



**SCURRY COUNTY, TEXAS**

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

**December 31, 2025  
(With Summarized Financial Information  
as of and for the Year Ended December 31, 2024)**

# SCURRY COUNTY, TEXAS

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June 29, 2026

**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, 2025, 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, 2025, 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 2**.

***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 2** 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 2** 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, 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 are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the 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, as the limited procedures do not provide sufficient evidence to do so.

### ***Supplementary Information***

Our audit was conducted to form opinions on the financial statements comprising the County's basic financial statements. The combining and individual nonmajor, proprietary and fiduciary fund financial statements (as listed in the table of contents), the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Expenditures of State Awards as required by the *Texas Uniform Grant Management Standards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Report on Summarized Comparative Information***

We previously audited the County's 2024 financial statements and expressed unmodified audit opinions on the modified cash basis financial statements for 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, 2024, 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 29, 2026, on our consideration of Scurry County, Texas's 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, which considers* Scurry County, Texas's 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, 2025

The purpose of management discussion and analysis (MD&A) is to help County residents and other readers understand what the financial statements and notes in this financial report say about the County's financial health and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the County's finances for the fiscal year ended December 31, 2025. Please read it in conjunction with the County's financial statements, which begin on page 10.

If you have questions about this report or need additional financial information, contact the County Treasurer's office at Scurry County, Texas, 1806 25<sup>th</sup> Street, Snyder, Texas 79549.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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.

The County's financial report contains basic financial statements. Those financial statements present the City's finances at both an overall and a detailed level. The *government-wide financial statements* (pages 10-11) cover the City's governmental activities.

- *Governmental activities* comprise the County's most basic functions, such as public safety, culture and recreation, and social and economic development. Governmental activities are primarily financed by taxes paid by County residents and businesses and grants from the State of Texas and the federal government.
- *Business-type activities* are the County services primarily financed in whole or in part with charges to customers.

The remaining basic financial statements present the County's finances in greater detail and present fiduciary activities. As their name implies, the *fund financial statements* disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The County reports two groups of funds:

- *Governmental fund financial statements* (pages 12-15) report all of the governmental activities. Fund financial statements 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. The County considers the general, road, and bridge, and American Rescue Plan Act funds to be significant or major governmental funds. All other governmental funds are aggregated in a column entitled other nonmajor governmental funds.
- *Proprietary fund financial statements* (pages 16-18) report all of the business-type activities (enterprise funds). The County has four enterprise funds - Hermleigh Water Works, Scurry County Emergency Medical Services, Scurry County Golf Course, and Scurry County Airport.
- *Fiduciary fund financial statements* (pages 19-20) report resources for which the County acts as a trustee or custodian. The resources in those funds do not belong to the County and cannot be used to provide services, which is why they are not included in the government-wide financial statements.

The next section of this financial report contains *notes to financial statements* (pages 21-43), which delve deeper into the County's finances as reported in the financial statements. The information in the notes is as important to understanding the County's finances as the information in the financial statements. The County uses notes to: (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

## 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. The 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 and long-term debt 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.

Details about the measurement focuses and bases of accounting can be found in **NOTE 2** in the notes to financial statements, the summary of significant accounting policies, beginning on page 21.

## ANALYSIS OF THE COUNTY'S FINANCES

**Table 1: Scurry County Net Position**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2025-2024
	2025	2024	2025	2024	2025	2024	
Current assets	\$ 23,646,072	\$ 24,170,786	\$ 6,938,969	\$ 5,278,287	\$ 30,585,041	\$ 29,449,073	3.9%
Restricted assets	452,115	451,216			452,115	451,216	0.2%
Capital assets, net	20,531,456	20,345,222	6,992,152	2,681,949	27,523,608	23,027,171	19.5%
<b>Total assets</b>	<b>44,629,643</b>	<b>44,967,224</b>	<b>13,931,121</b>	<b>7,960,236</b>	<b>58,560,764</b>	<b>52,927,460</b>	<b>10.6%</b>
Current liabilities	6,457,184	9,790,377	58,771	57,316	6,515,955	9,847,693	-33.8%
Long-term liabilities	9,275,395	9,717,770	154,639	1,950	9,430,034	9,719,720	-3.0%
<b>Total liabilities</b>	<b>15,732,579</b>	<b>19,508,147</b>	<b>213,410</b>	<b>59,266</b>	<b>15,945,989</b>	<b>19,567,413</b>	<b>-18.5%</b>
Deferred inflows	9,452,774	10,955,442			9,452,774	10,955,442	-13.7%
Net position							
Net investment in capital assets	10,130,945	9,349,083	6,800,951	2,645,174	16,931,896	11,994,257	41.2%
Restricted	1,498,448	1,413,407			1,498,448	1,413,407	6.0%
Unrestricted	7,814,897	3,741,145	6,916,760	5,255,796	14,731,657	8,996,941	63.7%
<b>Total net position</b>	<b>\$ 19,444,290</b>	<b>\$ 14,503,635</b>	<b>\$ 13,717,711</b>	<b>\$ 7,900,970</b>	<b>\$ 33,162,001</b>	<b>\$ 22,404,605</b>	<b>48.0%</b>

Table 1 shows that as of December 31, 2025, the County's total net position—assets minus liabilities and deferred inflows—was approximately \$33.2 million, an increase of \$10.8 million compared with 2024. The following sections of MD&A analyze the finances of the governmental activities and business-type activities.

## Governmental activities

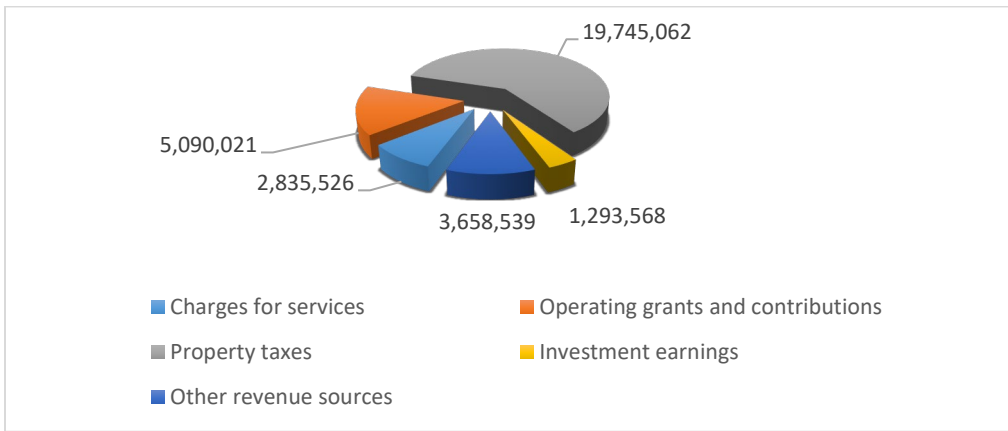
Table 2 shows that revenues exceeded expenses in the current year, resulting in an increase in net position. Various events contributed to this increase in net position; however, the four primary factors affecting the change in net position are as follows:

- (1) Increases in intergovernmental grant revenues,
- (2) Increases in charges for services,
- (3) Growth in various revenues due to the strength of the national and local economies, and
- (4) Increases in expenses for certain programs and functions.

**Table 2: Changes in Scurry County Net Position**

	Governmental Activities		Business-Tye Activities		Total		Total Percentage Change
	2025	2024	2025	2024	2025	2024	2025-2024
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 2,835,526	\$ 2,634,298	\$ 2,659,001	\$ 2,469,936	\$ 5,494,527	\$ 5,104,234	7.6%
Operating grants and contributions	5,090,021	2,833,950	62,147	77,616	5,152,168	2,911,566	77.0%
General revenues:							
Property taxes levied for general purposes	19,745,062	14,124,676	2,959,818	2,714,987	22,704,880	16,839,663	34.8%
Tax collector fees	554,332	522,050			554,332	522,050	6.2%
Sales and use taxes	2,793,271	2,959,373			2,793,271	2,959,373	-5.6%
Mixed drink tax	26,592	29,085			26,592	29,085	-8.6%
Gain (loss) on disposal of assets	13,706	79,015	(36,732)	(20,921)	(23,026)	58,094	-139.6%
Investment earnings	1,293,568	1,183,729			1,293,568	1,183,729	9.3%
Miscellaneous	270,638	596,899	331,658	321,255	602,296	918,154	-34.4%
<b>Total revenues</b>	<b>32,622,716</b>	<b>24,963,075</b>	<b>5,975,892</b>	<b>5,562,873</b>	<b>38,598,608</b>	<b>30,525,948</b>	<b>26.4%</b>
<b>Expenses:</b>							
General government	5,523,671	6,066,822			5,523,671	6,066,822	-9.0%
Health and welfare	2,077,845	2,186,324			2,077,845	2,186,324	-5.0%
Judicial and legal	4,409,175	4,106,512			4,409,175	4,106,512	7.4%
Public safety	5,354,222	5,089,752			5,354,222	5,089,752	5.2%
Public facilities	484,074	182,286			484,074	182,286	165.6%
Culture and recreation government	1,273,340	1,075,240			1,273,340	1,075,240	18.4%
Road and bridge	3,970,608	4,779,291			3,970,608	4,779,291	-16.9%
Interest on long-term debt	166,500	173,286			166,500	173,286	-3.9%
Water, golf course, airport, and EMS services			4,581,777	4,003,544	4,581,777	4,003,544	14.4%
<b>Total expenses</b>	<b>23,259,435</b>	<b>23,659,513</b>	<b>4,581,777</b>	<b>4,003,544</b>	<b>27,841,212</b>	<b>27,663,057</b>	<b>0.6%</b>
Transfers in (out)	(4,422,626)	(12,500)	4,422,626	12,500	-	-	0.0%
<b>Change in net position</b>	<b>4,940,655</b>	<b>1,291,062</b>	<b>5,816,741</b>	<b>1,571,829</b>	<b>10,757,396</b>	<b>2,862,891</b>	<b>275.8%</b>
Net position - beginning	14,503,635	13,212,573	7,900,970	6,329,141	22,404,605	19,541,714	14.7%
<b>Net position - ending</b>	<b>\$ 19,444,290</b>	<b>\$ 14,503,635</b>	<b>\$ 13,717,711</b>	<b>\$ 7,900,970</b>	<b>\$ 33,162,001</b>	<b>\$ 22,404,605</b>	<b>48.0%</b>

**Figure 1: Governmental Activities Revenues by Source**



**Growth in intergovernmental grant revenues**

There were notable increases in operating grants and contributions in 2025. Operating grants and contributions, which account for 15.6 percent of overall revenues for governmental activities, increased 79.6 percent from 2024 to 2025 due to the ARPA Grant and Senate Bill 22, which were used to replace lost revenue and increased revenues for the district and county attorney, respectively.

