3,557,510
Public safety	4,887,731		4,887,731
Public facilities	476,004		476,004
Culture and recreation	1,155,136		1,155,136
Road maintenance	3,389,713		3,389,713
Interest on long-term debt	171,177		171,177
Water, golf course, airport and EMS services		3,686,050	3,686,050
	<u>20,308,961</u>	<u>3,686,050</u>	<u>23,995,011</u>
Total expenses			
	<u>20,308,961</u>	<u>3,686,050</u>	<u>23,995,011</u>
Increase in net position	\$ <u>1,681,060</u>	\$ <u>665,040</u>	\$ <u>2,346,100</u>

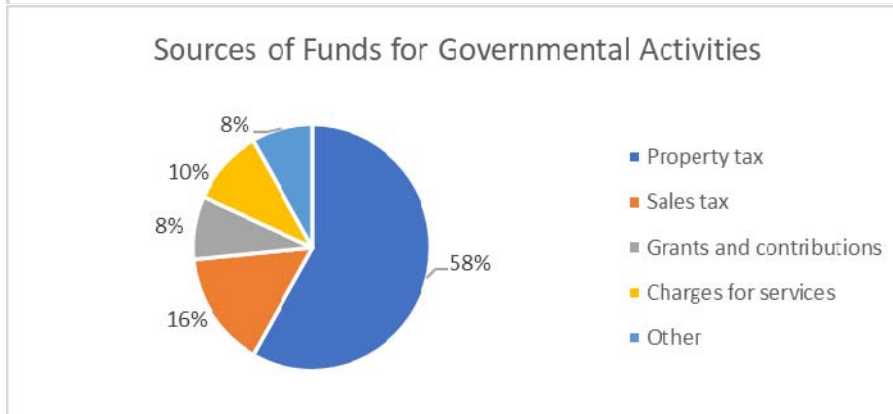
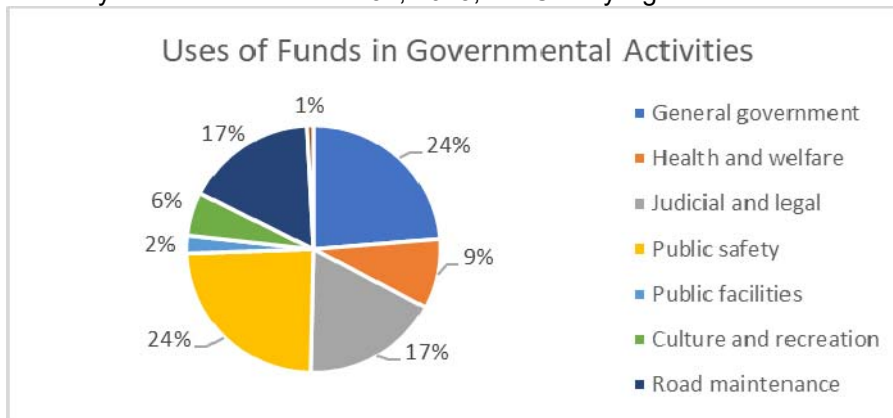
For the year ended December 31, 2022, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 2,063,668	\$ 1,430,952	\$ 3,494,620
Operating grants and contributions	1,121,081	283,410	1,404,491
General revenues:			
Property taxes	9,918,640	1,771,059	11,689,699
Tax collector fees	537,485		537,485
Sales and use taxes	2,990,619		2,990,619
Mixed drink tax	46,968		46,968
Loss on sale of assets	(414,928)	(237,232)	(652,160)
Investment earnings	281,730		281,730
Miscellaneous	810,896	335,857	1,146,753
Total revenues	<u>17,356,159</u>	<u>3,584,046</u>	<u>20,940,205</u>
Expenses:			
General government	2,993,608		2,993,608
Health and welfare	1,302,400		1,302,400
Judicial and legal	2,767,069		2,767,069
Public safety	3,702,351		3,702,351
Public facilities	423,347		423,347
Culture and recreation	922,853		922,853
Road maintenance	2,216,320		2,216,320
Interest on long-term debt	201,870		201,870
Water, golf course, airport and EMS services		3,474,222	3,474,222
Total expenses	<u>14,529,818</u>	<u>3,474,222</u>	<u>18,004,040</u>
Increase (Decrease) in net position	<u>\$ 2,826,341</u>	<u>\$ 109,824</u>	<u>\$ 2,936,165</u>

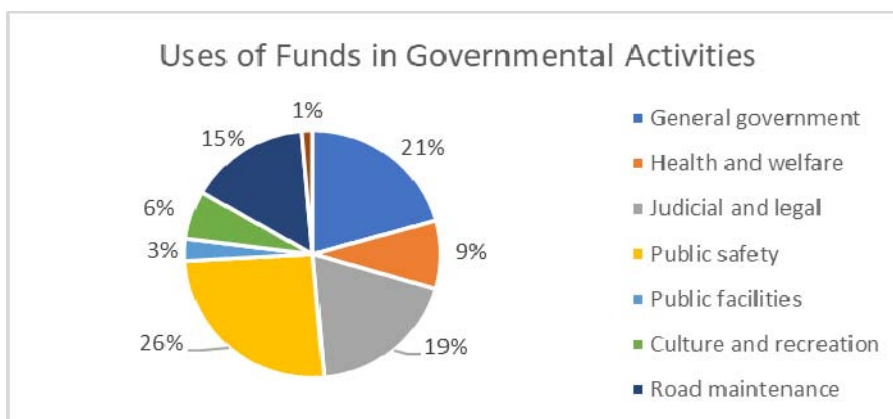
Governmental Activities

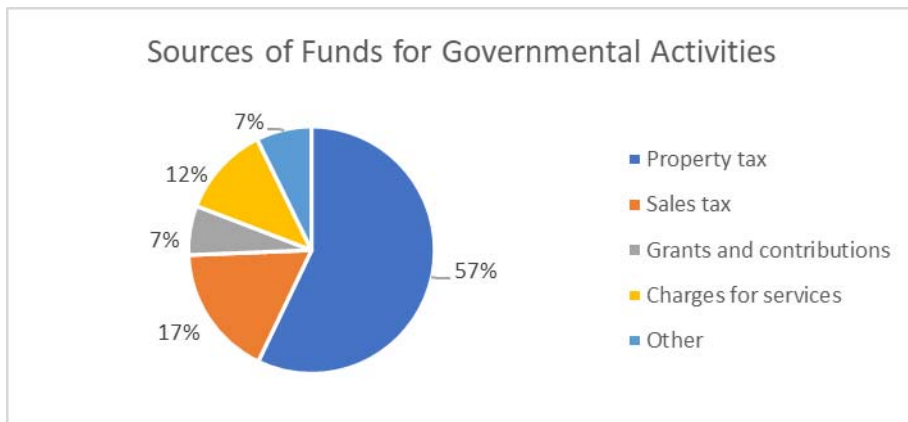
To aid in the understanding of the statement of activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a net (expense)/revenue. This type of format highlights the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

For the year ended December 31, 2023, the County's governmental activities were funded as follows:



For the year ended December 31, 2022, the County's governmental activities were funded as follows:





Total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$20,308,961 and \$14,529,818 for the years ended December 31, 2023 and 2022, respectively. Of these total expenses, taxpayers and other general revenues funded \$16,263,967 and \$11,345,069 for the years ended December 31, 2023 and 2022, respectively. While those directly benefiting from the program funded \$1,827,562 and \$1,121,081 from grants and other contributions, \$2,217,432 and \$2,063,668 were provided from charges for services for the years ended December 31, 2023 and 2022, respectively.

Business-Type Activities

In reviewing the business-type activities' net (expense)/revenue resulting from modified cash basis transactions, there are certain activities that need to be examined more closely.

The Scurry County Golf Course reported a change in net position of \$81,689 and (\$119,825) for the years ended December 31, 2023 and 2022, respectively. Scurry County Golf Course received non-operating income of \$391,917 in 2023 and \$187,405 in 2022, and reported a net operating loss of (\$310,228) and (\$307,230) for the years ended December 31, 2023 and 2022, respectively.

The Hermleigh Water Works fund reported a change in net position of (\$1,153) and (\$8,443) for the years ended December 31, 2023 and 2022, respectively. Hermleigh Water Works received non-operating income of \$6,126 in 2023 and \$2,491 in 2022, and reported net operating loss of (\$7,279) and (\$10,934) for the years ended December 31, 2023 and 2022, respectively.

The Scurry County Emergency Medical Service (E.M.S.) reported a change in net position of \$424,334 and \$251,812 for the years ended December 31, 2023 and 2022, respectively. Scurry County E.M.S. received a non-operating income of \$1,358,546 in 2023 and \$1,537,085 in 2022. Scurry County E.M.S. reported a net operating loss of (\$934,212) and (\$1,285,273) for the years ended December 31, 2023 and 2022, respectively.

The Scurry County Airport reported a change in net position of \$160,170 and (\$13,720) for the years ended December 31, 2023 and 2022, respectively. Scurry County Airport received a non-operating income of \$633,910 in 2023 and \$426,113 in 2022. Scurry County Airport reported a net operating loss of (\$473,740) and (\$439,833) for the years ended December 31, 2023 and 2022, respectively.

A FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Financial Highlights

- The County's total revenues exceeded total expenses (including transfers), on the modified cash basis of accounting, by \$1,505,646 for the year. Total revenue increased by \$4,295,972 from 2022 to 2023, and total expenditures increased by \$574,189, which is mainly attributable to capital outlay and renovation projects for 2023.
- The County's general fund ended the year with a fund balance of \$1,490,004, which represents 9.122% of recurring revenue of the Fund.

General Fund Budgetary Highlights

Over the year, the County revised the general fund budget at various times. The final adjusted budget, however, was consistent with the prior year budget. For the year ended December 31, 2023, general fund expenditures were \$1,422,518 less than final appropriations, while actual resources available for appropriation (excluding any change in the beginning budgetary fund balance) were \$662,316 more than the final budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets-Modified Cash Basis

The County had \$21,495,617 and \$22,010,132 in capital assets, net of depreciation at December 31, 2023 and 2022, respectively (see table below).

Primary Government Capital Assets-Modified Cash Basis (Net of accumulated depreciation)

	Governmental Activities 2023	Business- Type Activities 2023	Totals 2023	Summarized Totals 2022
Land	\$ 193,218	\$ 187,596	\$ 380,814	\$ 372,276
Construction in progress		175,665	175,665	175,665
Buildings and improvements	16,135,482	1,289,477	17,424,959	18,157,951
Equipment and vehicles	1,554,190	854,204	2,408,394	2,218,056
Furniture and fixtures			-	4,716
Software	41,809		41,809	12,074
ROU Assets	980,214	83,762	1,063,976	1,069,394
Total	\$ 18,904,913	\$ 2,590,704	\$ 21,495,617	\$ 22,010,132

See Note 5 in the notes to the financial statements for additional information.

Long-Term Debt - Modified Cash Basis

Debt related to governmental activities totaled \$10,561,333 and \$ as of December 31, 2023 and 2022, respectively (see table below).

	<u>2023</u>	<u>2022</u>
Certificates of obligation	\$ 9,320,000	\$ 10,030,000
Premium on certificates of obligation	202,433	245,512
Finance lease obligations	998,200	974,535
SBITAs obligations	<u>40,700</u>	<u>-</u>
Total	<u>\$ 10,561,333</u>	<u>\$ 11,250,047</u>

Debt related to business-type activities totaled \$69,273 in finance lease obligations as of December 31, 2023.

See Note 6 in the notes to the financial statements for additional information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For the upcoming fiscal year ending December 31, 2024, the County's budget is fairly consistent with this year. It is anticipated that the current oil field related activities will stabilize in the local economy at least for the short term.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's office at 1806 25th Street, Snyder, Texas 79549 or 325-573-7121.