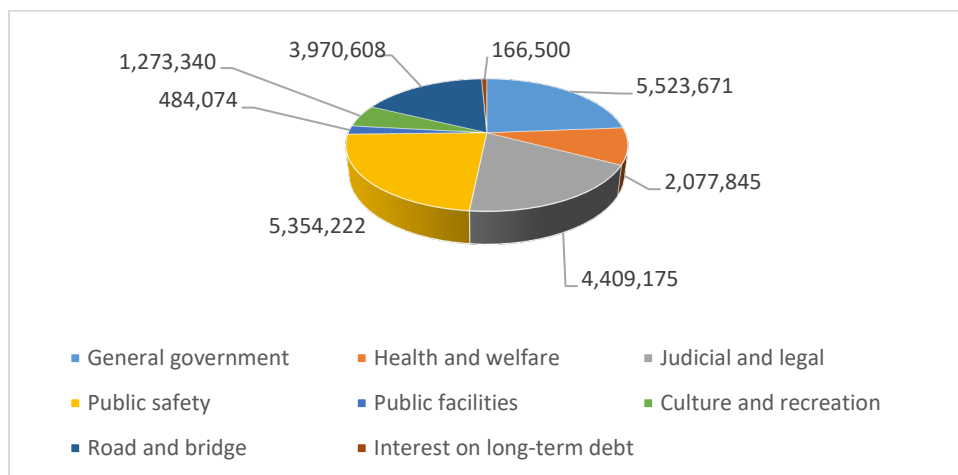
**Increases in revenues due to economic growth**

The strength of the County and national economies has resulted in the growth of several of the County's most significant revenue sources. Property taxes, which are 60.5 percent of the County's governmental activities revenue sources, rose 34.8 percent due to an 11.4 percent increase in net taxable values and an increase in the ad valorem tax rate for the 2025 fiscal year.

Lastly, earnings on the County's investments and royalties collected, which were 4.0 percent of the governmental activities' revenues, rose 9.3 percent from the prior year as local economic growth extended throughout all of 2025, leading to more cash inflows from these activities.

**Decrease in expenses**

**Figure 2: Governmental Activities Expenses by Function**



The increases in revenue were accompanied by a decrease in the County's costs of providing services. Governmental activities expenses declined 1.7 percent overall. Most notably, road and bridge expenses decreased by 16.9 percent in 2025, followed by general government and health and welfare, which decreased by 9.0 percent and 5.0 percent, respectively (see Table 2). As a result, these expenses only represented 33.0 percent of total expenses in 2025; by contrast, they were 47.1 percent of expenses in 2024. The decrease in 2025 was primarily related to the completion of several major projects.

### Other changes in net position

While revenues and expenditures increased over the prior year as discussed above, the County operated within the constraints of the budgeted amounts for the fiscal year. Total governmental activities revenue exceeded total expenses in 2025 by \$4.9 million.

### Governmental funds

The County reports three major funds individually in the governmental fund financial statements. Those funds are the general fund, the road and bridge special revenue fund, and the American Rescue Plan Act fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors relevant to the County's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. There were significant changes to all three of the major funds. Those three major funds are shown in Table 3 and are discussed in more detail below.

**Table 3: Revenues, Expenditures, and Changes in Fund Balances**

	General Fund		Road and Bridge Fund		American Rescue Plan Act		Other Nonmajor Governmental Funds	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Total Revenues</b>	\$ 21,487,621	\$ 18,029,414	\$ 3,933,163	\$ 4,151,108	\$ 3,552,240	\$ 185,417	\$ 2,371,737	\$ 2,518,121
<b>Total Expenditures</b>	17,568,403	16,697,591	4,259,634	5,169,894	-	250,273	2,324,968	2,474,355
<b>Excess (deficiency) of revenues over expenditures</b>	3,919,218	1,331,823	(326,471)	(1,018,786)	3,552,240	(64,856)	46,769	43,766
<b>Other Financing Sources (Uses)</b>								
Sale of fixed assets	599		1,233					
Transfers in (out)	(1,248,725)		300,040		(3,717,340)		243,399	(12,500)
<b>Total other financing sources (uses)</b>	(1,248,126)	-	301,273	-	(3,717,340)	-	243,399	(12,500)
Net change in fund balances	2,671,092	1,331,823	(25,198)	(1,018,786)	(165,100)	(64,856)	290,168	31,266
<b>Fund balances - beginning</b>	2,821,827	1,490,004	1,905,915	2,924,701	165,100	229,956	1,711,247	1,679,981
<b>Fund balances - end of period</b>	\$ 5,492,919	\$ 2,821,827	\$ 1,880,717	\$ 1,905,915	\$ -	\$ 165,100	\$ 2,001,415	\$ 1,711,247

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

### General fund

The fund balance of the County's general fund increased by \$2.7 million compared to 2024. Overall, revenues from fines and fees, grants, and interest increased by 14.2 percent.

### Road and bridge fund

The road and bridge fund balance decreased by approximately \$25 thousand. Overall revenue decreased in 2025, primarily due to a 100 percent decrease in grant revenue compared to 2024. Overall expenditures also decreased in correspondence to revenue, with a decrease of 17.6 percent.

## **American Rescue Plan Act fund**

The fund balance for the County's American Rescue Plan Act (ARPA) fund decreased by \$165.0 thousand. This decrease is primarily due to an increase in ARPA expenditures in 2025 related to the construction of the EMS building.

## **Business-type activities**

The total net position of the County's business-type activities increased in 2025 by 73.6 percent from the prior year. The increase is primarily due to a \$4.4 million transfer from government funds, related to the construction of the EMS building.

## **SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY**

The discussion thus far has only touched on certain significant transactions and events in 2025 related to capital assets and long-term debt. Overall, the carrying value of capital assets (original cost less accumulated depreciation) increased by 12.4 percent from 2024. However, that relatively small change does not fully capture the substantial capital investment activity that occurred in 2025.

Significant capital investments during the year related to approximately \$0.8 million in vehicles, equipment, buildings, and improvements for the general and road and bridge funds. The County also used all available ARPA grant funds, along with other funds to construct a new EMS building which is expected to be completed in FY26.

Right-of-use leases increased by 12.2 percent due to multiple purchases of John Deere Motor Graders, which will be paid out over five years.

## **Currently known facts, decisions, or conditions**

The County is aware of three developments that will have an impact on the County's finances in the future and were therefore incorporated into next year's budget:

- (1) Grants that could have a material effect on 2025,
- (2) Recent economic reports, and
- (3) Adoption of the State budget.

## ***Grants that have a material effect***

The County received a \$700,000 grant from the Texas Comptroller of Public Accounts for the *Rural Law Enforcement Salary Assistance Program* for the salaries of the sheriff and county attorney. Additionally, the County received a \$3.1 million grant from the U.S. Department of the Treasury for the *Coronavirus State and Local Fiscal Recovery Funds Program*, which was used to replace lost revenue.

## ***Recent economic reports***

Scurry County experienced a slight population increase in 2024 and employment grew by 4.5 percent. However, the County's overall economic output (GDP) has remained volatile in recent years reflecting fluctuations in the energy section.

As of 2025, Scurry County's population remained largely unchanged from the prior year. The County's economy is significantly influenced by key industries such as oil, gas, and mineral extraction, alongside renewable energy sources including wind and solar farms. These sectors play a crucial role in generating county revenue and helping to offset property taxes. Fluctuations within these industries have the potential to impact County revenues, employment rates, and property values, which in turn can affect the level of public services and property tax obligations for residents.

**GOVERNMENT – WIDE FINANCIAL STATEMENTS**

*Basic Financial Statements*

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

December 31, 2025  
(With Summarized Financial Information as of December 31, 2024)

	Primary Government			2024 Summarized Data
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 23,634,227	\$ 6,934,373	\$ 30,568,600	\$ 29,439,322
Accounts receivable, net	11,845	4,596	16,441	9,751
Restricted Assets:				
Cash and cash equivalents	452,115		452,115	451,216
Noncurrent Assets:				
Capital Assets:				
Land	156,669	187,398	344,067	344,265
Construction in progress		4,598,291	4,598,291	175,665
Buildings and improvements	25,619,091	4,735,888	30,354,979	30,113,699
Infrastructure	5,273,088		5,273,088	5,273,088
Equipment	10,872,268	1,799,007	12,671,275	12,604,521
Furniture and fixtures	308,533		308,533	299,278
Motor vehicles	3,099,793	1,544,487	4,644,280	4,319,048
Right-of-use assets - leases	3,445,315	328,157	3,773,472	3,366,786
Software	882,098		882,098	882,098
Right-of-use assets - SBITAs	34,207		34,207	100,850
Less: accumulated depreciation	(29,159,606)	(6,201,076)	(35,360,682)	(34,452,127)
<b>TOTAL ASSETS</b>	<b>44,629,643</b>	<b>13,931,121</b>	<b>58,560,764</b>	<b>52,927,460</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Deposits	26,216	19,979	46,195	45,148
Other liabilities	173,146	2,230	175,376	463,518
Accrued interest payable	61,706		61,706	67,556
Unearned revenue	5,071,000		5,071,000	7,958,277
Certificates of obligation payable	795,000		795,000	780,000
Right-of-use lease obligation - current	328,648	36,562	365,210	524,449
Right-of-use SBITAs obligation - current	1,468		1,468	8,745
Noncurrent Liabilities:				
Certificates of obligation payable - net of premium	7,175,086		7,175,086	7,989,786
Right-of-use lease obligation	2,100,309	154,639	2,254,948	1,728,466
Right-of-use SBITAs obligation			-	1,468
<b>TOTAL LIABILITIES</b>	<b>15,732,579</b>	<b>213,410</b>	<b>15,945,989</b>	<b>19,567,413</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	9,452,774		9,452,774	10,955,442
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>9,452,774</b>	<b>-</b>	<b>9,452,774</b>	<b>10,955,442</b>
<b>NET POSITION:</b>				
Net investment in capital assets	10,130,945	6,800,951	16,931,896	11,994,257
Restricted for:				
Debt service	452,115		452,115	451,216
Texas Department of Criminal Justice	237,976		237,976	211,777
Records management	574,726		574,726	606,952
Other grants and contracts	233,631		233,631	143,562
Unrestricted	7,814,897	6,916,760	14,731,657	8,996,941
<b>TOTAL NET POSITION</b>	<b>\$ 19,444,290</b>	<b>\$ 13,717,711</b>	<b>\$ 33,162,001</b>	<b>\$ 22,404,705</b>

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, 2025

(With Summarized Financial Information for the Year Ended December 31, 2024)

Function/Program Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Position			2024 Summarized Data
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:							
Governmental Activities:							
General government	\$ 5,523,671	\$ 799,940	\$ 314,121	\$ (4,409,610)	\$	\$ (4,409,610)	\$ (5,175,972)
Health and welfare	2,077,845	27,780		(2,050,065)		(2,050,065)	(2,152,681)
Judicial and legal	4,409,175	421,498	4,069,928	82,251		82,251	(2,635,036)
Public safety	5,354,222	492,170	705,972	(4,156,080)		(4,156,080)	(4,019,619)
Public facilities	484,074	74,890		(409,184)		(409,184)	(106,295)
Culture and recreation	1,273,340	1,610		(1,271,730)		(1,271,730)	(1,070,557)
Road maintenance	3,970,608	1,017,638		(2,952,970)		(2,952,970)	(2,857,819)
Interest on long-term debt	166,500			(166,500)		(166,500)	(173,286)
Total governmental activities	<u>23,259,435</u>	<u>2,835,526</u>	<u>5,090,021</u>	<u>(15,333,888)</u>	<u>-</u>	<u>(15,333,888)</u>	<u>(18,191,265)</u>
Business-type Activities:							
Golf course, water, EMS services and airport		2,659,001	62,147		2,721,148	2,721,148	2,547,552
Depreciation expense	512,127				(512,127)	(512,127)	(466,820)
Operating expense	4,069,650				(4,069,650)	(4,069,650)	(3,536,724)
Total business-type activities	<u>4,581,777</u>	<u>2,659,001</u>	<u>62,147</u>	<u>-</u>	<u>(1,860,629)</u>	<u>(1,860,629)</u>	<u>(1,455,992)</u>
Total primary government	<u>\$ 27,841,212</u>	<u>\$ 5,494,527</u>	<u>\$ 5,152,168</u>	<u>(15,333,888)</u>	<u>(1,860,629)</u>	<u>(17,194,517)</u>	<u>(19,647,257)</u>
General Revenues and Transfers:							
Taxes:							
Property taxes, levied for general purposes, golf course, airport, and EMS services				19,745,062	2,959,818	22,704,880	16,839,663
Tax collector fees				554,332		554,332	522,050
Sales and use taxes				2,793,271		2,793,271	2,959,373
Mixed drink tax				26,592		26,592	29,085
Transfers in (out)				(4,422,626)	4,422,626	-	-
Gain (Loss) on disposal of assets				13,706	(36,732)	(23,026)	58,094
Investment earnings				1,293,568		1,293,568	1,183,729
Miscellaneous				270,638	331,658	602,296	918,154
Total General Revenues and Transfers				<u>20,274,543</u>	<u>7,677,370</u>	<u>27,951,913</u>	<u>22,510,148</u>
Change in Net Position				4,940,655	5,816,741	10,757,396	2,862,891
Net Position - Beginning				14,503,635	7,900,970	22,404,605	19,541,714
Net Position - Ending				<u>\$ 19,444,290</u>	<u>\$ 13,717,711</u>	<u>\$ 33,162,001</u>	<u>\$ 22,404,605</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, 2025  
(With Summarized Financial Information as of December 31, 2024)