GOVERNMENT – WIDE FINANCIAL STATEMENTS

Basic Financial Statements

SCURRY COUNTY, TEXAS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

	Primary Government			2022 Summarized Data
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 14,417,023	\$ 3,827,088	\$ 18,244,111	\$ 17,413,281
Investments	1,800,000		1,800,000	-
Accounts receivable, net	9,401	4,398	13,799	7,812
Restricted Assets:				
Cash and cash equivalents	446,120		446,120	431,784
Noncurrent Assets:				
Net pension asset			-	7,052,908
Capital Assets:				
Land	193,218	187,596	380,814	372,276
Construction in progress		175,665	175,665	175,665
Buildings and improvements	25,158,044	4,507,981	29,666,025	29,666,025
Infrastructure	5,141,711		5,141,711	5,085,809
Equipment	10,666,901	1,912,483	12,579,384	12,565,109
Furniture and fixtures	299,278		299,278	326,857
Motor vehicles	2,399,439	1,058,197	3,457,636	3,072,345
Right-of-use assets	1,804,859	296,843	2,101,702	1,802,202
Software	882,098		882,098	852,167
SBITAs	100,850		100,850	100,850
Less accumulated depreciation	(27,741,485)	(5,548,061)	(33,289,546)	(32,009,173)
TOTAL ASSETS	35,577,457	6,422,190	41,999,647	46,915,917
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows of resources related to pensions	5,390,644	1,113,782	6,504,426	1,012,458
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,390,644	1,113,782	6,504,426	1,012,458
LIABILITIES:				
Current Liabilities:				
Deposits	25,616	18,932	44,548	43,948
Other liabilities	230,273	4,845	235,118	184,776
Accrued interest payable	73,668		73,668	81,300
Unearned revenue	3,211,278		3,211,278	3,256,278
Certificates of obligation payable	730,000		730,000	710,000
Right-of-use lease obligation - current	350,915	32,498	383,413	168,285
SBITAs	30,486		30,486	-
Noncurrent Liabilities:				
Certificates of obligation payable - net of premium	8,792,433		8,792,433	9,565,512
Right-of-use lease obligation	647,285	36,775	684,060	905,862
SBITAs	10,214		10,214	-
Net pension liability	950,252	196,335	1,146,587	-
TOTAL LIABILITIES	15,052,420	289,385	15,341,805	14,915,961
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	8,262,716		8,262,716	7,801,539
Deferred inflows of resources related to pensions	3,084,165	637,231	3,721,396	6,378,819
TOTAL DEFERRED INFLOWS OF RESOURCES	11,346,881	637,231	11,984,112	14,180,358
NET POSITION:				
Net investment in capital assets	8,343,580	2,521,431	10,865,011	10,609,857
Restricted for:				
Debt service	446,120		446,120	431,784
Texas Department of Criminal Justice	203,212		203,212	151,525
Records management	651,691		651,691	636,478
Other grants and contracts	195,907		195,907	7,309
Unrestricted	4,728,290	4,087,925	8,816,215	6,995,103
TOTAL NET POSITION	\$ 14,568,800	\$ 6,609,356	\$ 21,178,156	\$ 18,832,056

The accompanying notes are an integral part of the financial statements.

SCURRY COUNTY, TEXAS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

Function/Program Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Position			2022 Summarized Data
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government			
				Governmental Activities	Business-type Activities	Total	
Primary Government:							
Governmental Activities:							
General government	\$ 4,808,570	\$ 504,934	\$ 127,408	\$ (4,176,228)	\$	\$ (4,176,228)	\$ (2,328,258)
Health and welfare	1,863,120	45,117		(1,818,003)		(1,818,003)	(1,260,819)
Judicial and legal	3,557,510	604,902	815,741	(2,136,867)		(2,136,867)	(1,572,098)
Public safety	4,887,731	361,846	2,250	(4,523,635)		(4,523,635)	(3,447,517)
Public facilities	476,004	79,924		(396,080)		(396,080)	(252,811)
Culture and recreation	1,155,136	1,800		(1,153,336)		(1,153,336)	(920,313)
Road maintenance	3,389,713	618,909	882,163	(1,888,641)		(1,888,641)	(1,361,383)
Interest on long-term debt	171,177			(171,177)		(171,177)	(201,870)
Total governmental activities	<u>20,308,961</u>	<u>2,217,432</u>	<u>1,827,562</u>	<u>(16,263,967)</u>	<u>-</u>	<u>(16,263,967)</u>	<u>(11,345,069)</u>
Business-type Activities:							
Golf course, water, EMS services and airport		1,960,591	23,571		1,984,162	1,984,162	1,714,362
Depreciation expense	458,520				(458,520)	(458,520)	(364,266)
Operating expense	<u>3,227,530</u>				<u>(3,227,530)</u>	<u>(3,227,530)</u>	<u>(3,109,956)</u>
Total business-type activities	<u>3,686,050</u>	<u>1,960,591</u>	<u>23,571</u>	<u>-</u>	<u>(1,701,888)</u>	<u>(1,701,888)</u>	<u>(1,759,860)</u>
Total primary government	<u>\$ 23,995,011</u>	<u>\$ 4,178,023</u>	<u>\$ 1,851,133</u>	<u>(16,263,967)</u>	<u>(1,701,888)</u>	<u>(17,965,855)</u>	<u>(13,104,929)</u>
General Revenues and Transfers:							
Taxes:							
Property taxes, levied for general purposes, golf course, airport, and EMS services				12,818,615	2,107,145	14,925,760	11,689,699
Tax collector fees				559,942		559,942	537,485
Sales and use taxes				3,374,105		3,374,105	2,990,619
Mixed drink tax				32,873		32,873	46,968
Gain (Loss) on sale of assets				64,820		64,820	(652,160)
Investment earnings				875,057		875,057	281,730
Miscellaneous				219,615	259,783	479,398	1,146,753
Total General Revenues and Transfers				<u>17,945,027</u>	<u>2,366,928</u>	<u>20,311,955</u>	<u>16,041,094</u>
Change in Net Position				1,681,060	665,040	2,346,100	2,936,165
Net Position - Beginning (as restated)				<u>12,887,740</u>	<u>5,944,316</u>	<u>18,832,056</u>	<u>15,895,891</u>
Net Position - Ending				<u>\$ 14,568,800</u>	<u>\$ 6,609,356</u>	<u>\$ 21,178,156</u>	<u>\$ 18,832,056</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

Basic Financial Statements

SCURRY COUNTY, TEXAS
BALANCE SHEET- MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

	General	Road and Bridge	American Rescue Plan Act	Other Nonmajor Governmental Funds	Total Governmental Funds	2022 Summarized Data
<u>ASSETS</u>						
Cash and cash equivalents	\$ 8,327,788	\$ 1,542,720	\$ 3,424,318	\$ 1,122,197	\$ 14,417,023	\$ 14,265,507
Investments	1,500,000			300,000	1,800,000	
Restricted cash and cash equivalents				446,120	446,120	431,784
Accounts receivable	9,401				9,401	3,412
Total Assets	\$ 9,837,189	\$ 1,542,720	\$ 3,424,318	\$ 1,868,317	\$ 16,672,544	\$ 14,700,703
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities:						
Deposits	\$ 25,616	\$	\$	\$	\$ 25,616	\$ 25,016
Unearned revenue			3,194,362	16,916	3,211,278	3,256,278
Other liabilities	58,853			171,420	230,273	180,855
Total Liabilities	84,469	-	3,194,362	188,336	3,467,167	3,462,149
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	8,262,716				8,262,716	7,801,539
Total Deferred Inflows of Resources	8,262,716	-	-	-	8,262,716	7,801,539
Fund balances:						
Restricted			229,956	1,266,974	1,496,930	1,227,096
Committed	10,000	1,542,720		25,091	1,577,811	1,488,509
Assigned				387,916	387,916	406,662
Unassigned	1,480,004				1,480,004	314,748
Total Fund Balance	1,490,004	1,542,720	229,956	1,679,981	4,942,661	3,437,015
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 9,837,189	\$ 1,542,720	\$ 3,424,318	\$ 1,868,317	\$ 16,672,544	\$ 14,700,703

The accompanying notes are an integral part of the financial statements.

SCURRY COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2023

Fund Balances - Total governmental funds		\$	4,942,661
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>			
Governmental capital assets	\$	46,646,398	
Less accumulated depreciation		<u>(27,741,485)</u>	18,904,913
<p>Deferred outflows of resources related to pensions are not reported in the governmental funds.</p>			
			5,390,644
<p>Debt obligations are not due and payable in the current period and therefore are not reported in the governmental funds.</p>			
Accrued interest payable		(73,668)	
Certificates of obligation		(9,522,433)	
Right of use lease obligations		(998,200)	
SBITA obligations		<u>(40,700)</u>	(10,635,001)
<p>Net pension liability is not reported in the governmental funds.</p>			
			(950,252)
<p>Deferred inflows of resources related to pensions are not reported in the governmental funds.</p>			
			<u>(3,084,165)</u>
Net position of governmental activities		\$	<u>14,568,800</u>

The accompanying notes are an integral part of the financial statements.

SCURRY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

	General Fund	Road and Bridge	American Rescue Plan Act	Other Nonmajor Governmental Funds	Total Governmental Funds	2022 Summarized Data
REVENUES:						
Taxes	\$ 13,635,882	\$ 1,674,806	\$	\$ 914,905	\$ 16,225,593	\$ 12,956,226
Motor vehicle registration		609,396			609,396	575,193
State and federal grants	237,319	882,163	45,000	663,080	1,827,562	1,121,081
Fines and fees	1,418,744	611		329,340	1,748,695	1,510,093
Interest	590,032	77,912	176,655	30,458	875,057	281,730
Other	448,095	95,975		145,444	689,514	1,535,022
Total Revenues	16,330,072	3,340,863	221,655	2,083,227	21,975,817	17,979,345
EXPENDITURES:						
Current:						
General government	4,924,700		45,000	107,602	5,077,302	6,244,637
Health and welfare	1,701,623			121,425	1,823,048	1,597,047
Judicial and legal	2,639,973			849,624	3,489,597	3,399,979
Public safety	4,441,377			1,943	4,443,320	4,028,530
Public facilities	406,705			9,075	415,780	421,799
Culture and recreation	1,050,438				1,050,438	1,014,938
Road maintenance		3,551,061			3,551,061	2,569,402
Debt Service:						
Principal retired				710,000	710,000	690,000
Interest				206,625	206,625	226,700
Certificates of obligation administration expense				2,500	2,500	2,450
Total Expenditures	15,164,816	3,551,061	45,000	2,008,794	20,769,671	20,195,482
Excess (Deficit) Revenues Over Expenditures	1,165,256	(210,198)	176,655	74,433	1,206,146	(2,216,137)
OTHER FINANCING SOURCES:						
Sale of assets		75,000			75,000	-
Capital lease proceeds		224,500			224,500	-
Total Other Financing Sources	-	299,500	-	-	299,500	-
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	1,165,256	89,302	176,655	74,433	1,505,646	(2,216,137)
Fund Balance, Beginning of Year	324,748	1,453,418	53,301	1,658,849	3,437,015	5,653,152
Fund Balance, End of Year	\$ 1,490,004	\$ 1,542,720	\$ 229,956	\$ 1,733,282	\$ 4,942,661	\$ 3,437,015

The accompanying notes are an integral part of the financial statements.

SCURRY COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ 1,505,646

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate these expenditures over their estimated useful lives.

Capital asset purchases capitalized	\$ 805,487	
Depreciation expense	(1,249,378)	
Capital asset retired, net of accumulated depreciation	(29,322)	(473,213)

Long-term liability proceeds provide current financial resources to governmental funds, but increases liabilities in the statement of net position. Repayment of notes or bond principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. Bond discounts and premiums are amortized over the life of the bond for the statement of activities and expensed in the fund statements.

Principal payments on bonds payable	710,000
Bond premium	43,079
Proceeds from finance leases payable	(224,500)

Lease obligations provide current financial resources to governmental funds, but the obligation increases liabilities in the statement of net position. Repayment of the leases is an expenditure in the governmental funds, but the repayment reduces the liability in the statement of net position.