	General	Road and Bridge	American Rescue Plan Act	Other Nonmajor Governmental Funds	Total Governmental Funds	2024 Summarized Data
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 15,135,635	\$ 6,950,777	\$	\$ 1,547,815	\$ 23,634,227	\$ 24,165,434
Restricted cash and cash equivalents				452,115	452,115	451,216
Accounts receivable	7,919	940		2,986	11,845	5,352
<b>Total Assets</b>	<b>\$ 15,143,554</b>	<b>\$ 6,951,717</b>	<b>\$ -</b>	<b>\$ 2,002,916</b>	<b>\$ 24,098,187</b>	<b>\$ 24,622,002</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>						
Liabilities:						
Deposits	\$ 26,216	\$	\$	\$	\$ 26,216	\$ 26,216
Unearned revenue		5,071,000			5,071,000	7,958,277
Other liabilities	171,645			1,501	173,146	459,959
<b>Total Liabilities</b>	<b>197,861</b>	<b>5,071,000</b>	<b>-</b>	<b>1,501</b>	<b>5,270,362</b>	<b>8,444,452</b>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	9,452,774				9,452,774	10,955,442
<b>Total Deferred Inflows of Resources</b>	<b>9,452,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,452,774</b>	<b>10,955,442</b>
Fund balances:						
Restricted				1,498,448	1,498,448	1,413,407
Committed	10,000	1,880,717		4,006	1,894,723	546,525
Assigned				498,961	498,961	450,349
Unassigned	5,482,919				5,482,919	2,811,827
<b>Total Fund Balance</b>	<b>5,492,919</b>	<b>1,880,717</b>	<b>-</b>	<b>2,001,415</b>	<b>9,375,051</b>	<b>5,222,108</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 15,143,554</b>	<b>\$ 6,951,717</b>	<b>\$ -</b>	<b>\$ 2,002,916</b>	<b>\$ 24,098,187</b>	<b>\$ 24,622,002</b>

*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, 2025

Fund Balances - Total governmental funds	\$	9,375,051
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 49,691,062	
Less accumulated depreciation	<u>(29,159,606)</u>	20,531,456

Debt obligations are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued interest payable	(61,706)	
Certificates of obligation payable	(7,970,086)	
Right-of-use lease obligation	(2,428,957)	
Right-of-use SBITAs obligation	<u>(1,468)</u>	<u>(10,462,217)</u>

Net position of governmental activities	\$	<u><u>19,444,290</u></u>
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*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, 2025  
(With Summarized Financial Information for the Year Ended December 31, 2024)

	General Fund	Road and Bridge	American Rescue Plan Act	Other Nonmajor Governmental Funds	Total Governmental Funds	2024 Summarized Data
<b>REVENUES:</b>						
Taxes	\$ 17,368,647	\$ 2,751,260	\$	\$ 942,350	\$ 21,062,257	\$ 17,113,134
Motor vehicle registration		631,680			631,680	616,301
State and federal grants	1,014,122		3,194,362	881,537	5,090,021	2,833,949
Fines and fees	1,620,407	22,175		359,223	2,001,805	1,885,976
Interest	987,041	162,767	107,604	36,156	1,293,568	1,183,729
Other	497,404	365,281	250,274	152,471	1,265,430	1,250,971
<b>Total Revenues</b>	<b>21,487,621</b>	<b>3,933,163</b>	<b>3,552,240</b>	<b>2,371,737</b>	<b>31,344,761</b>	<b>24,884,060</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	5,328,686			165,915	5,494,601	5,788,580
Health and welfare	2,013,660			70,194	2,083,854	2,128,610
Judicial and legal	3,307,279			1,110,411	4,417,690	4,074,628
Public safety	5,272,663			1,922	5,274,585	5,138,841
Public facilities	397,683			22,126	419,809	388,626
Culture and recreation	1,248,432				1,248,432	981,784
Road maintenance		4,259,634			4,259,634	5,169,894
<b>Debt Service:</b>						
Principal retired				780,000	780,000	730,000
Interest				172,350	172,350	188,300
Certificates of obligation administration expense				2,050	2,050	2,850
<b>Total Expenditures</b>	<b>17,568,403</b>	<b>4,259,634</b>	<b>-</b>	<b>2,324,968</b>	<b>24,153,005</b>	<b>24,592,113</b>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<b>3,919,218</b>	<b>(326,471)</b>	<b>3,552,240</b>	<b>46,769</b>	<b>7,191,756</b>	<b>291,947</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Sale of assets	599	1,233			1,832	-
Transfers in (out)	(1,248,725)	300,040	(3,717,340)	243,399	(4,422,626)	(12,500)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,248,126)</b>	<b>301,273</b>	<b>(3,717,340)</b>	<b>243,399</b>	<b>(4,420,794)</b>	<b>(12,500)</b>
<b>Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses</b>	<b>2,671,092</b>	<b>(25,198)</b>	<b>(165,100)</b>	<b>290,168</b>	<b>2,770,962</b>	<b>279,447</b>
Fund Balance, Beginning of Year	2,821,827	1,905,915	165,100	1,711,247	5,222,108	4,942,661
Fund Balance, End of Year	\$ 5,492,919	\$ 1,880,717	\$ -	\$ 2,001,415	\$ 7,993,070	\$ 5,222,108

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, 2025

Net change in fund balances - total governmental funds \$ 2,770,962

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	\$ 1,420,550	
Depreciation expense	(1,971,730)	
Capital asset retired, net of accumulated depreciation	<u>(15,538)</u>	(566,718)

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	780,000
Bond premium	19,700

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	498,880
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The change in 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.

1,502,668

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	(70,687)
Adjustments to accrued interest payable	<u>5,850</u>

Change in net position of governmental activities \$ 4,940,655

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

**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	2025 Total	2024 Summarized Data
<b>ASSETS:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 4,201,515	\$ 2,117,256	\$ 615,602	\$ 6,934,373	\$ 5,273,888
Accounts receivable	2,952	4	1,640	4,596	4,399
<b>Total Current Assets</b>	<b>4,204,467</b>	<b>2,117,260</b>	<b>617,242</b>	<b>6,938,969</b>	<b>5,278,287</b>
<b>Noncurrent:</b>					
<b>Capital assets:</b>					
Property, plant and equipment	7,245,037	3,721,450	2,102,646	13,069,133	8,625,032
Less: accumulated depreciation	(1,752,040)	(3,077,601)	(1,247,340)	(6,076,981)	(5,943,083)
<b>Total Noncurrent Assets</b>	<b>5,492,997</b>	<b>643,849</b>	<b>855,306</b>	<b>6,992,152</b>	<b>2,681,949</b>
<b>TOTAL ASSETS</b>	<b>9,697,464</b>	<b>2,761,109</b>	<b>1,472,548</b>	<b>13,931,121</b>	<b>7,960,236</b>
<b>LIABILITIES:</b>					
<b>Current liabilities:</b>					
Other liabilities			2,230	2,230	3,559
Deposits		1,047	18,932	19,979	18,932
Right-of-use lease obligation - current	1,947		34,615	36,562	34,825
<b>Total Current Liabilities</b>	<b>1,947</b>	<b>1,047</b>	<b>55,777</b>	<b>58,771</b>	<b>57,316</b>
<b>Noncurrent liabilities:</b>					
Right-of-use lease obligation	-	-	154,639	154,639	1,950
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>154,639</b>	<b>154,639</b>	<b>1,950</b>
<b>TOTAL LIABILITIES</b>	<b>1,947</b>	<b>1,047</b>	<b>210,416</b>	<b>213,410</b>	<b>59,266</b>
<b>NET POSITION:</b>					
Net investment in capital assets	5,491,050	643,849	666,052	6,800,951	2,645,174
Unrestricted	4,204,467	2,116,213	596,080	6,916,760	5,255,796
<b>TOTAL NET POSITION</b>	<b>\$ 9,695,517</b>	<b>\$ 2,760,062</b>	<b>\$ 1,262,132</b>	<b>\$ 13,717,711</b>	<b>\$ 7,900,970</b>

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	2025 Total	2024 Summarized Data
<b>OPERATING REVENUES:</b>					
Service revenue	\$ 2,314,105	\$ 44,968	\$	\$ 2,359,073	\$ 2,220,115
Fees			84,501	84,501	87,391
Cart shed rentals			92,480	92,480	54,736
Membership dues			122,947	122,947	107,694
<b>Total Operating Revenues</b>	<b>2,314,105</b>	<b>44,968</b>	<b>299,928</b>	<b>2,659,001</b>	<b>2,469,936</b>
<b>OPERATING EXPENSES:</b>					
Wages and salaries	1,888,847	212,060	128,861	2,229,768	1,905,141
Payroll taxes	160,366	17,505	9,564	187,435	165,345
Employee benefits	184,455	22,139	14,146	220,740	188,095
Depreciation expense	281,297	156,230	74,600	512,127	466,820
Contract labor	30,000			30,000	30,000
Utilities	7,106	9,732	2,294	19,132	17,842
Supplies	49,588	3,100	66,059	118,747	140,801
Repairs	160,086	53,537	86,141	299,764	146,687
Fuel	3,014	9,385	10,656	23,055	15,684
Medical insurance	345,986	71,992	25,852	443,830	426,967
Professional services	189,262		169,188	358,450	353,483
Other	69,703	40,447	28,579	138,729	146,679
<b>Total Operating Expenses</b>	<b>3,369,710</b>	<b>596,127</b>	<b>615,940</b>	<b>4,581,777</b>	<b>4,003,544</b>
<b>Operating Loss</b>	<b>(1,055,605)</b>	<b>(551,159)</b>	<b>(316,012)</b>	<b>(1,922,776)</b>	<b>(1,533,608)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Ad valorem taxes	1,961,320	484,777	513,721	2,959,818	2,714,987
Grant income	18,107	44,040		62,147	77,616
Miscellaneous income	141,938	134,307	55,413	331,658	321,255
Loss on disposal of assets	(36,732)			(36,732)	(20,921)
Transfers in	4,422,626			4,422,626	12,500
<b>Change in Net Position</b>	<b>5,451,654</b>	<b>111,965</b>	<b>253,122</b>	<b>5,816,741</b>	<b>1,571,829</b>
<b>Net Position - Beginning</b>	<b>4,243,863</b>	<b>2,648,097</b>	<b>1,009,010</b>	<b>7,900,970</b>	<b>6,329,141</b>
<b>Net Position - Ending</b>	<b>\$ 9,695,517</b>	<b>\$ 2,760,062</b>	<b>\$ 1,262,132</b>	<b>\$ 13,717,711</b>	<b>\$ 7,900,970</b>