Principal payments	237,834
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Gain on sale of capital assets is recognized in governmental activities but not fully recognized in the fund statements.	(10,180)
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The change in net pension liability / asset and the related deferred outflows and inflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as an expenditure in the governmental funds.	(47,716)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Other adjustments to miscellaneous	(1,643)
Adjustments to accrued interest payable	(7,631)

Change in net position of governmental activities	\$ 1,731,676
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SCURRY COUNTY, TEXAS
STATEMENT OF NET POSITION - MODIFIED
CASH BASIS - PROPRIETARY FUNDS

	Business-type Activities Enterprise Funds				
	December 31,				
	Scurry County E.M.S.	Scurry County Airport	Non-Major	2023 Total	2022 Summarized Data
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 1,967,625	\$ 1,499,524	\$ 359,939	\$ 3,827,088	\$ 3,147,774
Accounts receivable	2,951	4	1,443	4,398	4,400
Total Current Assets	1,970,576	1,499,528	361,382	3,831,486	3,152,174
Noncurrent:					
Net pension asset				-	1,181,808
Capital assets:					
Property, plant and equipment	2,587,780	3,699,527	1,851,459	8,138,766	7,727,711
Less: accumulated depreciation	(1,538,223)	(2,766,667)	(1,243,172)	(5,548,062)	(5,095,707)
Total Noncurrent Assets	1,049,557	932,860	608,287	2,590,704	3,813,812
TOTAL ASSETS	3,020,133	2,432,388	969,669	6,422,190	6,965,986
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred outflows of resources related to pensions	950,772	108,918	54,092	1,113,782	169,651
TOTAL DEFERRED OUTFLOWS OF RESOURCES	950,772	108,918	54,092	1,113,782	169,651
LIABILITIES:					
Current liabilities:					
Accounts payable		246	4,599	4,845	3,921
Customer deposits			18,932	18,932	18,932
Right of use lease obligation - current	2,337		30,161	32,498	30,338
Total Current Liabilities	2,337	246	53,692	56,275	53,191
Noncurrent liabilities:					
Net pension liability	167,600	19,200	9,535	196,335	-
Right of use lease obligation	4,288		32,487	36,775	69,274
Total Noncurrent Liabilities	171,888	19,200	42,022	233,110	69,274
TOTAL LIABILITIES	174,225	19,446	95,714	289,385	122,465
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows of resources related to pensions	543,968	62,316	30,947	637,231	1,068,856
TOTAL DEFERRED INFLOWS OF RESOURCES	543,968	62,316	30,947	637,231	1,068,856
NET POSITION:					
Net investment in capital assets	1,042,932	932,860	545,639	2,521,431	2,532,392
Unrestricted	2,209,780	1,526,684	351,461	4,087,925	3,411,924
TOTAL NET POSITION	\$ 3,252,712	\$ 2,459,544	\$ 897,100	\$ 6,609,356	\$ 5,944,316

The accompanying notes are an integral part of the financial statements.

SCURRY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUNDS

	Business-type Activities Enterprise Funds				
	For the Year Ended December 31,				
	Scurry County E.M.S.	Scurry County Airport	Non-Major	2023 Total	2022 Summarized Data
OPERATING REVENUES:					
Service revenue	\$ 1,705,384	\$ 45,162	\$	\$ 1,750,546	\$ 1,304,307
Fees			79,347	79,347	35,932
Cart shed rentals			42,693	42,693	24,470
Membership dues			88,005	88,005	66,243
Total Operating Revenues	<u>1,705,384</u>	<u>45,162</u>	<u>210,045</u>	<u>1,960,591</u>	<u>1,430,952</u>
OPERATING EXPENSES:					
Wages and salaries	1,424,567	163,195	80,436	1,668,198	1,550,027
Payroll taxes	127,309	13,821	5,942	147,072	137,672
Employee benefits	138,344	17,038	8,530	163,912	164,014
Depreciation expense	240,647	153,983	63,890	458,520	364,266
Contract labor	30,000			30,000	66,932
Utilities	5,663	6,561	3,040	15,264	23,039
Supplies	67,331	4,119	51,255	122,705	119,723
Repairs	104,308	46,376	58,516	209,200	186,978
Fuel	2,401	8,808	6,558	17,767	12,398
Medical insurance	301,770	65,548	24,131	391,449	357,256
Professional services	136,262		168,000	304,262	261,058
Other	60,994	39,453	57,254	157,701	230,859
Total Operating Expenses	<u>2,639,596</u>	<u>518,902</u>	<u>527,552</u>	<u>3,686,050</u>	<u>3,474,222</u>
Operating Loss	<u>(934,212)</u>	<u>(473,740)</u>	<u>(317,507)</u>	<u>(1,725,459)</u>	<u>(2,043,270)</u>
NON-OPERATING REVENUES (EXPENSES):					
Ad valorem taxes	1,288,390	450,303	368,452	2,107,145	1,771,059
Grant income	13,531	10,040		23,571	283,410
Miscellaneous income	60,261	174,406	27,504	262,171	53,254
Pension income (expense)	(3,636)	(839)	2,087	(2,388)	282,603
Loss on sale of assets					(237,232)
Change in Net Position	424,334	160,170	80,536	665,040	109,824
Net Position - Beginning	<u>2,828,378</u>	<u>2,299,374</u>	<u>816,564</u>	<u>5,944,316</u>	<u>5,834,492</u>
Net Position - Ending	<u>\$ 3,252,712</u>	<u>\$ 2,459,544</u>	<u>\$ 897,100</u>	<u>\$ 6,609,356</u>	<u>\$ 5,944,316</u>

The accompanying notes are an integral part of the financial statements.

SCURRY COUNTY, TEXAS
STATEMENT OF CASH FLOWS - MODIFIED
CASH BASIS - PROPRIETARY FUNDS

	Business-type Activities Enterprise Funds				
	For the Year Ended December 31,				
	Scurry County E.M.S.	Scurry County Airport	Non-Major	2023 Total	2022 Summarized Data
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,705,386	\$ 44,967	\$ 210,045	\$ 1,960,398	\$ 1,431,378
Cash paid to employees	(1,690,220)	(194,054)	(94,908)	(1,979,182)	(1,851,713)
Cash paid to suppliers	(708,729)	(170,644)	(367,855)	(1,247,228)	(1,257,988)
Net Cash Used in Operating Activities	(693,563)	(319,731)	(252,718)	(1,266,012)	(1,678,323)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:					
Grant income	13,531	10,040		23,571	283,410
Miscellaneous receipts	60,261	174,406	27,504	262,171	55,758
Ad valorem tax receipts	1,288,390	450,303	368,452	2,107,145	1,771,059
Net Cash Provided by Noncapital and Related Financing Activities	1,362,182	634,749	395,956	2,392,887	2,110,227
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Payments on lease/notes payable	(2,337)		(28,002)	(30,339)	
Purchase of capital assets	(408,683)		(8,539)	(417,222)	(493,983)
Net Cash Used in Capital and Related Financing Activities	(411,020)	-	(36,541)	(447,561)	(493,983)
Net Increase (Decrease) in Cash and Cash Equivalents	257,599	315,018	106,697	679,314	(62,079)
Cash and Cash Equivalents at Beginning of Year	1,710,026	1,184,506	253,242	3,147,774	3,209,853
Cash and Cash Equivalents at End of Year	\$ 1,967,625	\$ 1,499,524	\$ 359,939	\$ 3,827,088	\$ 3,147,774
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:					
Operating Loss	\$ (934,212)	\$ (473,740)	\$ (317,507)	\$ (1,725,459)	\$ (2,043,270)
Adjustments Not Affecting Cash:					
Decrease in accounts receivable	2			2	50
Increase in accounts payable		26	899	925	255
Increase in customer deposits					376
Depreciation and amortization	240,647	153,983	63,890	458,520	364,266
Net Cash Used in Operating Activities	\$ (693,563)	\$ (319,731)	\$ (252,718)	\$ (1,266,012)	\$ (1,678,323)

The accompanying notes are an integral part of the financial statements.

SCURRY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION -
MODIFIED CASH BASIS - FIDUCIARY FUNDS

December 31, 2023

	<u>Employee Retirement Fund</u>	<u>Custodial Funds</u>
ASSETS:		
Cash and cash equivalents	\$	\$ 3,332,760
Accounts receivable		2,741,034
Investments at fair value	<u>534,024</u>	<u> </u>
Total Assets	<u>534,024</u>	<u>6,073,794</u>
NET POSITION:		
Restricted for pensions	534,024	
Restricted for agencies	<u> </u>	<u>6,073,794</u>
Total Net Position	<u>\$ 534,024</u>	<u>\$ 6,073,794</u>

The accompanying notes are an integral part of the financial statements.

SCURRY COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
MODIFIED CASH BASIS - FIDUCIARY FUNDS

For the Year Ended December 31, 2023

	<u>Employee Retirement Fund</u>	<u>Custodial Funds</u>
ADDITIONS:		
Charges for services		
Fines and fees		
Contributions:		
Employee	\$ 46,930	\$
Private		<u>72,756,426</u>
Investment Activity:		
Investment income	75,271	
Less Investment Expenses:		
Asset fees	<u>50</u>	
Net Investment Income	<u>75,221</u>	<u>-</u>
Total Additions and Investment Activity	<u>122,151</u>	<u>72,756,426</u>
DEDUCTIONS:		
Recipient payments		71,374,480
Benefits paid	<u>61,353</u>	
Total Deductions	<u>61,353</u>	<u>71,374,480</u>
Net Increase	<u>60,798</u>	<u>1,381,945</u>
Net Position - Beginning of Year	<u>473,226</u>	<u>4,691,849</u>
Net Position - End of Year	<u>\$ 534,024</u>	<u>\$ 6,073,794</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

Basic Financial Statements

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: REPORTING ENTITY

In evaluating how to define Scurry County, Texas (the "County") for financial reporting purposes, management has considered all potential component units. The general purpose financial statements include all funds, account groups, agencies, and boards controlled by, dependent on, and over which the County has oversight responsibility. These include governmental, proprietary, and fiduciary funds. The criteria for oversight responsibility used in determining the entity for financial reporting purposes include but are not limited to, financial interdependency, selection of governing authority, management designation, ability to significantly influence operations, and accountability for financial matters.

Included within the reporting entity:

Board of County Development – Reported as a blended component unit, the Board of County Development is operated by a five-member Board appointed by the County Commissioners. The County budgets a portion of its ad valorem tax for the operation of the Board. The purpose of the Board is to promote the County's economic development.

On April 1, 2014, the County assumed fiscal responsibility for the Scurry County Boys and Girls Club from an independent board operating under the auspices of the Boys and Girls Club of America. The major assets in use by the Boys and Girls Club were already owned by the County and the Boys and Girls Club is accounted for as its own department within the County operations. The Friends of the Boys and Girls Club fund was established as a special revenue fund and is used to account for outside support of the Boys and Girls Club, such as donations and gifts.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County's financial statements are prepared on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they apply to the modified cash basis of accounting unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The following is a summary of the more significant policies and practices used by the County:

Government-Wide Statements:

The statement of net position and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities compares direct expenses and program revenues for the different business-type activities of the County and each function of the County's governmental activities. Direct expenses are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts constituting its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the total for all combined governmental and enterprise funds.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The general fund is the primary operating fund of the County and is always classified as a major fund. It accounts for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the County. The following special revenue funds are reported as major funds:

Road and Bridge Fund – The road and bridge fund accounts for the resources devoted to maintaining the County's roads and bridges.

American Rescue Plan Act Fund – The American Rescue Plan Act Fund is established to account for grant resources obtained under the American Rescue Plan Act.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. *Restricted* fund balance category includes amounts that can be spent for only the specific purposes stipulated by the constitution, external resources providers, or through enabling legislation.
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Commissioners' Court (the County's highest level of decision-making authority).

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

4. *The assigned fund balance classification includes amounts intended to be used by the County for specific purposes but that do not meet the criteria to be classified as restricted or committed.*
5. *Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.*

Restricted Fund Balance

The County's restricted fund balance as of December 31, 2023 which relates to the use of external resources, is comprised of the following:

Restriction	Amount
Law enforcement center debt service	\$ 446,120
Texas Department of Criminal Justice grants and contracts	150,026
Records management	651,691
Court and courthouse security	36,370
Law library	(172,140)
Court technology	60,013
Abandoned vehicle	8,734
Other grants	316,116
	\$ 1,496,930
Total Restricted Fund Balance	\$ 1,496,930

Committed Fund Balance

The County's committed fund balance is the portion of the fund balance that may only be established and modified by formal action of the Commissioners' Court. The County's committed fund balance as of December 31, 2023 is comprised of the following:

Commitment	Amount
Road and bridge maintenance	\$ 1,542,720
Board of County Development	25,091
General	10,000
	\$ 1,577,811
Total Committed Fund Balance	\$ 1,577,811

Assigned Fund Balance

The County's management has the authority to assign funds in accordance with various internal programs. The County's assigned fund balance as of December 31, 2023 is comprised of the following:

Assignment	Amount
Senior center memorial	\$ 334,516
Friends of Boys & Girls Club	6,434
Friends of the library	46,966
	\$ 387,916
Total Assigned Fund Balance	\$ 387,916

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Order of Fund Balance Spending Policy

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: 1) Restricted, 2) Committed, 3) Assigned, and 4) Unassigned.