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	2025 Total	2024 Summarized Data
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 2,314,105	\$ 44,968	\$ 299,731	\$ 2,658,804	\$ 2,469,935
Cash paid to employees	(2,233,668)	(251,704)	(152,571)	(2,637,943)	(2,258,581)
Cash paid to suppliers	(854,745)	(187,710)	(389,534)	(1,431,989)	(1,279,430)
Net Cash Used in Operating Activities	(774,308)	(394,446)	(242,374)	(1,411,128)	(1,068,076)
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Grant income	18,107	44,040		62,147	77,616
Miscellaneous receipts	141,938	134,307	55,413	331,658	322,657
Ad valorem tax receipts	1,961,320	484,777	513,721	2,959,818	2,714,987
Transfers in	4,422,626			4,422,626	12,500
Net Cash Provided by Noncapital and Related Financing Activities	6,543,991	663,124	569,134	7,776,249	3,127,760
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds received for capital leases			193,515	193,515	-
Payments on lease/notes payable	(2,342)		(36,748)	(39,090)	(32,498)
Proceeds received from sale of assets	12,001			12,001	27,000
Purchase of capital assets	(4,542,989)		(328,073)	(4,871,062)	(607,386)
Net Cash Used in Capital and Related Financing Activities	(4,533,330)	-	(171,306)	(4,704,636)	(612,884)
Net Increase in Cash and Cash Equivalents	1,236,353	268,678	155,454	1,660,485	1,446,800
Cash and Cash Equivalents at Beginning of Year	2,965,162	1,848,578	460,148	5,273,888	3,827,088
Cash and Cash Equivalents at End of Year	\$ 4,201,515	\$ 2,117,256	\$ 615,602	\$ 6,934,373	\$ 5,273,888
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>					
Operating Loss	\$ (1,055,605)	\$ (551,159)	\$ (316,012)	\$ (1,922,776)	\$ (1,533,608)
Adjustments Not Affecting Cash:					
(Increase) Decrease in accounts receivable			(197)	(197)	(1)
Increase (Decrease) in other liabilities		483	(765)	(282)	(1,287)
Depreciation and amortization	281,297	156,230	74,600	512,127	466,820
Net Cash Used in Operating Activities	\$ (774,308)	\$ (394,446)	\$ (242,374)	\$ (1,411,128)	\$ (1,068,076)

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, 2025

	<u>Employee Retirement Fund</u>	<u>Custodial Funds</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$	\$ 6,848,995
Investments at fair value	<u>578,040</u>	<u>                    </u>
Total Assets	<u>578,040</u>	<u>6,848,995</u>
<b>NET POSITION:</b>		
Restricted for pensions	578,040	
Restricted for agencies	<u>                    </u>	<u>6,848,995</u>
Total Net Position	<u>\$ 578,040</u>	<u>\$ 6,848,995</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, 2025

	<u>Employee Retirement Fund</u>	<u>Custodial Funds</u>
<b>ADDITIONS:</b>		
Charges for services		
Fines and fees		
Contributions:		
Employee	\$ 14,700	\$
Private		80,983,162
Investment Activity:		
Investment income	57,909	
Less Investment Expenses:		
Asset fees	50	
Net Investment Income	57,859	-
Total Additions and Investment Activity	72,559	80,983,162
<b>DEDUCTIONS:</b>		
Recipient payments		81,894,849
Benefits paid	54,050	
Total Deductions	54,050	81,894,849
Net Increase (Decrease)	18,509	(911,687)
Net Position - Beginning of Year	559,531	7,760,682
Net Position - End of Year	\$ 578,040	\$ 6,848,995

*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, 2025

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**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) and 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 are generally 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, 2025

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**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 County's primary operating fund 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, 2025

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, 2025, which relates to the use of external resources, is comprised of the following:

Restriction	Amount
Law enforcement center debt service	\$ 452,115
Texas Department of Criminal Justice grants and contracts	237,976
Records management	574,726
Court and courthouse security	49,677
Court technology	148,220
Abandoned vehicle	9,604
Other grants	26,130
 Total Restricted Fund Balance	 \$ 1,498,448

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, 2025 is comprised of the following:

Commitment	Amount
Road and bridge maintenance	\$ 1,880,717
Board of County Development	4,006
General	10,000
 Total Committed Fund Balance	 \$ 1,894,723

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, 2025, is comprised of the following:

Assignment	Amount
Senior center memorial	\$ 424,271
Friends of Boys & Girls Club	30,098
Friends of the library	44,592
 Total Assigned Fund Balance	 \$ 498,961

**SCURRY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025

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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 \$513,721 in property taxes during 2025 to the golf course to cover operating expenses of \$610,852 incurred in 2025.

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 \$1,961,320 in property taxes during 2025 to E.M.S. to cover operating expenses of \$3,369,710 incurred in 2025. The Scurry County Emergency Medical Service fund was considered a major proprietary fund for financial reporting purposes in 2025.

Scurry County Airport

Operating revenue results from hangar rental charges and the sale of fuel and oil. The County allocated \$484,777 in property taxes during 2025 to Scurry County Airport to cover operating expenses of \$596,127 incurred in 2025. The Scurry County Airport fund was considered a major proprietary fund for financial reporting purposes for 2025.

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, 2025

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**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 the 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 a 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. Budgets are legally adopted for the general, road, and bridge 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 trade 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 unless cash is affected, or the inclusion presents a more accurate short-term movement of cash.

**SCURRY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025

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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 the purpose of collecting 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 \$452,115 as of December 31, 2025, 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 of 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.

**Unearned Revenue**

Unearned revenues represent grant revenues and road damage funds received in advance that were not expended during 2025.

**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, 2025

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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.
Motor vehicles	5 yrs.
Equipment	5-10 yrs.
Furniture and fixtures	5-7 yrs.
Infrastructure	20-40 yrs.

Right-of-use lease assets are amortized over the lease term. 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 the payment of principal and interest is 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 \$1,498,448 represents funds restricted for debt service, grants, and contracts.

**SCURRY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025

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*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 positions are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance, while proprietary fund equity is classified the same way 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 29, 2026, the date the financial statements were available for issuance. No subsequent events were noted.

**NOTE 3: LEGAL COMPLIANCE - BUDGETS**

The County’s budgetary process requires that expending agencies submit appropriation requests by mid-June 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 \$18,388,245 to secure all bank deposits. The largest cash balance amounted to \$18,420,571 and occurred on January 7, 2025.

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

Statutes authorize the County to invest in the State’s investment pool. The County’s investments held at December 31, 2025, are not subject to classifications where securities related to the government cannot be identified.

**SCURRY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025

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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 the investment's value does not vary with changes in market interest rates. 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 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, 2025, 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

**SCURRY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025

institution's trust department or agent, but not in the County's name. At December 31, 2025, 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, 2025, 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, 2025, 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, 2025, the County was not exposed to foreign currency risk.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2025, is as follows:

	Beginning Balances	Transfers and Increases	Transfers and Decreases	Ending Balances
Governmental activities:				
Non-depreciable assets:				
Land	\$ 156,669	\$ _____	\$ _____	\$ 156,669
Depreciable assets:				
Buildings and improvements	25,546,508	72,583		25,619,091
Infrastructure	5,273,088			5,273,088
Equipment	10,602,929	991,764	(722,425)	10,872,268
Furniture and fixtures	299,278	9,255		308,533
Motor vehicles	2,922,903	346,948	(170,058)	3,099,793
Right-of-use assets - leases	3,069,943	752,952	(377,580)	3,445,315
Right-of-use assets - SBITAs	100,850		(66,643)	34,207
Software	882,098			882,098
Total at historical cost	<u>48,697,597</u>	<u>2,173,502</u>	<u>(1,336,706)</u>	<u>49,534,393</u>
Less accumulated depreciation for:				
Buildings and improvements	9,925,423	549,436		10,474,859
Infrastructure	4,805,823	67,334		4,873,157
Equipment	9,542,493	336,672	(796,019)	9,083,146
Furniture and fixtures	299,278	441		299,719
Motor vehicles	2,108,350	284,335	(170,058)	2,222,627
Right-of-use assets - leases	892,609	801,355	(377,114)	1,316,850
Right-of-use assets - SBITAs	83,038	10,590	(66,642)	26,986
Software	852,030	10,232		862,262
Total accumulated depreciation	<u>28,509,044</u>	<u>2,060,395</u>	<u>(1,409,833)</u>	<u>29,159,606</u>
Governmental activity capital assets, net	<u>\$ 20,345,222</u>	<u>\$ 113,107</u>	<u>\$ 73,127</u>	<u>\$ 20,531,456</u>

**SCURRY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
Business-type activities:				
Non-depreciable assets:				
Land	\$ 187,398	\$	\$	\$ 187,398
Construction in progress	175,665	4,422,626		4,598,291
	<u>363,063</u>	<u>4,422,626</u>	<u>-</u>	<u>4,785,689</u>
Depreciable assets:				
Buildings and improvements	4,567,191	226,490	(57,793)	4,735,888
Equipment	2,001,592	72,782	(275,367)	1,799,007
Motor vehicles	1,396,145	175,842	(27,500)	1,544,487
Right-of-use assets - leases	296,843	31,314		328,157
Total at historical cost	<u>8,624,834</u>	<u>506,428</u>	<u>(360,660)</u>	<u>8,407,539</u>
Less accumulated depreciation for:				
Buildings and improvements	3,404,220	221,733		3,625,953
Equipment	1,674,897	175,073	(275,367)	1,574,603
Motor vehicles	608,301	278,316	(27,500)	859,117
Right-of-use assets – leases	255,665	47,190	(161,452)	141,403
Total accumulated depreciation	<u>5,943,083</u>	<u>722,312</u>	<u>(464,319)</u>	<u>6,201,076</u>
Business-type activity capital assets, net	<u>\$ 2,681,751</u>	<u>\$ 4,206,742</u>	<u>103,659</u>	<u>\$ 6,992,152</u>

Depreciation and amortization expense for 2025 was charged to functions as follows:

	Governmental Activities	Business- Type Activities
General government	\$ 162,895	\$
Health and welfare	2,135	
Public safety	523,938	
Public facilities	56,427	
Culture and recreation	57,059	
Judicial and legal	45,385	
Road maintenance	1,028,038	
Parks/Rec	57,118	
Senior Center	38,735	
Hermleigh Water Works		3,500
Scurry County Airport		156,230
Scurry County Emergency Medical Service		281,297
Scurry County Golf Course		71,100
	<u>\$ 1,971,730</u>	<u>\$ 512,127</u>

**Construction commitment**

The County has entered into a construction commitment agreement with Butler-Cohen LLC related to the construction of the EMS building. As of year end, total project costs incurred amounted to \$4,576,880. The remaining commitment under the agreement is approximately \$405,537.

**SCURRY COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6: LONG-TERM OBLIGATIONS**

In the government activities, long-term obligations at December 31, 2025, are summarized as follows:

	January 1, 2025	Increases	Decreases	December 31, 2025	Amount Due Within One Year
Certificates of obligation (2021)	\$ 8,590,000		\$ (780,000)	\$ 7,810,000	\$ 795,000
ROU Leases	2,216,140	702,952	(490,135)	2,428,957	328,648
ROU SBITAs	10,213		(8,745)	1,468	1,468
	\$ 10,816,353	\$ 702,952	\$ (1,278,880)	\$ 10,240,425	\$ 1,125,116

Long-term debt arising from cash transactions and payable from governmental fund resources consisted of the following at December 31, 2025:

Leases payable:

The County entered into a lease agreement totaling \$423,421 for a 2024 John Deere Motorgrader with a \$40,000 trade-in allowance. The payable is in 5 annual installments of \$49,742 due beginning on February 15, 2025, and thereafter, which includes both principal and interest, with a balloon payment of \$225,000 due at the end of the lease term. The interest rate of the lease is 5.95% with maturity on March 15, 2029. The lease is secured by the equipment.