Minimum Fund Balance Policy

The County does not utilize a minimum fund balance policy.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and financial activity is measured based on net income, similar to the private sector.

Scurry County Golf Course

Operating revenue results primarily from membership dues charged to the members and other course fees/rentals. Expenses incurred to operate the golf course are classified as operating expense. The County allocated \$368,452 in property taxes during 2023 to the golf course to cover operating expenses of \$520,273 incurred in 2023.

Hermleigh Water Works

Operating revenue and expense result from providing water service to the community; all other expenses incurred are classified as non-operating revenue or expense.

Scurry County Emergency Medical Service (E.M.S.)

Operating revenue results from service fees charged and operating expenses related to providing emergency medical services to County residents. The County allocated \$1,288,390 in property taxes during 2023 to E.M.S. to cover operating expenses of \$2,639,596 incurred in 2023. The Scurry County Emergency Medical Service fund was considered a major proprietary fund for financial reporting purposes in 2023.

Scurry County Airport

Operating revenue results from hangar rental charges and the sale of fuel and oil. The County allocated \$450,303 in property taxes during 2023 to Scurry County Airport to cover operating expenses of \$518,902 incurred in 2023. The Scurry County Airport fund was considered a major proprietary fund for financial reporting purposes for 2023.

Fiduciary Funds

The County reports the following fiduciary fund types:

Custodial Funds – Accounts for assets the County holds on behalf of others as their agent. They are custodial (assets equal liabilities), and the County is responsible for administering and disbursing the funds in accordance with legal requirements, agreements, or court orders.

Employee Retirement Fund – Accounts for resources that must be held in trust for the members and beneficiaries of the defined benefit pension plan.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. The basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

In the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance to measure available spendable financial resources at the end of the period.

The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus on determining operating income, changes in net position, financial position, and cash flows. All assets and liabilities, whether current or non-current, financial or non-financial, associated with their activities are reported. Proprietary fund equity is classified as net position.

Budget

The County’s annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending December 31.

The annual budget is prepared using the modified cash method of accounting. The difference between the budgetary and GAAP reporting methods is not material to the financial statements; therefore, a combined statement of revenues, expenditures, and changes in fund balances—budget and actual—is included in the accompanying financial statements. Budgets are adopted for the general fund, selected special revenue funds, and enterprise funds.

Budgeted amounts are as originally adopted or as amended during the fiscal year by the Commissioners’ Court.

Basis of Accounting

In the government-wide statement of net position and statement of activities and the fund financial statements, governmental, and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses resulting from cash transactions with a provision for depreciation in the government-wide and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

If the County utilized the basis of accounting recognized as GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting. In contrast, the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents reflected in the financial statements include petty cash, cash in banks, federally insured cash accounts (FICA), and investments in Tex-Pool. Petty cash amounts are maintained in various County offices for purposes of collections of payments made to the County. Investments in FICA and Tex-Pool are carried at fair value.

For reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Restricted Assets

Restricted assets represent cash and cash equivalents totaling \$446,120 as of December 31, 2023, to be used for principal and interest payments for certificates of obligation partially refinanced in 2017 and 2021.

Property Tax Calendar

The County is responsible for assessing, collecting, and apportioning property taxes for all jurisdictions, including the schools and special districts within the County. The appraisal district certifies the tax roll in July. The Commissioners' Court levies taxes on September 1 on the property values assessed in July. Tax billings are sent out on October 1 after completing the final tax roll. The taxes are due on or before January 31 and become delinquent on February 1. The County gives a 3%, 2%, and 1% discount for early payment in October, November, and December, respectively.

Capital Assets

The County's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in government-wide or fund financial statements.

Government-Wide Statements

In government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the statement of net position. All capital assets are valued at historical or estimated historical cost if actual is unavailable. The estimated historical cost was used to value the assets. Donated fixed assets are recorded at their estimated fair value at the date of donation. The County's infrastructure network is valued at a historical cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of activities. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets for governmental funds and \$1,000 for proprietary funds.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 yrs.
Building improvements	15 yrs.
Vehicles	5 yrs.
Equipment	5-10 yrs.
Office equipment	5-7 yrs.
Infrastructure	20-40 yrs.

Right-of-use subscription assets resulting from qualifying subscription-based information technology arrangements (SBITAs) are amortized over the subscription term.

Fund Financial Statements

In the fund financial statements, capital assets from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for in the same way as in the government-wide statements.

Long-Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

The County recognizes a lease and/or a subscription-based information technology arrangement (SBITA) liability and a corresponding right-of-use asset at the commencement date of a lease/SBITA. The lease/SBITA liability is initially measured at the present value of the remaining payments not paid at the commencement date. If an implicit interest rate can readily be determined for a lease/SBITA contract, this rate is used to discount future payments. If this rate is unavailable, the County uses the 3-month treasury bill rate as the discount rate.

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings attributable to those assets' acquisition, construction, or improvements.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation. A restricted net position totaling \$1,496,930 represents funds restricted for debt service, grants, and contracts.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Unrestricted net position – All other net positions that do not meet the definition of the “restricted” or “net investment in capital assets”.

It is the County’s policy to first use restricted net position before the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the County requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through June 14, 2024, the date the financial statements were available to be issued. The County Commissioners’ Court accepted a proposal for the sale of capital and financial operations related to Hermleigh Water Works on November 16, 2022. The sale will be completed during fiscal year 2024 and this sale will close the fund for the County.

NOTE 3: LEGAL COMPLIANCE - BUDGETS

The County’s budgetary process requires that expending agencies of the County submit appropriation requests by mid-June of each year. After review by the budget officer and department heads, the requests are combined and submitted to the Commissioners’ Court. In August, the proposed budget is filed with the County Clerk for public inspection at least fifteen days before hearings, which are open to the public. A final budget must be adopted before January 1. At the fund level, actual expenditures cannot exceed budgeted appropriations.

NOTE 4: CASH AND INVESTMENTS

Deposits and Investments

The County’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County’s agent bank pledged securities sufficient to protect County funds on a day-to-day basis during the audit period. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

In addition to the \$250,000 insurance on accounts provided by Federal Deposit Insurance Corporation (“FDIC”) regulations, the depository bank pledged securities in the amount of \$15,000,000 to secure all bank deposits. The largest cash balance amounted to \$14,082,902 and occurred on October 31, 2023.

For an indication of the level of risk assumed by the County, all cash deposits are categorized as Category 1, insured by FDIC or collateralized with securities held by the County (or public trust) or by its agent in its name.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

Statutes authorize the County to invest in the State's investment pool. The County's investments held at December 31, 2023, are not subject to classifications where securities related to the government cannot be identified.

Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the general-purpose financial statements, disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, the investment practices of the County were in accordance with local policies.

At year-end, the County's investment balances were as follows:

	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ <u>1,800,000</u>	1 (105.6 days)
	\$ <u>1,800,000</u>	

A summary of the County's investments under the requirements of the fair value hierarchy follows:

Description	Fair Value Measurements at Reporting Date Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Certificates of deposit	\$ <u>1,800,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,800,000</u>
Total	\$ <u>1,800,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,800,000</u>

Interest rates on the certificates of deposits are 4.750%.

Investment Policy

The County has adopted the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Pools (GASB 31). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost and that the changes in the fair value of investments be recognized as investment revenue. GASB 31 further provides that the County has the option of continuing to report certain investments at cost or amortized cost, but must disclose its policy in that regard.

In accordance with GASB 31, the County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report non-participating interest-earning investment contracts using the cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists that guarantees a higher value. The term "short-term" refers to investments with a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposits are examples of nonparticipating interest-earning investment contracts.

Public Funds Investments Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its share.

The County's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one that is not registered with the Securities and Exchange Commission ("SEC") as an investment company but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The County's federally insured cash accounts (FICA) have no associated term commitments, no penalty or withdrawal fees, and are fully FDIC-insured structured bank deposit vehicles.

Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year-end and if so, the reporting of certain related disclosures:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At December 31, 2023, the County was not exposed to credit risk.

Custodial credit risk relates to deposits that are exposed to the risk that they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities, held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. At December 31, 2023, the County was not exposed to custodial credit risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2023, the County was not exposed to a concentration of credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2023, the County was not exposed to interest rate risk.

Foreign currency risk is the risk that exchange rates will adversely affect the fair value of an investment. At December 31, 2023, the County was not exposed to foreign currency risk.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 is as follows:

	Beginning Balances	Transfers and Increases	Transfers and Decreases	Ending Balances
Governmental activities:				
Non-depreciable assets:				
Land	\$ 193,218	\$	\$	\$ 193,218
Depreciable assets:				
Buildings and improvements	25,158,044			25,158,044
Infrastructure	5,085,809	55,902		5,141,711
Equipment	10,755,131	225,678	(313,908)	10,666,901
Furniture and fixtures	326,857		(27,579)	299,278
Motor vehicles	2,314,159	188,339	(103,059)	2,399,439
Right-of-use assets - leases	1,505,359	299,500		1,804,859
Right-of-use assets - SBITAs	100,850			100,850
Software	852,167	36,066	(6,135)	882,098
Total at historical cost	<u>46,291,594</u>	<u>805,485</u>	<u>(450,681)</u>	<u>46,646,398</u>
Less accumulated depreciation for:				
Buildings and improvements	8,875,420	545,261		9,420,681
Infrastructure	4,683,722	59,870		4,743,592
Equipment	9,457,975	293,568	(313,908)	9,437,635
Furniture and fixtures	322,141	4,716	(27,579)	299,278
Motor vehicles	2,070,954	77,298	(73,737)	2,074,515
Right-of-use assets	612,927	262,334		875,261
Right-of-use assets - SBITAs	50,234			50,234
Software	840,093	6,331	(6,135)	840,289
Total accumulated depreciation	<u>26,913,466</u>	<u>1,249,378</u>	<u>(421,359)</u>	<u>27,741,485</u>
Governmental activity capital assets, net	<u>\$ 19,378,128</u>	<u>\$ (443,893)</u>	<u>\$ (29,322)</u>	<u>\$ 18,904,913</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 179,058	\$ 8,538	\$	\$ 187,596
Construction in progress	175,665			175,665
Depreciable assets:				
Buildings and improvements	4,507,981			4,507,981
Equipment	1,809,978	130,117	(27,612)	1,912,483
Motor vehicles	758,186	278,565	21,446	1,058,197
Right-of-use assets	296,843			296,843
Total at historical cost	<u>7,727,711</u>	<u>417,220</u>	<u>(6,166)</u>	<u>8,138,765</u>
Less accumulated depreciation for:				
Buildings and improvements	3,034,741	183,763		3,218,504
Equipment	1,540,546	86,206	(27,612)	1,599,140
Motor vehicles	349,923	145,967	21,446	517,336
Right-of-use assets	170,497	42,584		213,081
Total accumulated depreciation	<u>5,095,707</u>	<u>458,520</u>	<u>(6,166)</u>	<u>5,548,061</u>
Business-type activity capital assets, net	<u>\$ 2,632,004</u>	<u>\$ (41,300)</u>	<u>-</u>	<u>\$ 2,590,704</u>

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Depreciation expense for 2023 was charged to functions as follows:

	Governmental Activities	Business- Type Activities
General government	\$ 107,801	\$
Health and welfare	35,690	
Public safety	431,230	
Public facilities	59,225	
Culture and recreation	102,173	
Judicial and legal	59,525	
Road maintenance	453,734	
Hermleigh Water Works		4,870
Scurry County Airport		153,983
Scurry County Emergency Medical Service		240,647
Scurry County Golf Course		59,020
	\$ 1,249,378	\$ 458,520

NOTE 6: LONG-TERM OBLIGATIONS

In the government activities long-term obligations at December 31, 2023 are summarized as follows:

	January 1, 2023	Increases	Decreases	December 31, 2023	Amount Due Within One Year
Certificates of obligation (2017)	\$ 785,000	\$	\$ (615,000)	\$ 170,000	\$ 170,000
Certificates of obligation (2021)	9,245,000		(95,000)	9,150,000	560,000
ROU Leases	974,535	224,500	(200,835)	998,200	350,915
ROU SBITAs	51,781	25,917	(36,998)	40,700	30,486
Net pension liability	-	1,146,587		1,146,587	-
	\$ 11,056,316	\$ 1,397,004	\$ (947,833)	\$ 11,505,487	\$ 1,111,401