\$ 349,359

The County entered into a lease agreement totaling \$455,889 for a 2025 John Deere Motorgrader payable in 5 annual installments of \$63,700 beginning February 15, 2025, and thereafter, which includes both principal and interest, with a balloon payment of \$225,000 due at the end of the lease term. The interest rate of the lease is 5.95% with maturity on March 15, 2029. The lease is secured by the equipment.

396,721

The County entered into a lease agreement totaling \$425,124 for a 2024 John Deere Motorgrader payable in 5 annual installments of \$47,567 beginning February 15, 2025, and thereafter, which includes both principal and interest, with a balloon payment of \$225,000 due at the end of the lease term. The interest rate of the lease is 5.95% with maturity on March 15, 2029. The lease is secured by the equipment.

374,274

The County entered into a lease agreement totaling \$423,076 for a 2024 John Deere Motorgrader with a down payment of \$48,000. The payable is in 5 annual installments of \$57,205 beginning February 15, 2025, and thereafter, which includes both principal and interest, with a balloon payment of \$225,000 due at the end of the lease term. The interest rate of the lease is 5.95% with maturity on March 15, 2029. The lease is secured by the equipment.

340,967

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 September 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. The lease is secured by the equipment.

91,812

**SCURRY COUNTY, TEXAS**  
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The County entered into a lease agreement totaling \$224,500 for a 2022 CAT Pneumatic Compactor payable in annual installments of \$49,715 beginning May 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. The lease is secured by the equipment. 70,910

The County entered into a lease agreement totaling \$131,000 for a Toshiba Lexmark Printer payable in monthly installments of \$2,963 beginning December 1, 2024, and thereafter, which includes principal and interest. The interest rate is 4.09% with maturity on November 1, 2028. 97,606

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, with final payments due between January 22, 2023, and November 16, 2026. 4,355

The County entered into a lease agreement totaling \$206,200 for a 2024 Asphalt Zipper Reclaimer, payable in annual installments of \$48,084 beginning February 5, 2026, and thereafter, including principal and interest. The interest rate is 5.22% with a maturity on February 5, 2030. The lease is secured by the equipment. 206,200

The County entered into a lease agreement totaling \$431,002 for a 2025 John Deere 772G Motorgrader with a \$185,000 trade in allowance. The payable is in 5 annual installments of \$61,184 due beginning on February 14, 2026, and thereafter, which includes both principal and interest, with a balloon payment of \$232,500 due at the end of the lease term. The interest rate of the lease is 5.95% with maturity on March 14, 2030. The lease is secured by the equipment. 431,002

The County entered into a lease agreement totaling \$65,751 for a 2025 John Deere 335P Track Loader with a down payment of \$50,000. The payable is in 3 annual installments of \$24,277 due beginning on February 15, 2026, and thereafter, which includes both principal and interest. The interest rate of the lease is 5.65% with a maturity on February 15, 2028. The lease is secured by the equipment. 65,751

Total finance leases payable \$ 2,428,957

Maturities of finance lease obligations are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
2026	\$ 328,648	\$ 137,375	\$ 466,023
2027	315,197	121,837	437,034
2028	280,474	103,882	384,355
2029	1,135,738	91,746	1,227,483
2030	<u>368,900</u>	<u>20,445</u>	<u>389,345</u>
	<u>\$ 2,428,957</u>	<u>\$ 475,285</u>	<u>\$ 2,904,242</u>

**SCURRY COUNTY, TEXAS**  
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Certificates of obligation:

Certificates of obligation (2021) of \$9,370,000, issued to refund \$9,365,000 of the 2013 series issued in connection with the 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 an interest rate of 2%, final payment due February 15, 2034, net of \$160,086 premium. \$ 7,810,000

Total certificates of obligation \$ 7,810,000

Maturities of certificates of obligation are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
2026	\$ 795,000	\$ 156,600	\$ 951,600
2027	810,000	140,550	950,550
2028	835,000	119,925	954,925
2029	850,000	98,900	948,900
2030+	4,520,000	229,500	4,749,500
	\$ 7,810,000	\$ 745,475	\$ 8,555,475

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 1<sup>st</sup>, with an interest rate of 2.13%, final payment due August 1, 2026. \$ 1,468

Total SBITA payable \$ 1,468

Maturities of SBITA obligations are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
2026	\$ <u>1,468</u>	\$ <u>12</u>	\$ <u>1,480</u>
	\$ <u>1,468</u>	\$ <u>12</u>	\$ <u>1,480</u>

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

Year Ending December 31,	
2026	\$ 1,125,116
2027	1,125,197
2028	1,115,474
2029	1,985,738
2030+	4,888,900
	\$ 10,240,425

Certificates of Obligation

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”.

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 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, 2025, will be amortized each year serially on dates prescribed by the 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 \$452,115, 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 \$179,786 associated with the 2021 issuance is being amortized on the straight-line method over the life of the respective bond issuance. Net amortization was \$19,700 for the year ended December 31, 2025.

In the business-type activities, long-term obligations at December 31, 2025, are summarized as follows:

	January 1, 2025	Increases	Decreases	December 31, 2025	Amount Due Within One Year
Finance lease obligations	\$ 36,775	\$ 193,515	\$ (39,089)	\$ 191,201	\$ 36,562
	\$ 36,775	\$ 193,515	\$ (39,089)	\$ 191,201	\$ 36,562

**SCURRY COUNTY, TEXAS**  
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Long-term debt arising from cash transactions and payable from business-type activities consisted of the following at December 31, 2025:

Leases payable:

The County entered into a lease agreement for a copier, payable in monthly installments of \$195, including interest at 0.05%, secured by the equipment, with final payments due October 23, 2026. \$ 1,947

The County entered into a lease agreement totaling \$100,017 for 16 Yamaha golf cars, payable in monthly installments of \$1,888 beginning October 15, 2025, and thereafter, which includes both principal and interest. The interest rate of the lease is 5.8% with maturity on October 15, 2030. The lease is secured by the equipment. 95,756

The County entered into a lease agreement totaling \$93,498 for a Toro Greensmaster Triflex 3400 mower, payable in annual installments of \$21,392 beginning November 24, 2026, and thereafter, which includes both principal and interest. The interest rate of the lease is 4.84% with a maturity on November 24, 2030. The lease is secured by the equipment. 93,498

Total finance leases payable \$ 191,201

Maturities of the finance lease obligations are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
2026	\$ 36,562	\$ 9,434	\$ 45,996
2027	36,506	7,542	44,048
2028	38,501	5,547	44,048
2029	40,607	3,442	44,048
2030	<u>39,025</u>	<u>1,247</u>	<u>40,272</u>
	<u>\$ 191,201</u>	<u>\$ 27,212</u>	<u>\$ 218,412</u>

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

Year Ending December 31,	
2026	\$ 36,562
2027	36,506
2028	38,501
2029	40,607
2030	<u>39,023</u>
	<u>\$ 191,201</u>

**SCURRY COUNTY, TEXAS**  
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**NOTE 7: FEDERAL/STATE SOURCE REVENUES**

The majority of the federal grant funds received are for strengthening homeland security, improving parks and recreation, preventing bio-terrorism, and maintaining 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 and 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](http://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.

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, 2024, membership data for the pension plan were as follows:

Retirees and beneficiaries currently receiving benefits	236
Inactive employees entitled to, but not yet receiving benefits	311
Active employees	199
Total Participants	<u>746</u>

**SCURRY COUNTY, TEXAS**  
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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 10.46% for fiscal year 2024. 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.

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 the 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, 2024, and the TPL used to calculate the NPA was determined by an actuarial valuation as of that date.

Total pension liability	\$	69,179,203
Fiduciary net position		<u>(72,997,903)</u>
 Net pension asset	 \$	 <u><u>(3,818,700)</u></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 the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	
Overall payroll growth	3.00%	
 Investment rate of return	 7.60%	 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

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

**SCURRY COUNTY, TEXAS**  
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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 reassessed 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	13.00%	5.35%
Private equity	25.00%	8.15%
Global equities	4.00%	5.15%
International equities - developed	6.00%	4.75%
International equities - emerging	0.00%	4.75%
Investment-grade bonds	3.00%	2.55%
Strategic credit	9.00%	3.70%
Direct lending	16.00%	6.85%
Distressed debt	4.00%	7.80%
REIT equities	2.00%	3.95%
Master limited partnerships	2.00%	4.95%
Commodities	2.00%	1.00%
Private real estate partnerships	6.00%	5.75%
Hedge funds	6.00%	3.60%
Cash equivalents	2.00%	1.10%

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumes 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 projected benefit payment periods to determine the total pension liability.

**SCURRY COUNTY, TEXAS**  
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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, 2023	\$ 67,179,699	\$ 68,445,121	\$ (1,265,422)
Changes for the year:			
Service cost	1,291,512		1,291,512
Interest on total pension liability	5,051,614		5,051,614
Effect of plan changes			
Effect of economic/demographic gains or losses	(263,708)		(263,708)
Effect of assumptions changes or inputs			
Refund of contributions	(126,609)	(126,609)	-
Benefit payments	(3,953,305)	(3,953,305)	-
Administrative expenses		(39,737)	39,737
Member contributions		740,632	(740,632)
Net investment income		6,929,461	(6,929,461)
Employer contributions		1,104,599	(1,104,599)
Other		(102,259)	102,259
Balances as of December 31, 2024	\$ 69,179,203	\$ 72,997,903	\$ (3,818,700)

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's 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	\$ 77,378,045	\$ 69,179,203	\$ 62,247,465
Fiduciary net position	72,997,903	72,997,903	72,997,903
Net pension liability (asset)	\$ 4,380,142	\$ (3,818,700)	\$ (10,750,438)

**NOTE 9: DEFERRED INFLOWS OF RESOURCES**

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 uncollectible 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, 2025, unavailable revenue related to property taxes amounted to \$9,452,774. Changes in this account affect the unrestricted net position.

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**NOTE 10: RISK MANAGEMENT**

The County is exposed to various risks of loss, including torts, theft, damage to, or destruction of assets, errors and omissions, injuries to employees, employees' health and lives, 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

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

Transfer From	Transfer To	Amount
General Fund	Road and Bridge	\$ 300,040
General Fund	A.R.P.A.	705,286
A.R.P.A	EMS	4,422,626
General Fund	Law Library	232,478
General Fund	Help America Vote	10,921
C.S.C.D.	T.A.I.P.	10,176
		<u>\$ 5,681,527</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 \$986,290 of reduced taxes for fiscal year 2024. Scurry County receives \$193,400 per year in consideration of the tax

**SCURRY COUNTY, TEXAS**  
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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 \$854,760 of reduced taxes for fiscal year 2024. 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 \$603,300 of reduced taxes for fiscal year 2024. 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 \$1,140 of reduced taxes for fiscal year 2024. The purpose of the abatement is for the construction and employment of a wind power project.
- KCE TX 13 LLC, 100% of taxes abated over 10 years, beginning January 2022 and ending December 2031. The abatement amount to \$123,969 of reduce taxes for fiscal year 2024.. The purpose of the abatement is for the construction and employment of a wind power project.
- Gopher Creek Wind, LLC, 100% of taxes abated over 10 years, beginning January 2020 and ending December 2029. The abatement amounted to \$59,975 of reduced taxes for fiscal year 2024. 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 and Help America Vote funds ended with deficit balances of (\$232,478) and (\$10,921) as of December 31, 2025, respectively. Transfers from the general fund are available to eliminate the fund deficit balances.