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Long-term debt arising from cash transactions and payable from governmental fund resources consisted of the following at December 31, 2023:

Leases payable:

The County entered into a lease agreement totaling \$323,250 for a 2021 John Deere Motorgrader payable in 6 annual installments of \$30,898 due beginning on 12/31/2019, and thereafter which includes both principal and interest, with a balloon payment of \$185,000 due 12/31/2024. The interest rate of the lease is 3.65% with maturity on December 31, 2024. Lease is secured by equipment. \$ 29,738

The County entered into a lease agreement totaling \$280,250 for a 2019 John Deere Motorgrader payable in 5 annual installments of \$32,464 beginning 09/18/2021, and thereafter which includes both principal and interest, with a balloon payment of \$165,000 due at the end of the lease term. The interest rate of the lease is 3.99% with maturity on September 18, 2024. Lease is secured by equipment. 190,481

The County entered into a lease agreement totaling \$300,130 for a 2021 John Deere Motorgrader payable in 5 annual installments of \$34,219 beginning 03/13/2022, and thereafter which includes both principal and interest, with a balloon payment of \$175,000 due at the end of the lease term. The interest rate of the lease is 3.65% with maturity on March 13, 2025. Lease is secured by equipment. 227,757

The County entered into a lease agreement totaling \$267,957 for a 2021 John Deere Motorgrader payable in 5 annual installments of \$25,204 beginning 02/14/2022, and thereafter which includes both principal and interest, with a balloon payment of \$185,000 due at the end of the lease term. The interest rate of the lease is 3.65% with maturity on February 14, 2025. Lease is secured by equipment. 218,934

The County entered into a lease agreement totaling \$167,550 for a 2023 John Deere 644G Wheel Loader payable in monthly installments of \$2,136 beginning 09/1/2022, and thereafter which includes both principal and interest, with a balloon payment of \$55,125 due at the end of the lease term. The interest rate of the lease is 2.75% with maturity on September 1, 2026. Lease is secured by equipment. 116,925

The County entered into a lease agreement totaling \$224,500 for a 2022 CAT Pneumatic Compactor payable in annual installments of \$49,715 beginning 05/18/2024, and thereafter which includes both principal and interest, with a balloon payment of \$49,408 due at the end of the lease term. The interest rate of the lease is 5.35 % with maturity on May 18, 2027. Lease is secured by equipment. 174,865

The County has multiple copier leases, payable in monthly installments ranging from \$58 to \$408 including interest ranging from 0.04% to 2.39%, secured by equipment, and final payments due between January 22, 2023 and November 16, 2026. 39,500

Total finance leases payable \$ 998,200

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Maturities of finance lease obligations are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
2024	\$ 350,915	\$ 39,355	\$ 390,270
2025	480,082	24,901	504,983
2026	120,054	6,208	126,262
2027	47,149	2,509	49,658
	<u>\$ 998,200</u>	<u>\$ 72,973</u>	<u>\$ 1,071,173</u>

Certificates of obligation:

Certificates of obligation (2017) of \$3,610,000, issued to refund \$3,695,000 of the 2009 series issued in connection with construction of a new law enforcement center, payable in annual principal and interest payments due February 15, and additional interest payments due August 15, with interest rate of 3%, final payment due February 15, 2024, net of \$2,946 premium. \$ 172,946

Certificates of obligation (2021) of \$9,370,000, issued to refund \$9,365,000 of the 2013 series issued in connection with construction of a new law enforcement center, payable in annual principal and interest payments due February 15, and additional interest payments due August 15, with interest rate of 2%, final payment due February 15, 2034, net of \$199,487 premium. 9,349,487

Total certificates of obligation \$ 9,522,433

Maturities of certificates of obligation are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
2024	\$ 730,000	\$ 188,300	\$ 918,300
2025	780,000	172,350	952,350
2026	795,000	156,600	951,600
2027	810,000	140,550	950,550
2028+	6,205,000	448,325	6,653,325
	<u>\$ 9,320,000</u>	<u>\$ 1,106,125</u>	<u>\$ 10,426,125</u>

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Subscription-Based Information Technology Arrangements Payable

The County entered into an arrangement with Lexis Nexis for \$8,666 dated July 5, 2022 for publicly available information, public records and non-public information, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 2.13%, final payment due August 1, 2026. \$ 5,538

The County entered into an arrangement with Tyler Technologies for \$66,729 dated January 11, 2022 for software, payable in payments due annually on the 1st of the year with interest rate of 0.13%, final payment due January 1, 2024. 22,214

The County entered into an arrangement with Tyler Technologies for \$25,917 dated September 19, 2023 for software, payable in annual principal and interest payments due monthly on the 1st, with interest rate of 5.31%, final payment due September 19, 2026. 12,948

Total SBITA payable \$ 40,700

Maturities of SBITA obligations are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
2024	\$ 30,486	\$ 832	\$ 31,318
2025	8,746	417	9,163
2026	1,468	12	1,480
	<u>\$ 40,700</u>	<u>\$ 1,261</u>	<u>\$ 41,961</u>

The following is a schedule of maturities of certificates of obligation, finance leases and SBITA by year and in aggregate:

Year Ending December 31,	
2024	\$ 1,111,401
2025	1,268,828
2026	916,522
2027	857,149
2028+	6,205,000
	<u>\$ 10,358,900</u>

Certificates of Obligation

On January 12, 2017, the County authorized a bond refunding transaction in which \$3,695,000 of the "Scurry County, Texas Certificates of Obligation, Series 2009" were refunded or refinanced by the issuance of \$3,610,000 "Scurry County, Texas General Obligation Refunding Bonds, Series 2017".

On March 17, 2021, the County authorized a bond refunding transaction in which \$9,365,000 of the "Scurry County, Texas Certificates of Obligation, Series 2013" were refunded or refinanced by the issuance of \$9,370,000 "Scurry County, Texas General Obligation Refunding Bonds, Series 2021".

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A capital project fund was used to account for the construction of the County jail. The construction of the jail was funded substantially by the issuance of certificates of obligation bonds. The bonds are secured by the future ad valorem tax levies. The County intends to retire all of the certificates of obligation bonds, plus interest, from future ad valorem tax levies and is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. The certificates of obligation bonds outstanding at December 31, 2023 will be amortized serially each year on dates prescribed by each respective bond ordinance through 2034.

A number of limitations and restrictions are contained in the various certificates of obligation bond indentures. The County complies with all significant limitations and restrictions.

The Law Enforcement Debt Service Fund, with a fund balance aggregating \$446,120, arises principally from proceeds of certificates of obligation sales. These proceeds may be used solely for the designated purposes as stated in the respective bond indenture under which such bonds were sold. The County is in compliance with these requirements.

A bond premium of \$2,946 associated with the 2017 issuance, and a premium of \$199,487 associated with the 2021 issuance are being amortized on the straight-line method over the life of their respective bond issuance. Net amortization was \$43,079 for the year ended December 31, 2023.

In the business-type activities long-term obligations at December 31, 2023 are summarized as follows:

	January 1, 2023	Increases	Decreases	December 31, 2023	Amount Due Within One Year
Finance lease obligations	\$ 99,612	\$ _____	\$ (30,339)	\$ 69,273	\$ 32,498
	<u>\$ 99,612</u>	<u>\$ _____</u>	<u>\$ (30,339)</u>	<u>\$ 69,273</u>	<u>\$ 32,498</u>

Long-term debt arising from cash transactions and payable from business-type activities consisted of the following at December 31, 2023:

Leases payable:

The County entered into a lease agreement for a copier, payable in monthly installments of \$195 including interest of 0.05%, secured by equipment, final payments due October 23, 2026. \$ 6,625

The County entered into a lease agreement totaling \$90,650 for a 2022 John Deere 1600 Turbo Series Mower payable in annual installments of \$34,561 beginning 11/1/2022, and thereafter which includes both principal and interest. The interest rate of the lease is 7.45% with maturity on November 1, 2025. Lease is secured by equipment. 62,648

Total finance leases payable \$ 69,273

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Maturities of the finance lease obligations are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
2024	\$ 32,498	\$ 4,403	\$ 36,901
2025	34,825	2,076	36,901
2026	1,950	-	1,950
	<u>\$ 69,273</u>	<u>\$ 6,479</u>	<u>\$ 75,752</u>

The following is a schedule of maturities of finance lease obligations by year and in the aggregate:

Year Ending December 31,	
2024	\$ 32,498
2025	34,825
2026	1,950
	<u>\$ 69,273</u>

NOTE 7: FEDERAL/STATE SOURCE REVENUES

The majority of the federal grant funds received are for strengthening homeland security, the improvement of parks and recreation, bio-terrorism, and voting facilities. The majority of the state grant funds received in non-major, special revenue funds relate to criminal justice – probation department programs. State grant funds received in the general fund are primarily for health sanitation salaries, salary supplements, criminal justice, road maintenance, and additional law enforcement personnel and programs.

NOTE 8: EMPLOYEE RETIREMENT PLAN

Plan Description

The County provides pension, disability, and death benefits for all of its full-time 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 administering the statewide agent multiple-employer public employee retirement system serving over 800 participating counties and districts throughout Texas. TDCRS, in the aggregate, issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas, 78768-2034, or by calling (800) 823-7782. TCDRS's ACFR is also available online at www.tcdrs.org.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members have the flexibility and local control to adjust benefits annually and pay for those benefits based on their needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The plans' assets are pooled for investment purposes, but each employer's plan assets may be used only to pay benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered so that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Benefits Provided

At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit. Employees receive a month of service for each month that they make a deposit into their account. Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after eight 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 their employer. Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options.

As of the most recent measurement date, which was December 31, 2022, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	236
Inactive employees entitled to but not yet receiving benefits	275
Active employees	<u>187</u>
Total Participants	698

Funding Policy

The employer 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 employer, based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 10.44% for fiscal year 2023. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

For the employer's accounting year ending December 31, 2023, the annual pension cost for the TCDRS plan for its employees was \$990,149 and the actual contributions were \$990,149.

Net Pension Liability

The net pension liability (NPL) is the difference between the total pension liability (TPL) and the plan's fiduciary net position. The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service. The fiduciary net position is determined on the same basis used by the pension plans. The County's NPL was measured as of December 31, 2022, and the TPL used to calculate the NPA was determined by an actuarial valuation as of that date.

Total pension liability	\$ 65,084,574
Fiduciary net position	<u>63,937,987</u>
Net pension liability	<u>\$ 1,146,587</u>

Actuarial Assumptions

The demographic assumptions used in the December 31, 2022 valuation 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 reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. These assumptions, except where required to be different by GASB 68, are used to determine

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	
Overall payroll growth	3.00%	
		This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB Statement No. 68
Investment rate of return	7.60%	

Salary increases were based on a service-related table. Regarding mortality rates, for depositing members - 135% of the Pub-2010 General Employee Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employee Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010; for service retirees, beneficiaries, and non-depositing members – 135% of the PUB-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010; for disabled retirees – 160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy regarding the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The valuation assumption for the long-term expected return is re-assessed at least every four years and is set based on a long-term time horizon. The most recent analysis was performed in March 2021.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (expected minus inflation)
US equities	11.50%	4.95%
Private equity	25.00%	7.95%
Global equities	2.50%	4.95%
International equities - developed	5.00%	4.95%
International equities - emerging	6.00%	4.95%
Investment grade bonds	3.00%	2.40%
Strategic credit	9.00%	3.39%
Direct lending	16.00%	6.95%
Distressed debt	4.00%	7.60%
REIT equities	2.00%	4.15%
Master limited partnerships	2.00%	5.30%
Private real estate partnerships	6.00%	5.70%
Hedge funds	6.00%	2.90%
Cash equivalents	2.00%	0.20%

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of currently active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Schedule of Changes in the Net Pension Liability / (Asset)

Changes in the County's net pension liability presented below are calculated on the same basis as the plan.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances as of December 31, 2021	\$ 63,236,880	\$ 70,289,788	\$ (7,052,908)
Changes for the year:			
Service cost	1,187,857		1,187,857
Interest on total pension liability	4,755,464		4,755,464
Effect of plan changes			
Effect of economic/demographic gains or losses	(320,820)		(320,820)
Effect of assumptions changes or inputs			
Refund of contributions	(182,172)	(182,172)	-
Benefit payments	(3,592,635)	(3,592,635)	-
Administrative expenses		(37,469)	37,469
Member contributions		628,277	(628,277)
Net investment income		(3,938,501)	3,938,501
Employer contributions		1,012,423	(1,012,423)
Other		(241,724)	241,724
Balances as of December 31, 2022	\$ 65,084,574	\$ 63,937,987	\$ 1,146,587

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County calculated using the discount rate of 7.60% as well as what the County net pension liability would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease (6.60%)	Current Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 72,853,680	\$ 65,084,574	\$ 58,519,918
Fiduciary net position	63,937,987	63,937,987	63,937,987
Net pension liability (asset)	\$ 8,915,693	\$ 1,146,587	\$ (5,418,069)

Pension Income and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the County recognized total pension expense of \$986,297.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

As of December 31, 2023, the County reported on the Statement of Net Position deferred outflows (inflows) of resources related to pensions from the following sources:

	Outflows	Inflows
Contributions subsequent to measurement date	\$ 990,149	\$ -
Change of assumptions	-	(106,940)
Difference between projected and actual investment earnings	5,514,277	(3,614,456)
Total	\$ 6,504,426	\$ (3,721,396)

Deferred outflows of resources related to contributions subsequent to the measurement date of \$990,149 will be recognized as a decrease of the net pension liability for the year ending December 31, 2023. Remaining net deferred outflows (inflows) of resources related to pensions totaling \$1,792,881 will be recognized in pension (income) expense for the years ending December 31, 2024, 2025, and 2026 in the amounts of (\$205,544), \$160,346, and \$1,838,079, respectively.