**NOTE 14: NEW PRONOUNCEMENTS**

*Adopted*

**GASB Statement No. 101**

In June 2022, the GASB issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences by aligning it under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The County adopted this standard in the current fiscal year. Adoption of this standard did not have a financial impact on the financial statements.

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**GASB Statement No. 102**

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures, which provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The County adopted this standard in the current fiscal year. Adoption of this standard did not have a financial impact on the financial statements.

*Not Adopted*

**GASB Statement No. 103**

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements, which updates certain aspects of the governmental financial reporting model to enhance the effectiveness of information provided in financial statements and improve comparability among governments. Key changes include modifications to management's discussion and analysis, unusual or infrequent items, presentation of proprietary fund statements, and budgetary comparison information. The requirements of GASB Statement No. 103 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

**GASB Statement No. 104**

In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets, which provides users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, 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, 2025

	Budgeted Amounts		Variance with Original Budget over (under) Final Budget	Actual Amount (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final			
Beginning Budgetary Fund Balance	\$ 198,509	\$ (1,559,299)	\$ (1,757,808)	\$ 2,821,827	\$ 4,381,126
<b>Resources (Inflows):</b>					
<b>Taxes:</b>					
Sales tax	3,000,000	3,000,000	-	2,793,271	(206,729)
Property tax	14,602,764	14,602,764	-	14,548,784	(53,980)
Other tax	20,000	20,000	-	26,592	6,592
Total taxes	<u>17,622,764</u>	<u>17,622,764</u>	<u>-</u>	<u>17,368,647</u>	<u>(254,117)</u>
Grant Revenue	<u>139,675</u>	<u>139,675</u>	<u>-</u>	<u>1,014,122</u>	<u>874,447</u>
<b>Fines and forfeitures:</b>					
Miscellaneous fees	<u>954,450</u>	<u>954,450</u>	<u>-</u>	<u>1,620,407</u>	<u>665,957</u>
Total fines and forfeitures	<u>954,450</u>	<u>954,450</u>	<u>-</u>	<u>1,620,407</u>	<u>665,957</u>
<b>Miscellaneous:</b>					
Interest income	200,000	200,000	-	987,041	787,041
Miscellaneous	<u>282,000</u>	<u>282,000</u>	<u>-</u>	<u>498,003</u>	<u>216,003</u>
Total miscellaneous	<u>482,000</u>	<u>482,000</u>	<u>-</u>	<u>1,485,044</u>	<u>1,003,044</u>
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>19,198,889</u>	<u>19,198,889</u>	<u>-</u>	<u>24,310,047</u>	<u>6,670,457</u>
<b>Charges to Appropriations (Outflows):</b>					
General government	4,209,400	4,164,091	(45,309)	2,475,014	1,689,077
County judge	254,647	261,087	6,440	247,531	13,556
Commissioners jourt	498,056	556,995	58,939	528,038	28,957
County clerk	335,712	352,626	16,914	332,933	19,693
Elections administration	151,928	179,536	27,608	162,457	17,079
County and justice court	62,000	63,112	1,112	61,752	1,360
District court	390,942	401,176	10,234	326,957	74,219
District clerk	433,937	433,984	47	405,461	28,523
Justice of peace #1	309,318	311,236	1,918	295,519	15,717
Justice of peace #2	291,687	294,674	2,987	278,925	15,749
District judge	20,775	20,983	208	9,201	11,782
District court reporter	179,458	180,869	1,411	179,938	931
County attorney	367,090	552,926	185,836	554,273	(1,347)
District attorney	253,753	475,176	221,423	464,995	10,181
County auditor	343,563	344,270	707	327,959	16,311
Treasurer	272,624	273,492	868	268,475	5,017
Tax collector	583,932	585,162	1,230	578,282	6,880

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

For the Year Ended December 31, 2025

	Budgeted Amounts		Variance with Original Budget over (under) Final Budget	Actual Amount (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final			
Information technology	121,296	122,686	1,390	108,705	13,981
Building maintenance	448,114	444,262	3,852	434,286	9,976
County jail	3,848,184	3,937,748	89,564	3,788,199	149,549
Department of public safety	73,961	74,599	638	73,962	637
Sheriff	1,150,638	1,546,725	396,087	1,410,502	136,223
Juvenile program	296,970	165,191	(131,779)	108,288	56,903
Juvenile probation	251,033	245,543	(5,490)	186,405	59,138
Supervision	114,234	106,068	(8,166)	102,632	3,436
Mental health	9,000	9,000	-	-	9,000
Health unit	641,711	641,393	318	570,273	71,120
County welfare	176,516	169,849	6,667	162,284	7,565
Child welfare	8,000	8,000	-	6,001	1,999
Library	390,667	405,234	14,567	397,683	7,551
Senior center	653,784	655,015	1,231	644,943	10,072
Youth center	555,324	637,269	81,945	630,158	7,111
Parks and recreational	1,264,487	1,268,013	3,526	1,248,432	19,581
Extension service	236,148	233,476	(2,672)	197,940	35,536
Transfers Out	-	-	-	1,248,725	(1,248,725)
Total charges to appropriations	19,198,889	20,121,466	944,251	18,817,128	1,304,338
Ending Budgetary Fund Balance	\$ 198,509	\$ (2,481,876)	\$ (2,702,059)	\$ 5,492,919	\$ 7,974,795

**RECONCILIATION TO MODIFIED CASH BASIS**

Total Fund Balance modified cash basis \$ 5,492,919

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

For the Year Ended December 31, 2025

	Budgeted Amounts		Variance with Original Budget over (under) Final Budget	Actual Amount (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final			
Beginning Budgetary Fund Balance	\$ 1,434,518	\$ (1,069,848)	\$ (2,504,366)	\$ 1,905,915	\$ 2,975,763
Resources (Inflows):					
Property taxes	2,751,260	2,751,260	-	2,751,260	-
Auto registrations	650,000	650,000	-	365,120	(284,880)
Tags supplement	150,000	150,000	-	197,550	47,550
Gross weight and axle fee	60,000	60,000	-	69,010	9,010
TxDOT grant	500,000	500,000	-	-	(500,000)
Fines and fees	21,000	21,000	-	22,175	1,175
Interest	45,000	45,000	-	162,767	117,767
Miscellaneous revenue	600	600	-	366,514	365,914
Transfers In	-	-	-	300,040	300,040
Total available for appropriation	5,612,378	3,108,012	(2,504,366)	6,140,351	2,732,299
Charges to Appropriations (Outflows):					
Combined precincts	4,177,860	4,588,564	410,704	4,259,634	328,930
Total charges to appropriations	4,177,860	4,588,564	410,704	4,259,634	328,930
Ending Budgetary Fund Balance	\$ 1,434,518	\$ (1,480,552)	\$ (2,915,070)	\$ 1,880,717	\$ 3,061,229

**RECONCILIATION TO MODIFIED CASH BASIS**

Total Fund Balance modified cash basis	\$ <u>1,880,717</u>
--	---------------------

**SCURRY COUNTY, TEXAS**  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
For the Year Ended December 31, 2025

**Note A - Basis of Accounting**

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the basic financial statements. Revenues are recognized as soon as they are both measurable and available and expenditures are recorded when a liability is incurred, as under accrual accounting.

**Note B - Actual Budget Results**

	<u>General Fund</u> over (under)	<u>Road and Bridge Fund</u> over (under)
<b>BUDGETARY REVENUES</b>		
Differences - final budget to actual:		
The County budgets property tax based on tax rate set and prior levy which is adjusted on a modified cash basis related to timing of collection. \$	(254,117) \$	-
The County actual amounts are higher than the final budget due to SB22 grant funds received in the current year.	874,447	-
The County budgets fines and forfeitures based on prior year historical numbers.	665,957	-
The County budgets miscellaneous revenue based on prior year historical numbers.	1,003,044	365,914
Auto registrations are based on anticipated economic activity.	-	(284,880)
The County budgets grant revenue based on anticipated cash receipts.	-	(500,000)

**BUDGETARY EXPENDITURES**

Differences - final budget to actual:

General government expenditures were based on anticipated needs of the County which were less than originally budgeted.	(1,689,077)	
Road and bridge expenditures were under budget due to purchases being less than anticipated for various equipment.	-	(328,930)

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

For the Last Ten Fiscal Years \*

	Measurement Date <u>12/31/2024</u>	Measurement Date <u>12/31/2023</u>	Measurement Date <u>12/31/2022</u>	Measurement Date <u>12/31/2021</u>	Measurement Date <u>12/31/2020</u>	Measurement Date <u>12/31/2019</u>	Measurement Date <u>12/31/2018</u>	Measurement Date <u>12/31/2017</u>	Measurement Date <u>12/31/2016</u>
Total Pension Liability:									
Service cost	\$ 1,291,512	\$ 1,213,008	\$ 1,187,857	\$ 1,207,724	\$ 1,039,367	\$ 955,793	\$ 985,740	\$ 1,067,518	\$ 1,090,885
Interest on total pension liability	5,051,614	4,888,591	4,755,464	4,609,050	4,469,688	4,306,200	4,131,567	3,934,827	3,743,673
Effect of plan changes									
Effect of assumption or plan changes				(450,285)	3,100,060			321,704	
Effect of economic / demographic (gains) or losses	(263,708)	15,200	(320,820)	127,244	(123,948)	(340,335)	(142,267)	(183,689)	(422,617)
Benefit payments / refunds of contributions	<u>(4,079,914)</u>	<u>(4,021,674)</u>	<u>(3,774,807)</u>	<u>(3,328,105)</u>	<u>(3,052,328)</u>	<u>(2,923,898)</u>	<u>(2,659,516)</u>	<u>(2,601,004)</u>	<u>(2,569,041)</u>
Net change in total pension liability	<u>1,999,504</u>	<u>2,095,125</u>	<u>1,847,694</u>	<u>2,165,628</u>	<u>5,432,839</u>	<u>1,997,760</u>	<u>2,315,524</u>	<u>2,539,356</u>	<u>1,842,900</u>
Total pension liability, beginning	<u>67,179,699</u>	<u>65,084,574</u>	<u>63,236,880</u>	<u>61,071,252</u>	<u>55,638,413</u>	<u>53,640,653</u>	<u>51,325,129</u>	<u>48,785,773</u>	<u>46,942,873</u>
Total pension liability, ending (a)	<u>69,179,203</u>	<u>67,179,699</u>	<u>65,084,574</u>	<u>63,236,880</u>	<u>61,071,252</u>	<u>55,638,413</u>	<u>53,640,653</u>	<u>51,325,129</u>	<u>48,785,773</u>
Fiduciary Net Position:									
Employer contributions	1,104,599	990,128	1,012,423	863,520	898,848	775,444	710,247	697,264	718,868
Member contributions	740,632	663,880	628,277	628,340	610,275	575,620	544,550	554,641	575,753
Investment income net of investment expenses	6,929,461	7,003,424	(3,938,501)	12,829,655	5,708,531	8,034,459	(972,677)	6,702,580	3,269,822
Benefit payments / refunds of contributions	(4,079,914)	(4,021,674)	(3,774,807)	(3,328,105)	(3,052,328)	(2,923,898)	(2,659,516)	(2,601,004)	(2,569,041)
Administrative expenses	(39,737)	(35,740)	(37,469)	(38,028)	(43,442)	(42,132)	(39,289)	(34,162)	(35,616)
Other	<u>(102,259)</u>	<u>(92,884)</u>	<u>(241,724)</u>	<u>(35,902)</u>	<u>(40,185)</u>	<u>(46,147)</u>	<u>(36,691)</u>	<u>(18,402)</u>	<u>(247,272)</u>
Net change in fiduciary net position	<u>4,552,782</u>	<u>4,507,134</u>	<u>(6,351,801)</u>	<u>10,919,480</u>	<u>4,081,699</u>	<u>6,373,346</u>	<u>(2,453,376)</u>	<u>5,300,917</u>	<u>1,712,514</u>
Fiduciary net position, beginning	<u>68,445,121</u>	<u>63,937,987</u>	<u>70,289,788</u>	<u>59,370,308</u>	<u>55,288,609</u>	<u>48,915,263</u>	<u>51,368,639</u>	<u>46,067,722</u>	<u>44,355,208</u>
Fiduciary net position, ending (b)	<u>72,997,903</u>	<u>68,445,121</u>	<u>63,937,987</u>	<u>70,289,788</u>	<u>59,370,308</u>	<u>55,288,609</u>	<u>48,915,263</u>	<u>51,368,639</u>	<u>46,067,722</u>
Net pension liability (asset), ending ((a) - (b))	<u>\$ (3,818,700)</u>	<u>\$ (1,265,422)</u>	<u>\$ 1,146,587</u>	<u>\$ (7,052,908)</u>	<u>\$ 1,700,944</u>	<u>\$ 349,804</u>	<u>\$ 4,725,390</u>	<u>\$ (43,510)</u>	<u>\$ 2,718,051</u>
Fiduciary net position as a % of total pension liability	105.52%	101.88%	98.24%	111.15%	97.21%	99.37%	91.19%	100.08%	94.43%
Pensionable covered payroll	\$ 10,580,460	\$ 9,483,995	\$ 8,975,387	\$ 8,976,289	\$ 8,718,221	\$ 8,223,149	\$ 7,779,280	\$ 7,923,440	\$ 8,225,039
Net pension liability / (asset) as a % of covered payroll	-36.09%	-13.34%	12.77%	-78.57%	19.51%	4.25%	60.74%	-0.55%	33.05%

\* 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
2016	\$ 718,868	\$ 718,868	\$ (1,719)	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%
2024	1,102,484	1,104,599	(2,115)	10,580,460	10.44%
2025	1,241,568	1,241,568	-	11,881,030	10.45%

**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	9.6 years (based on contribution rate calculated in 12/31/24 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 is 61.

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  
 2016: No changes in plan provisions were reflected in the Schedule  
 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017  
 2018: No changes in plan provisions were reflected in the Schedule  
 2019: No changes in plan provisions were reflected in the Schedule  
 2020: No changes in plan provisions were reflected in the Schedule  
 2021: No changes in plan provisions were reflected in the Schedule  
 2022: No changes in plan provisions were reflected in the Schedule  
 2023: No changes in plan provisions were reflected in the Schedule  
 2024: No changes in plan provisions were reflected in the Schedule

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

**COMBINING FINANCIAL STATEMENTS**

*Supplementary Information*

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

December 31, 2025

	Senior Center Memorial	Friends of Boys & Girls Club	Board of County Development	Abandoned Vehicle	Juvenile Probation	Friends of the Library	Law Library	J.P. Court Building Security
<u>ASSETS</u>								
Cash and cash equivalents	\$ 424,271	\$ 31,511	\$ 4,006	\$ 9,604	\$ 56,978	\$ 44,575		\$ 9,226
Restricted cash and cash equivalents								
Accounts receivable						17		
<b>Total Assets</b>	<b>\$ 424,271</b>	<b>\$ 31,511</b>	<b>\$ 4,006</b>	<b>\$ 9,604</b>	<b>\$ 56,978</b>	<b>\$ 44,592</b>	<b>\$ -</b>	<b>\$ 9,226</b>
<u>LIABILITIES</u>								
Other liabilities	\$	\$ 1,413	\$	\$	\$ 88	\$	\$	\$
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 1,413</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 88</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Fund Balances:								
Restricted	\$	\$	\$	\$ 9,604	\$ 56,890	\$	\$	\$ 9,226
Committed			4,006					
Assigned	424,271	30,098				44,592		
<b>Total Fund Balance</b>	424,271	30,098	4,006	9,604	56,890	44,592	-	9,226
<b>Total Liabilities and Fund Balance</b>	<b>\$ 424,271</b>	<b>\$ 31,511</b>	<b>\$ 4,006</b>	<b>\$ 9,604</b>	<b>\$ 56,978</b>	<b>\$ 44,592</b>	<b>\$ -</b>	<b>\$ 9,226</b>

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

December 31, 2025

<u>ASSETS</u>	<u>Records Management</u>	<u>Courthouse Security</u>	<u>L.E.O.S.E.</u>	<u>Library PAC-HUG Grant</u>	<u>Lone Star Grant</u>	<u>T.A.I.P.</u>	<u>C.S.C.D.</u>	<u>C.C.P.</u>
Cash and cash equivalents	\$ 572,506	\$ 40,451	\$ 17,129	\$ 200	\$ 1,454	\$ 63,127	\$ 100,575	\$ 16,635
Restricted cash and cash equivalents								
Accounts receivable	<u>2,220</u>						<u>749</u>	
<b>Total Assets</b>	<b><u>\$ 574,726</u></b>	<b><u>\$ 40,451</u></b>	<b><u>\$ 17,129</u></b>	<b><u>\$ 200</u></b>	<b><u>\$ 1,454</u></b>	<b><u>\$ 63,127</u></b>	<b><u>\$ 101,324</u></b>	<b><u>\$ 16,635</u></b>
Other liabilities	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
Fund Balances:								
Restricted	\$ 574,726	\$ 40,451	\$ 17,129	\$ 200	\$ 1,454	\$ 63,127	\$ 101,324	\$ 16,635
Committed								
Assigned								
<b>Total Fund Balance</b>	<b><u>574,726</u></b>	<b><u>40,451</u></b>	<b><u>17,129</u></b>	<b><u>200</u></b>	<b><u>1,454</u></b>	<b><u>63,127</u></b>	<b><u>101,324</u></b>	<b><u>16,635</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 574,726</u></b>	<b><u>\$ 40,451</u></b>	<b><u>\$ 17,129</u></b>	<b><u>\$ 200</u></b>	<b><u>\$ 1,454</u></b>	<b><u>\$ 63,127</u></b>	<b><u>\$ 101,324</u></b>	<b><u>\$ 16,635</u></b>

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

December 31, 2025

	Justice Court Technology	County and District Court Tech	Guardianship	Help America Vote	Law Enforcement Debt Service	TXDOT	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>							
Cash and cash equivalents	\$ 25,290	\$ 122,930	\$ 7,303	\$	\$	\$ 44	\$ 1,547,815
Restricted cash and cash equivalents					452,115		452,115
Accounts receivable							2,986
Total Assets	\$ 25,290	\$ 122,930	\$ 7,303	\$ -	\$ 452,115	\$ 44	\$ 2,002,916
Other liabilities	\$	\$	\$	\$	\$	\$	\$ 1,501
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,501
Fund Balances:							
Restricted	\$ 25,290	\$ 122,930	\$ 7,303	\$	\$ 452,115	\$ 44	\$ 1,498,448
Committed							4,006
Assigned							498,961
Total Fund Balance	25,290	122,930	7,303	-	452,115	44	2,001,415
Total Liabilities and Fund Balance	\$ 25,290	\$ 122,930	\$ 7,303	\$ -	\$ 452,115	\$ 44	\$ 2,002,916

**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, 2025

	Senior Center Memorial	Friends of Boys & Girls Club	Board of County Development	Abandoned Vehicle	Juvenile Probation	Friends of the Library	Law Library	J.P. Court Building Security
REVENUES:								
Taxes	\$	\$	\$	\$	\$	\$	\$	\$
State and federal grants					234,759			
Fines and fees		27,780			396		8,876	
Interest	17,544	1,403		407	146	1,721		
Other	79,135					25,199		
Total Revenues	<u>96,679</u>	<u>29,183</u>	<u>-</u>	<u>407</u>	<u>235,301</u>	<u>26,920</u>	<u>8,876</u>	<u>-</u>
EXPENDITURES:								
Current:								
General government			8,585					
Health and welfare	70,194							
Judicial and legal		11,850			246,772		30,058	
Public safety								
Public facilities						22,126		
Debt Service:								
Principal retired								
Interest								
Certificates of obligation administration expense								
Total Expenditures	<u>70,194</u>	<u>11,850</u>	<u>8,585</u>	<u>-</u>	<u>246,772</u>	<u>22,126</u>	<u>30,058</u>	<u>-</u>
Excess (Deficit) Revenues Over Expenditures	<u>26,485</u>	<u>17,333</u>	<u>(8,585)</u>	<u>407</u>	<u>(11,471)</u>	<u>4,794</u>	<u>(21,182)</u>	<u>-</u>
OTHER FINANCING SOURCES AND (USES):								
Transfers in (out)							232,478	
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	<u>26,485</u>	<u>17,333</u>	<u>(8,585)</u>	<u>407</u>	<u>(11,471)</u>	<u>4,794</u>	<u>211,296</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>397,786</u>	<u>12,765</u>	<u>12,591</u>	<u>9,197</u>	<u>68,361</u>	<u>39,798</u>	<u>(211,296)</u>	<u>9,226</u>
Fund Balance, End of Year	<u>\$ 424,271</u>	<u>\$ 30,098</u>	<u>\$ 4,006</u>	<u>\$ 9,604</u>	<u>\$ 56,890</u>	<u>\$ 44,592</u>	<u>\$ -</u>	<u>\$ 9,226</u>

**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, 2025

	<u>Records Management</u>	<u>Courthouse Security</u>	<u>L.E.O.S.E.</u>	<u>Library PAC-HUG Grant</u>	<u>Lone Star Grant</u>	<u>T.A.I.P.</u>	<u>C.S.C.D.</u>	<u>C.C.P.</u>
REVENUES:								
Taxes	\$	\$	\$	\$	\$	\$	\$	\$
State and federal grants			5,972			399,977	172,907	67,922
Fines and fees	96,879	12,304					165,401	
Interest							1,986	
Other							231	45,612
Total Revenues	<u>96,879</u>	<u>12,304</u>	<u>5,972</u>	<u>-</u>	<u>-</u>	<u>399,977</u>	<u>340,525</u>	<u>113,534</u>
EXPENDITURES:								
Current:								
General government	129,105	7,608						
Health and welfare								
Judicial and legal						397,381	313,657	105,328
Public safety			1,922					
Public facilities								
Debt Service:								
Principal retired								
Interest								
Certificates of obligation administration expense								
Total Expenditures	<u>129,105</u>	<u>7,608</u>	<u>1,922</u>	<u>-</u>	<u>-</u>	<u>397,381</u>	<u>313,657</u>	<u>105,328</u>
Excess (Deficit) Revenues Over	<u>(32,226)</u>	<u>4,696</u>	<u>4,050</u>	<u>-</u>	<u>-</u>	<u>2,596</u>	<u>26,868</u>	<u>8,206</u>
OTHER FINANCING SOURCES AND (USES):								
Transfers in (out)						10,176	(10,176)	
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and	<u>(32,226)</u>	<u>4,696</u>	<u>4,050</u>	<u>-</u>	<u>-</u>	<u>12,772</u>	<u>16,692</u>	<u>8,206</u>
Fund Balance, Beginning of Year	<u>606,952</u>	<u>35,755</u>	<u>13,079</u>	<u>200</u>	<u>1,454</u>	<u>50,355</u>	<u>84,632</u>	<u>8,429</u>
Fund Balance, End of Year	<u>\$ 574,726</u>	<u>\$ 40,451</u>	<u>\$ 17,129</u>	<u>\$ 200</u>	<u>\$ 1,454</u>	<u>\$ 63,127</u>	<u>\$ 101,324</u>	<u>\$ 16,635</u>