NOTE 9: DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 8 above for a description of deferred outflows of resources related to pensions as of December 31, 2023.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, which is unavailable revenue from property taxes collected for the following fiscal year. These revenues are to be applied to the following year's budget but were paid in advance by taxpayers. This amount is deferred and recognized as an inflow of resources when the amounts become available. As of December 31, 2023, unavailable revenue related to property taxes amounted to \$8,262,716. Changes in this account affect the unrestricted net position. See Note 8 above for a description of deferred inflows of resources related to pensions as of December 31, 2023.

NOTE 10: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omission; injuries to employees; employees' health and life; and natural disasters.

The County manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk of Loss Retained
Torts, errors and omissions	Purchased commercial insurance	None
Workers compensation, health and life	Purchased commercial insurance	None
Physical property loss and natural disasters	Purchased commercial insurance	None

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded this insurance coverage in the past three fiscal years.

NOTE 11: INTERFUND TRANSFERS

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations, and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
C.S.C.D.	T.A.I.P.	\$ <u>10,176</u>
		\$ <u>10,176</u>

NOTE 12: TAX ABATEMENTS

Scurry County negotiates property tax abatement agreements with local businesses individually. All agreements are negotiated under state law (Chapter 312 of the Texas Tax Code, "Property Redevelopment and Tax Abatement Act"), which allows the County to abate property taxes to any business located inside or outside Scurry County to promote the development/redevelopment of certain contiguous geographic areas within its jurisdiction. Scurry County may grant abatements of up to 100 percent of annual property tax values. Scurry County has four maintenance and operation tax abatement agreements, which are as follows:

- Coyote Wind, LLC, 100% of taxes abated over 10 years, beginning January 2021 and ending December 2030. The abatement amounted to \$1,082,251 of reduced taxes for fiscal year 2023. Scurry County receives \$193,400 per year in consideration of the tax abatement agreement. The purpose of the abatement is to construct and employ a wind power project.
- Dermott Wind, LLC, 100% of taxes abated over 10 years, beginning January 2018 and ending December 2027. The abatement amounted to \$927,216 of reduced taxes for fiscal year 2023. Scurry County receives \$197,340 per year in consideration of the tax abatement agreement. The purpose of the abatement is for the construction and employment of a wind power project.
- Fluvanna Wind Energy, LLC, 100% of taxes abated over 10 years, beginning January 2018 and ending December 2027. The abatement amounted to \$646,776 of reduced taxes for fiscal year 2023. Scurry County receives \$121,220 per year in consideration of the tax abatement agreement. The purpose of the abatement is for the construction and employment of a wind power project.
- Midwest Solar Power, LLC, 100% of taxes abated over 10 years, beginning January 2017 and ending December 2026. The abatement amounted to \$1,263 of reduced taxes for fiscal year 2023. The purpose of the abatement is for the construction and employment of a wind power project.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

- Gopher Creek Wind, LLC, 100% of taxes abated over 10 years, beginning January 2020 and ending December 2029. The abatement amounted to \$62,005 of reduced taxes for fiscal year 2023. Scurry County receives \$117,000 per year in consideration of the tax abatement agreement. The purpose of the abatement is for the construction and employment of a wind power project.

NOTE 13: DEFICIT FUND EQUITY

The law library fund ended with a deficit balance of (\$172,140) as of December 31, 2023. Transfers from the general fund are available to eliminate the fund deficit balances.

NOTE 14: NEW PRONOUNCEMENTS

Adopted

In May 2021, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, which improves accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The beginning net position was increased by \$50,616 to reflect the implementation of the standard.

Not Adopted

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, which enhances accounting and financial reporting requirements and accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The County will fully analyze the impact of these new Statements before the effective dates for the Statements listed above.

**BUDGETARY COMPARISON SCHEDULES
AND PENSION FUNDING SCHEDULES**

Required Supplementary Information

SCURRY COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND

For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 324,748	\$ 324,748	\$ 324,748	\$ -
Resources (Inflows):				
Taxes:				
Sales tax	2,000,000	2,000,000	3,374,105	1,374,105
Property tax	11,753,856	11,753,856	10,228,904	(1,524,952)
Other tax	20,000	20,000	32,873	12,873
Total taxes	<u>13,773,856</u>	<u>13,773,856</u>	<u>13,635,882</u>	<u>(137,974)</u>
Grant Revenue	<u>138,700</u>	<u>138,700</u>	<u>237,319</u>	<u>98,619</u>
Fines and forfeitures:				
Miscellaneous fees	<u>1,445,800</u>	<u>1,445,800</u>	<u>1,418,744</u>	<u>(27,056)</u>
Total fines and forfeitures	<u>1,445,800</u>	<u>1,445,800</u>	<u>1,418,744</u>	<u>(27,056)</u>
Miscellaneous:				
Interest income	20,000	20,000	590,032	570,032
Miscellaneous	<u>289,400</u>	<u>289,400</u>	<u>448,095</u>	<u>158,695</u>
Total miscellaneous	<u>309,400</u>	<u>309,400</u>	<u>1,038,127</u>	<u>728,727</u>
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>15,992,504</u>	<u>15,992,504</u>	<u>16,654,820</u>	<u>662,316</u>
Charges to Appropriations (Outflows):				
General government	2,645,045	3,136,721	2,679,130	457,591
Parks and recreation	1,106,153	1,175,071	1,018,915	156,156
Jail	3,343,782	3,316,713	3,247,115	69,598
Sheriff	1,051,234	1,187,929	1,129,851	58,078
Building maintenance	363,915	397,117	366,143	30,974
Library	453,378	453,378	406,705	46,673
Tax collector	492,275	499,502	495,574	3,928
Commissioners' court	401,734	405,803	392,203	13,600
County clerk	328,725	336,405	331,542	4,863
Health unit	581,475	575,002	515,369	59,633
County attorney	304,378	320,821	318,851	1,970
District clerk	387,094	392,006	378,406	13,600
Justice of the peace #1	258,073	279,870	249,387	30,483
County welfare	162,861	163,615	153,548	10,067
Auditor	289,471	290,052	273,989	16,063
County judge	228,743	230,649	213,626	17,023
Extension service	196,740	204,876	175,800	29,076

SCURRY COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Juvenile star boot camp	238,323	170,636	79,675	90,961
Treasurer	266,761	266,761	252,933	13,828
District attorney	351,362	266,294	216,649	49,645
Juvenile probation	221,543	278,286	158,815	119,471
Court reporter	154,338	154,343	153,611	732
District court	285,996	340,429	329,926	10,503
Supervision	109,426	129,133	101,866	27,267
County and justice court	61,000	63,500	56,450	7,050
Child welfare	8,000	8,000	6,896	1,104
Mental health	9,000	9,000	-	9,000
District judge	24,750	24,750	16,510	8,240
Department of public safety	64,021	64,470	64,411	59
Boys and girls club	443,341	461,676	445,997	15,679
Senior center	594,055	595,242	579,813	15,429
Justice of the peace #2	251,392	269,706	248,285	21,421
Information technology	115,611	119,578	106,825	12,753
Transfers Out	-	-	-	-
Total charges to appropriations	<u>15,793,995</u>	<u>16,587,334</u>	<u>15,164,816</u>	<u>1,422,518</u>
Ending Budgetary Fund Balance	<u>\$ 198,509</u>	<u>\$ (594,830)</u>	<u>\$ 1,490,004</u>	<u>\$ 2,084,834</u>

Notes to Budgetary Comparison Schedule - Modified Cash Basis - General Fund

Note 1: Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental fund in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.

SCURRY COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
ROAD AND BRIDGE FUND

For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 1,453,418	\$ 1,453,418	\$ 1,453,418	\$ -
Resources (Inflows):				
Property taxes	1,674,806	1,674,806	1,674,806	-
Auto registrations	600,000	600,000	360,051	(239,949)
Tags supplement	170,000	170,000	180,577	10,577
Gross weight and axle fee	60,000	60,000	68,768	8,768
TxDot grant	664,535	664,535	861,682	197,147
Lateral road	2,100	2,100	20,481	18,381
Interest	10,000	10,000	77,912	67,912
Sale of assets	-	-	87,073	87,073
Miscellaneous revenue	1,000	1,000	9,513	8,513
	<u>4,635,859</u>	<u>4,635,859</u>	<u>4,794,281</u>	<u>158,422</u>
Charges to Appropriations (Outflows):				
Combined precincts	<u>3,201,341</u>	<u>3,817,994</u>	<u>3,251,561</u>	<u>566,433</u>
	<u>3,201,341</u>	<u>3,817,994</u>	<u>3,251,561</u>	<u>566,433</u>
Ending Budgetary Fund Balance	<u>\$ 1,434,518</u>	<u>\$ 817,865</u>	<u>\$ 1,542,720</u>	<u>\$ 724,855</u>

Notes to Budgetary Comparison Schedule - Modified Cash Basis - Road and Bridge Fund

Note 1: Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental fund in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

SCURRY COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - PENSION PLAN

For the Last Ten Fiscal Years *

	Measurement Date 12/31/2022	Measurement Date 12/31/2021	Measurement Date 12/31/2020	Measurement Date 12/31/2019	Measurement Date 12/31/2018	Measurement Date 12/31/2017	Measurement Date 12/31/2016	Measurement Date 12/31/2015	Measurement Date 12/31/2014
Total Pension Liability:									
Service cost	\$ 1,187,857	\$ 1,207,724	\$ 1,039,367	\$ 955,793	\$ 985,740	\$ 1,067,518	\$ 1,090,885	\$ 1,043,141	\$ 957,266
Interest on total pension liability	4,755,464	4,609,050	4,469,688	4,306,200	4,131,567	3,934,827	3,743,673	3,590,832	3,437,492
Effect of plan changes								(152,872)	
Effect of assumption or plan changes		(450,285)	3,100,060			321,704		573,884	
Effect of economic / demographic (gains) or losses	(320,820)	127,244	(123,948)	(340,335)	(142,267)	(183,689)	(422,617)	(349,140)	(180,991)
Benefit payments / refunds of contributions	(3,774,807)	(3,328,105)	(3,052,328)	(2,923,898)	(2,659,516)	(2,601,004)	(2,569,041)	(2,700,241)	(2,443,144)
Net change in total pension liability	1,847,694	2,165,628	5,432,839	1,997,760	2,315,524	2,539,356	1,842,900	2,005,604	1,770,623
Total pension liability, beginning	63,236,880	61,071,252	55,638,413	53,640,653	51,325,129	48,785,773	46,942,873	44,937,269	43,166,647
Total pension liability, ending (a)	65,084,574	63,236,880	61,071,252	55,638,413	53,640,653	51,325,129	48,785,773	46,942,873	44,937,270
Fiduciary Net Position:									
Employer contributions	1,012,423	863,520	898,848	775,444	710,247	697,264	718,868	718,452	730,381
Member contributions	628,277	628,340	610,275	575,620	544,550	554,641	575,753	553,768	553,424
Investment income net of investment expenses	(3,938,501)	12,829,655	5,708,531	8,034,459	(972,677)	6,702,580	3,269,822	66,895	2,990,133
Benefit payments / refunds of contributions	(3,774,807)	(3,328,105)	(3,052,328)	(2,923,898)	(2,659,516)	(2,601,004)	(2,569,041)	(2,700,241)	(2,443,144)
Administrative expenses	(37,469)	(38,028)	(43,442)	(42,132)	(39,289)	(34,162)	(35,616)	(32,354)	(34,533)
Other	(241,724)	(35,902)	(40,185)	(46,147)	(36,691)	(18,402)	(247,272)	62,748	(116,554)
Net change in fiduciary net position	(6,351,801)	10,919,480	4,081,699	6,373,346	(2,453,376)	5,300,917	1,712,514	(1,330,732)	1,679,707
Fiduciary net position, beginning	70,289,788	59,370,308	55,288,609	48,915,263	51,368,639	46,067,722	44,355,208	45,685,940	44,006,234
Fiduciary net position, ending (b)	63,937,987	70,289,788	59,370,308	55,288,609	48,915,263	51,368,639	46,067,722	44,355,208	45,685,941
Net pension liability (asset), ending ((a) - (b))	\$ 1,146,587	\$ (7,052,908)	\$ 1,700,944	\$ 349,804	\$ 4,725,390	\$ (43,510)	\$ 2,718,051	\$ 2,587,665	\$ (748,671)
Fiduciary net position as a % of total pension liability	98.24%	111.15%	97.21%	99.37%	91.19%	100.08%	94.43%	94.49%	101.67%
Pensionable covered payroll	\$ 8,975,387	\$ 8,976,289	\$ 8,718,221	\$ 8,223,149	\$ 7,779,280	\$ 7,923,440	\$ 8,225,039	\$ 7,910,965	\$ 7,906,060
Net pension liability / (asset) as a % of covered payroll	12.77%	-78.57%	19.51%	4.25%	60.74%	-0.55%	33.05%	32.71%	-9.47%

* A full 10-year schedule will be displayed as it becomes available

SCURRY COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS - PENSION PLAN

For the Last Ten Fiscal Years

Period Ending December 31, (Measurement Date)	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	730,381	730,381	-	7,906,060	9.24%
2015	716,733	718,452	(1,719)	7,910,965	9.08%
2016	718,868	718,868	-	8,225,039	8.74%
2017	697,264	697,264	-	7,923,440	8.80%
2018	710,247	710,247	-	7,779,280	9.13%
2019	775,444	775,444	-	8,223,149	9.43%
2020	898,848	898,848	-	8,718,221	10.31%
2021	863,520	863,520	-	8,976,289	9.62%
2022	1,012,457	1,012,457	-	8,975,680	11.28%
2023	990,149	990,149	-	9,484,186	10.44%

Notes to Schedule of Contributions:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.8 years (based on contribution rate calculated in 12/31/22 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service with a 4.7% average over career including inflation
Investment Rate of Return	7.50%, net of administrative 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
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the RP-2014 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions were reflected 2022: New investment return and inflation assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected in the Schedule 2019: No changes in plan provisions were reflected in the Schedule 2020: No changes in plan provisions were reflected in the Schedule 2021: No changes in plan provisions were reflected in the Schedule 2022: No changes in plan provisions were reflected in the Schedule

** Payroll is calculated based on contributions as reported to TCDRS

COMBINING FINANCIAL STATEMENTS

Other Information

SCURRY COUNTY, TEXAS
COMBINING BALANCE SHEET- MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2023

	Board of County Development	Abandoned Vehicle	Juvenile Probation	Friends of the Library	Friends of Boys & Girls Club	Library PAC-HUG Grant	Law Library	Justice Court Technology	Records Management	Courthouse Security	J.P. Court Building Security
<u>ASSETS</u>											
Cash and cash equivalents	\$ 25,091	\$ 8,734	\$ 71,199	\$ 46,966	\$ 7,847	\$ 200		\$ 5,552	\$ 649,471	\$ 27,144	\$ 9,226
Investments											
Restricted cash and cash equivalents											
Total Assets	<u>\$ 25,091</u>	<u>\$ 8,734</u>	<u>\$ 71,199</u>	<u>\$ 46,966</u>	<u>\$ 7,847</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 5,552</u>	<u>\$ 649,471</u>	<u>\$ 27,144</u>	<u>\$ 9,226</u>
<u>LIABILITIES</u>											
Unearned revenue											
Other liabilities			87		1,413		172,140		(2,220)		
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ -</u>	<u>\$ 1,413</u>	<u>\$ -</u>	<u>\$ 172,140</u>	<u>\$ -</u>	<u>\$ (2,220)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:											
Restricted	\$ 25,091	\$ 8,734	\$ 71,112			\$ 200	\$ (172,140)	\$ 5,552	\$ 651,691	\$ 27,144	\$ 9,226
Committed				46,966	6,434						
Assigned											
Total Fund Balance	<u>25,091</u>	<u>8,734</u>	<u>71,112</u>	<u>46,966</u>	<u>6,434</u>	<u>200</u>	<u>(172,140)</u>	<u>5,552</u>	<u>651,691</u>	<u>27,144</u>	<u>9,226</u>
Total Liabilities and Fund Balance	<u>\$ 25,091</u>	<u>\$ 8,734</u>	<u>\$ 71,199</u>	<u>\$ 46,966</u>	<u>\$ 7,847</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 5,552</u>	<u>\$ 649,471</u>	<u>\$ 27,144</u>	<u>\$ 9,226</u>

SCURRY COUNTY, TEXAS
COMBINING BALANCE SHEET- MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

December 31, 2023

<u>ASSETS</u>	<u>T.A.I.P.</u>	<u>C.S.C.D.</u>	<u>C.C.P.</u>	<u>L.E.O.S.E.</u>	<u>Senior Center Memorial</u>	<u>Help America Vote</u>	<u>Lone Star Grant</u>	<u>Law Enforcement Debt Service</u>	<u>County and District Court Tech</u>	<u>Total Nonmajor Governmental Funds</u>
Cash and cash equivalents	\$ 78,914	\$ 39,537	\$ 13,649	\$ 8,707	\$ 34,516	\$ 39,529	\$ 1,454		\$ 54,461	\$ 1,122,197
Investments					300,000					300,000
Restricted cash and cash equivalents								446,120		446,120
Total Assets	\$ 78,914	\$ 39,537	\$ 13,649	\$ 8,707	\$ 334,516	\$ 39,529	\$ 1,454	\$ 446,120	\$ 54,461	\$ 1,868,317
Unearned revenue						\$ 16,916				\$ 16,916
Other liabilities										171,420
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,916	\$ -	\$ -	\$ -	\$ 188,336
Fund Balances:										
Restricted	\$ 78,914	\$ 39,537	\$ 13,649	\$ 8,707		\$ 22,613	\$ 1,454	\$ 446,120	\$ 54,461	\$ 1,266,974
Committed					334,516					25,091
Assigned										387,916
Total Fund Balance	78,914	39,537	13,649	8,707	334,516	22,613	1,454	446,120	54,461	1,679,981
Total Liabilities and Fund Balance	\$ 78,914	\$ 39,537	\$ 13,649	\$ 8,707	\$ 334,516	\$ 39,529	\$ 1,454	\$ 446,120	\$ 54,461	\$ 1,868,317

SCURRY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	Board of County Development	Abandoned Vehicle	Juvenile Probation	Friends of the Library	Friends of Boys & Girls Club	Library PAC-HUG Grant	Law Library	Justice Court Technology	Records Management	Courthouse Security	J.P. Court Building Security
REVENUES:											
Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State and federal grants			126,239								
Fines and fees			1,396				13,602	7,420	112,904	15,345	371
Interest		436	264	2,304	738						
Other				11,271	19,134						
Total Revenues	-	436	127,899	13,575	19,872	-	13,602	7,420	112,904	15,345	371
EXPENDITURES:											
Current:											
General government									97,691	9,911	
Health and welfare					22,769						
Judicial and legal			90,955				48,541	8,772			15
Public safety											
Public facilities				9,075							
Debt Service:											
Principal retired											
Interest											
Certificates of obligation administration expense											
Total Expenditures	-	-	90,955	9,075	22,769	-	48,541	8,772	97,691	9,911	15
Excess (Deficit) Revenues Over Expenditures	-	436	36,944	4,500	(2,897)	-	(34,939)	(1,352)	15,213	5,434	356
OTHER FINANCING SOURCES AND (USES):											
Transfers in (out)											
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	-	436	36,944	4,500	(2,897)	-	(34,939)	(1,352)	15,213	5,434	356
Fund Balance, Beginning of Year	25,091	8,298	34,168	42,466	9,331	200	(137,201)	6,904	636,478	21,710	8,870
Fund Balance, End of Year	\$ 25,091	\$ 8,734	\$ 71,112	\$ 46,966	\$ 6,434	\$ 200	\$ (172,140)	\$ 5,552	\$ 651,691	\$ 27,144	\$ 9,226

SCURRY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended December 31, 2023

	T.A.I.P.	C.S.C.D.	C.C.P.	L.E.O.S.E.	Senior Center Memorial	Help America Vote	Lone Star Grant	Law Enforcement Debt Service	County and District Court Tech	Total Nonmajor Governmental Funds
REVENUES:										
Taxes	\$	\$	\$	\$	\$	\$	\$	\$ 914,905	\$	\$ 914,905
State and federal grants	353,316	128,229	53,046	2,250						663,080
Fines and fees		133,550							44,752	329,340
Interest		2,099			6,061			18,556		30,458
Other		429	42,364		72,246					145,444
Total Revenues	353,316	264,307	95,410	2,250	78,307	-	-	933,461	44,752	2,083,227
EXPENDITURES:										
Current:										
General government										107,602
Health and welfare					98,656					121,425
Judicial and legal	355,254	247,767	95,269						3,051	849,624
Public safety				1,943						1,943
Public facilities										9,075
Debt Service:										
Principal retired								710,000		710,000
Interest								206,625		206,625
Certificates of obligation administration expense								2,500		2,500
Total Expenditures	355,254	247,767	95,269	1,943	98,656	-	-	919,125	3,051	2,008,794
Excess (Deficit) Revenues Over Expenditures	(1,938)	16,540	141	307	(20,349)	-	-	14,336	41,701	74,433
OTHER FINANCING SOURCES AND (USES):										
Transfers in (out)	10,176	(10,176)								-
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	8,238	6,364	141	307	(20,349)	-	-	14,336	41,701	74,433
Fund Balance, Beginning of Year	70,676	33,173	13,508	8,400	354,865	22,613	1,454	431,784	12,760	1,605,548
Fund Balance, End of Year	\$ 78,914	\$ 39,537	\$ 13,649	\$ 8,707	\$ 334,516	\$ 22,613	\$ 1,454	\$ 446,120	\$ 54,461	\$ 1,679,981

SCURRY COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION
MODIFIED CASH BASIS - NONMAJOR PROPRIETARY FUNDS

December 31, 2023

	<u>Scurry County Golf Course</u>	<u>Hermleigh Water Works</u>	<u>Total Non-Major Business-type Activities Enterprise Fund</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 243,669	\$ 116,270	\$ 359,939
Accounts receivable, net	<u>1,443</u>	<u></u>	<u>1,443</u>
Total Current Assets	<u>245,112</u>	<u>116,270</u>	<u>361,382</u>
Noncurrent:			
Net pension asset	(9,535)		(9,535)
Capital assets:			
Property, plant and equipment	1,049,619	801,840	1,851,459
Less: accumulated depreciation	<u>(452,791)</u>	<u>(790,381)</u>	<u>(1,243,172)</u>
Total Noncurrent Assets	<u>587,293</u>	<u>11,459</u>	<u>598,752</u>
TOTAL ASSETS	<u>832,405</u>	<u>127,729</u>	<u>960,134</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources related to pensions	<u>54,092</u>	<u></u>	<u>54,092</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>54,092</u>	<u>-</u>	<u>54,092</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	4,599		4,599
Customer deposits		18,932	18,932
Right-of-use lease obligation - current	<u>30,161</u>	<u></u>	<u>30,161</u>
Total Current Liabilities	<u>34,760</u>	<u>18,932</u>	<u>53,692</u>
Noncurrent liabilities:			
Right-of-use lease obligation	<u>32,487</u>	<u></u>	<u>32,487</u>
Total Noncurrent Liabilities	<u>32,487</u>	<u>-</u>	<u>32,487</u>
TOTAL LIABILITIES	<u>67,247</u>	<u>18,932</u>	<u>86,179</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources related to pensions	<u>30,947</u>	<u></u>	<u>30,947</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>30,947</u>	<u>-</u>	<u>30,947</u>
NET POSITION:			
Net investment in capital assets	534,180	11,459	545,639
Unrestricted	<u>254,123</u>	<u>97,338</u>	<u>351,461</u>
TOTAL NET POSITION	<u>\$ 788,303</u>	<u>\$ 108,797</u>	<u>\$ 897,100</u>

SCURRY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - NONMAJOR PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	Scurry County Golf Course	Hermleigh Water Works	Total Non-Major Business-type Activities Enterprise Fund
OPERATING REVENUES:			
Service revenue	\$	\$	\$ -
Fees	79,347		79,347
Cart shed rentals	42,693		42,693
Membership dues	88,005		88,005
Total Operating Revenues	210,045	-	210,045
OPERATING EXPENSES:			
Wages and salaries	80,436		80,436
Payroll taxes	5,942		5,942
Employee benefits	8,530		8,530
Depreciation expense	59,020	4,870	63,890
Utilities	3,040		3,040
Supplies	51,255		51,255
Repairs	56,892	1,624	58,516
Fuel	6,558		6,558
Medical insurance	24,131		24,131
Contract labor			0
Professional services	168,000		168,000
Other	56,469	785	57,254
Total Operating Expenses	520,273	7,279	527,552
Operating Loss	(310,228)	(7,279)	(317,507)
NON-OPERATING REVENUES:			
Ad valorem taxes	368,452		368,452
Miscellaneous income	21,378	6,126	27,504
Pension income	2,087		2,087
Change in Net Position	81,689	(1,153)	80,536
Net Position - Beginning	706,614	109,950	816,564
Net Position - Ending	\$ 788,303	\$ 108,797	\$ 897,100

SCURRY COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS - NONMAJOR PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	<u>Scurry County Golf Course</u>	<u>Hermleigh Water Works</u>	<u>Total Non-Major Business-type Activities Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 210,045	\$ -	\$ 210,045
Cash paid to employees	(94,908)		(94,908)
Cash paid to suppliers	<u>(365,446)</u>	<u>(2,409)</u>	<u>(367,855)</u>
Net Cash Used in Operating Activities	<u>(250,309)</u>	<u>(2,409)</u>	<u>(252,718)</u>
CASH FLOWS NONCAPITAL AND RELATED FINANCING ACTIVITIES:			
Miscellaneous receipts	21,378	6,126	27,504
Ad valorem tax receipts	<u>368,452</u>		<u>368,452</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>389,830</u>	<u>6,126</u>	<u>395,956</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments on notes payable	(28,002)		(28,002)
Purchase of capital assets	<u>(8,539)</u>		<u>(8,539)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(36,541)</u>	<u>-</u>	<u>(36,541)</u>
Net Increase in Cash and Cash Equivalents	<u>102,980</u>	<u>3,717</u>	<u>106,697</u>
Cash and Cash Equivalents at Beginning of Year	<u>140,689</u>	<u>112,553</u>	<u>253,242</u>
Cash and Cash Equivalents at End of Year	<u>\$ 243,669</u>	<u>\$ 116,270</u>	<u>\$ 359,939</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	\$ (310,228)	\$ (7,279)	\$ (317,507)
Increase in accounts payable	899		899
Depreciation and amortization	<u>59,020</u>	<u>4,870</u>	<u>63,890</u>
Net Cash Used in Operating Activities	<u>\$ (250,309)</u>	<u>\$ (2,409)</u>	<u>\$ (252,718)</u>

SCURRY COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
MODIFIED CASH BASIS - FIDUCIARY FUNDS

December 31, 2023

	CJC, LEETA, CVCA Fund	Property Tax Fund	Highway Tax Fund	District Clerk Fund	County Clerk Fund	Justice of the Peace Fund	Sheriff Inmate Fund	County Attorney	District Attorney	Community Supervision & Corrections	Sheriff Commissary Fund	Minors Escrow Fund	Total Custodial Funds
ASSETS:													
Cash and cash equivalents	\$ 78,261	\$ 1,280,275	\$ 91,966	\$ 1,482,108	\$ 109,511	\$ 618	\$ 8,021	\$ 9,641	\$ 137,337	\$ 23,620	\$ 59,727	\$ 51,675	\$ 3,332,760
Accounts receivable	<u>2,741,034</u>												<u>2,741,034</u>
Total Assets	<u>2,819,295</u>	<u>1,280,275</u>	<u>91,966</u>	<u>1,482,108</u>	<u>109,511</u>	<u>618</u>	<u>8,021</u>	<u>9,641</u>	<u>137,337</u>	<u>23,620</u>	<u>59,727</u>	<u>51,675</u>	<u>6,073,794</u>
NET POSITION:													
Restricted for agencies	<u>\$ 2,819,295</u>	<u>\$ 1,280,275</u>	<u>\$ 91,966</u>	<u>\$ 1,482,108</u>	<u>\$ 109,511</u>	<u>\$ 618</u>	<u>\$ 8,021</u>	<u>\$ 9,641</u>	<u>\$ 137,337</u>	<u>\$ 23,620</u>	<u>\$ 59,727</u>	<u>\$ 51,675</u>	<u>\$ 6,073,794</u>

SCURRY COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
MODIFIED CASH BASIS - FIDUCIARY FUNDS

December 31, 2023

	CJC, LEETA, CVCA Fund	Property Tax Fund	Highway Tax Fund	District Clerk Fund	County Clerk Fund	Justice of the Peace Fund	Sheriff Inmate Fund	County Attorney	District Attorney	Community Supervision & Corrections	Sheriff Commissary Fund	Minors Escrow Fund	Total Custodial Funds
ADDITIONS:													
Private contributions	\$ 2,819,295	\$ 60,923,726	\$ 6,477,491	\$ 1,480,352	\$ 364,952	\$ 21,181	\$ 252,446	\$ 10,032	\$ 46,235	\$ 318,933	\$ 41,783	\$ -	\$ 72,756,426
Total Additions	2,819,295	60,923,726	6,477,491	1,480,352	364,952	21,181	252,446	10,032	46,235	318,933	41,783	-	72,756,426
DEDUCTIONS													
Recipient payments	2,691,665	60,809,533	6,515,463	293,617	375,960	21,040	249,313	10,336	24,155	332,225	51,173	-	71,374,480
Total Deductions	2,691,665	60,809,533	6,515,463	293,617	375,960	21,040	249,313	10,336	24,155	332,225	51,173	-	71,374,480
Net increase (decrease) in net position	127,630	114,193	(37,972)	1,186,735	(11,008)	141	3,133	(304)	22,079	(13,292)	(9,390)	-	1,381,945
Net position - beginning	2,691,665	1,166,082	129,938	295,373	120,519	477	4,888	9,945	115,258	36,912	69,117	51,675	4,691,849
Net position - ending	\$ 2,819,295	\$ 1,280,275	\$ 91,966	\$ 1,482,108	\$ 109,511	\$ 618	\$ 8,021	\$ 9,641	\$ 137,337	\$ 23,620	\$ 59,727	\$ 51,675	\$ 6,073,794

INTERNAL CONTROL SECTION

June 14, 2024

**The Honorable County Judge and Commissioners
Comprising the Commissioners' Court of
Scurry County, Texas**

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Scurry County, Texas as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Scurry County, Texas' basic financial statements, and have issued our report thereon dated June 14, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scurry County, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Scurry County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the Scurry County, Texas' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scurry County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Condly and Company, L.L.P.

Certified Public Accountants

June 14, 2024

**The Honorable County Judge and Commissioners
Comprising the Commissioners' Court of
Scurry County, Texas**

Independent Auditor's Report

Report on Compliance for each Major State Program and on Internal Control Over Compliance in Accordance with the Texas Grant Management Standards

Opinion on Each Major State Program

We have audited Scurry County, Texas' (the "County") compliance with the types of compliance requirements described in the Texas Comptroller of Public Accounts *Texas Grant Management Standards* (TxGMS) that could have a direct and material effect on each of the County's major state programs for the year ended December 31, 2023. The County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the TxGMS. Our responsibilities under those standards and the TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance Section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS,

Government Auditing Standards, and the TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the County's compliance with requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the TxGMS, we:

- Exercise reasonable judgment and maintain professional skepticism throughout the audit.
- Identify audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the TxGMS but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that we have not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the TxGMS. Accordingly, this report is not suitable for any other purpose.

Condly and Company, L.L.P.

Certified Public Accountants

SCURRY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued? Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One of more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. State Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of State Program or Cluster</u>
n/a – State	Texas Department of Transportation

Dollar threshold used to distinguish between type A and type B programs: \$750,000 for state programs

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

The results of our audit procedures disclosed no findings to be reported for the year ended December 31, 2023.

C. Federal Award Findings and Questioned Costs

The results of our procedures disclosed no findings to be reported for the year ended December 31, 2023.

SCURRY COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2023

None

SCHEDULE OF EXPENDITURES OF STATE AWARDS

SCURRY COUNTY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

State Grantor/Pass-Through Grantor/ Grant Number / Program Title	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>EXPENDITURES OF STATE AWARDS</u>			
<u>OFFICE OF THE GOVERNOR OF TEXAS</u>			
<i>Passed Through the Criminal Justice Division</i>			
Criminal Justice Equipment	4671901	\$	\$ 58,303
TOTAL OFFICE OF THE GOVERNOR OF TEXAS		-	58,303
<u>TEXAS DEPARTMENT OF TRANSPORTATION</u>			
County Transportation Infrastructure Fund Grant Program	CTIF-02-208		993,550
Airport RAMP Grant	M2308SNYD		10,040
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION		-	1,003,590
<u>TEXAS PARK AND WILDLIFE DEPARTMENT</u>			
Recreational Trails Program RTS-22011	CA-0004983		17,293
TOTAL TEXAS PARK AND WILDLIFE DEPARTMENT		-	17,293
<u>TEXAS DEPARTMENT OF JUDICIARY</u>			
County Emergency Reimbursement			67,200
TOTAL TEXAS DEPARTMENT OF JUDICIARY		-	67,200
<u>TEXAS INDIGENT DEFENSE COMMISSION</u>			
Court costs			24,608
TOTAL TEXAS INDIGENT DEFENSE COMMISSION		-	24,608
<u>EMERGENCY MANAGEMENT SYSTEMS</u>			
County Emergency Reimbursement			56,544
TOTAL EMERGENCY MANAGEMENT SYSTEMS		-	56,544
<u>TEXAS DEPARTMENT OF CRIMINAL JUSTICE</u>			
<i>Passed Through Community Justice Assistance Division</i>			
Texas Treatment Alternatives to Incarceration Program			350,603
Texas Juvenile Justice Department			88,107
Community Supervision and Corrections Department			156,726
TOTAL TEXAS DEPARTMENT OF CRIMINAL JUSTICE		-	595,436
TOTAL EXPENDITURES OF STATE AWARDS		\$ -	\$ 1,822,974

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
 Year Ended August 31, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of the County under programs of the state government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of the *Texas Grant Management Standards*. All state awards received directly from state agencies as well as awards passed through other government agencies are included in the schedule. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the consolidated financial position, consolidated changes in net assets or consolidated cash flows of the County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified cash basis of accounting. Such expenditures of state awards are recognized following the cost principles contained in the *Texas Grant Management Standards* (TxGMS), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Since the County has an approved allocation plan, it has elected not to use the 10% de minimis cost rate as permitted in the TxGMS.

Note 4: State Award Guidelines

State awards are subject to the TxGMS. Such guidelines are consistent with those required under the Single Audit Act of 1996, the Uniform Guidance and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Note 5: Subrecipients

The County does not pass any of their state funding to subrecipients.