**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, 2025

	Justice Court Technology	County and District Court Tech	Guardianship	Help America Vote	Law Enforcement Debt Service	TXDOT	Total Nonmajor Governmental Funds
REVENUES:							
Taxes	\$	\$	\$	\$	\$ 942,350	\$	\$ 942,350
State and federal grants							881,537
Fines and fees	15,039	31,048	1,500				359,223
Interest					12,949		36,156
Other				2,250		44	152,471
Total Revenues	<u>15,039</u>	<u>31,048</u>	<u>1,500</u>	<u>2,250</u>	<u>955,299</u>	<u>44</u>	<u>2,371,737</u>
EXPENDITURES:							
Current:							
General government				20,617			165,915
Health and welfare							70,194
Judicial and legal	3,366	1,999					1,110,411
Public safety							1,922
Public facilities							22,126
Debt Service:							
Principal retired					780,000		780,000
Interest					172,350		172,350
Certificates of obligation administration expense					2,050		2,050
Total Expenditures	<u>3,366</u>	<u>1,999</u>	<u>-</u>	<u>20,617</u>	<u>954,400</u>	<u>-</u>	<u>2,324,968</u>
Excess (Deficit) Revenues Over Expenditures	<u>11,673</u>	<u>29,049</u>	<u>1,500</u>	<u>(18,367)</u>	<u>899</u>	<u>44</u>	<u>46,769</u>
OTHER FINANCING SOURCES AND (USES):							
Transfers in (out)				10,921			243,399
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	<u>11,673</u>	<u>29,049</u>	<u>1,500</u>	<u>(7,446)</u>	<u>899</u>	<u>44</u>	<u>290,168</u>
Fund Balance, Beginning of Year	<u>13,617</u>	<u>93,881</u>	<u>5,803</u>	<u>7,446</u>	<u>451,216</u>	<u>-</u>	<u>1,711,247</u>
Fund Balance, End of Year	<u>\$ 25,290</u>	<u>\$ 122,930</u>	<u>\$ 7,303</u>	<u>\$ -</u>	<u>\$ 452,115</u>	<u>\$ 44</u>	<u>\$ 2,001,415</u>

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

December 31, 2025

	<u>Scurry County Golf Course</u>	<u>Hermleigh Water Works</u>	<u>Total Non-Major Business-type Activities Enterprise Fund</u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 490,548	\$ 125,054	\$ 615,602
Accounts receivable, net	<u>1,640</u>	<u>                    </u>	<u>1,640</u>
Total Current Assets	<u>492,188</u>	<u>125,054</u>	<u>617,242</u>
Noncurrent:			
Capital assets:			
Property, plant and equipment	1,300,807	801,839	2,102,646
Less: accumulated depreciation	<u>(448,768)</u>	<u>(798,572)</u>	<u>(1,247,340)</u>
Total Noncurrent Assets	<u>852,039</u>	<u>3,267</u>	<u>855,306</u>
<b>TOTAL ASSETS</b>	<u><u>1,344,227</u></u>	<u><u>128,321</u></u>	<u><u>1,472,548</u></u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	2,230		2,230
Customer deposits		18,932	18,932
Right-of-use lease obligation - current	<u>34,615</u>	<u>                    </u>	<u>34,615</u>
Total Current Liabilities	<u>36,845</u>	<u>18,932</u>	<u>55,777</u>
Noncurrent liabilities:			
Right-of-use lease obligation	<u>154,639</u>	<u>                    </u>	<u>154,639</u>
Total Noncurrent Liabilities	<u>154,639</u>	<u>-</u>	<u>154,639</u>
<b>TOTAL LIABILITIES</b>	<u><u>191,484</u></u>	<u><u>18,932</u></u>	<u><u>210,416</u></u>
<b>NET POSITION:</b>			
Net investment in capital assets	662,785	3,267	666,052
Unrestricted	<u>489,958</u>	<u>106,122</u>	<u>596,080</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 1,152,743</u></u>	<u><u>\$ 109,389</u></u>	<u><u>\$ 1,262,132</u></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, 2025

	<u>Scurry County Golf Course</u>	<u>Hermleigh Water Works</u>	<u>Total Non-Major Business-type Activities Enterprise Fund</u>
<b>OPERATING REVENUES:</b>			
Fees	\$ 84,501	\$	\$ 84,501
Cart shed rentals	92,480		92,480
Membership dues	<u>122,947</u>		<u>122,947</u>
 Total Operating Revenues	 <u>299,928</u>	 <u>-</u>	 <u>299,928</u>
<b>OPERATING EXPENSES:</b>			
Wages and salaries	128,861		128,861
Payroll taxes	9,564		9,564
Employee benefits	14,146		14,146
Depreciation expense	71,100	3,500	74,600
Utilities	2,294		2,294
Supplies	66,059		66,059
Repairs	84,553	1,588	86,141
Fuel	10,656		10,656
Medical insurance	25,852		25,852
Professional services	169,188		169,188
Other	<u>28,579</u>		<u>28,579</u>
 Total Operating Expenses	 <u>610,852</u>	 <u>5,088</u>	 <u>615,940</u>
 Operating Loss	 (310,924)	 (5,088)	 (316,012)
<b>NON-OPERATING REVENUES:</b>			
Ad valorem taxes	513,721		513,721
Miscellaneous income	<u>49,931</u>	<u>5,482</u>	<u>55,413</u>
 Change in Net Position	 252,728	 394	 253,122
 Net Position - Beginning	 <u>900,015</u>	 <u>108,995</u>	 <u>1,009,010</u>
 Net Position - Ending	 <u>\$ 1,152,743</u>	 <u>\$ 109,389</u>	 <u>\$ 1,262,132</u>

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

For the Year Ended December 31, 2025

	Scurry County Golf Course	Hermleigh Water Works	Total Non-Major Business-type Activities Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 299,731	\$	\$ 299,731
Cash paid to employees	(152,571)		(152,571)
Cash paid to suppliers	(387,946)	(1,588)	(389,534)
Net Cash Used in Operating Activities	(240,786)	(1,588)	(242,374)
<b>CASH FLOWS NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Miscellaneous receipts	49,931	5,482	55,413
Ad valorem tax receipts	513,721		513,721
Net Cash Provided by Noncapital and Related Financing Activities	563,652	5,482	569,134
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Payments on notes payable	(36,748)		(36,748)
Proceeds on leases	193,515		193,515
Purchase of capital assets	(328,073)		(328,073)
Net Cash Used in Capital and Related Financing Activities	(171,306)	-	(171,306)
Net Increase in Cash and Cash Equivalents	151,560	3,894	155,454
Cash and Cash Equivalents at Beginning of Year	338,988	121,160	460,148
Cash and Cash Equivalents at End of Year	\$ 490,548	\$ 125,054	\$ 615,602
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>			
Operating Loss	\$ (310,924)	\$ (5,088)	\$ (316,012)
Decrease in accounts payable	(765)		(765)
Increase in accounts receivable	(197)		(197)
Depreciation expense	71,100	3,500	74,600
Net Cash Used in Operating Activities	\$ (240,786)	\$ (1,588)	\$ (242,374)

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

December 31, 2025

	<u>CJC, LEETA, CVCA Fund</u>	<u>Property Tax Fund</u>	<u>Highway Tax Fund</u>	<u>District Clerk Fund</u>	<u>County Clerk Fund</u>	<u>Justice of the Peace Fund</u>	<u>Sheriff Inmate Fund</u>
ASSETS:							
Cash and cash equivalents	\$ 3,172,144	\$ 1,979,087	\$ 95,321	\$ 1,003,385	\$ 132,762	\$ 742	\$ 13,856
Total Assets	<u>3,172,144</u>	<u>1,979,087</u>	<u>95,321</u>	<u>1,003,385</u>	<u>132,762</u>	<u>742</u>	<u>13,856</u>
NET POSITION:							
Restricted for agencies	<u>\$ 3,172,144</u>	<u>\$ 1,979,087</u>	<u>\$ 95,321</u>	<u>\$ 1,003,385</u>	<u>\$ 132,762</u>	<u>\$ 742</u>	<u>\$ 13,856</u>

**SCURRY COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**MODIFIED CASH BASIS - FIDUCIARY FUNDS (CONTINUED)**

December 31, 2025

	<u>County Attorney</u>	<u>District Attorney</u>	<u>Community Supervision &amp; Corrections</u>	<u>Sheriff Commissary Fund</u>	<u>Minors Escrow Fund</u>	<u>Total Custodial Funds</u>
ASSETS:						
Cash and cash equivalents	\$ 10,847	\$ 271,929	\$ 25,139	\$ 92,108	\$ 51,675	\$ 6,848,995
Total Assets	<u>10,847</u>	<u>271,929</u>	<u>25,139</u>	<u>92,108</u>	<u>51,675</u>	<u>6,848,995</u>
NET POSITION:						
Restricted for agencies	<u>\$ 10,847</u>	<u>\$ 271,929</u>	<u>\$ 25,139</u>	<u>\$ 92,108</u>	<u>\$ 51,675</u>	<u>\$ 6,848,995</u>

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

December 31, 2025

	<u>CJC, LEETA, CVCA Fund</u>	<u>Property Tax Fund</u>	<u>Highway Tax Fund</u>	<u>District Clerk Fund</u>	<u>County Clerk Fund</u>	<u>Justice of the Peace Fund</u>	<u>Sheriff Inmate Fund</u>
ADDITIONS:							
Private contributions	\$ 3,568,458	\$ 68,878,250	\$ 6,708,460	\$ 591,432	\$ 332,880	\$ 17,593	\$ 231,672
Total Additions	<u>3,568,458</u>	<u>68,878,250</u>	<u>6,708,460</u>	<u>591,432</u>	<u>332,880</u>	<u>17,593</u>	<u>231,672</u>
DEDUCTIONS							
Recipient payments	<u>3,373,396</u>	<u>69,176,440</u>	<u>6,701,684</u>	<u>1,404,739</u>	<u>326,142</u>	<u>17,185</u>	<u>236,031</u>
Total Deductions	<u>3,373,396</u>	<u>69,176,440</u>	<u>6,701,684</u>	<u>1,404,739</u>	<u>326,142</u>	<u>17,185</u>	<u>236,031</u>
Net increase (decrease) in net position	195,062	(298,190)	6,776	(813,307)	6,738	408	(4,359)
Net position - beginning	<u>2,977,082</u>	<u>2,277,277</u>	<u>88,544</u>	<u>1,816,692</u>	<u>126,024</u>	<u>334</u>	<u>18,216</u>
Net position - ending	<u>\$ 3,172,144</u>	<u>\$ 1,979,087</u>	<u>\$ 95,320</u>	<u>\$ 1,003,385</u>	<u>\$ 132,762</u>	<u>\$ 742</u>	<u>\$ 13,857</u>

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

December 31, 2025

	<u>County Attorney</u>	<u>District Attorney</u>	<u>Community Supervision &amp; Corrections</u>	<u>Sheriff Commissary Fund</u>	<u>Minors Escrow Fund</u>	<u>Total Custodial Funds</u>
ADDITIONS:						
Private contributions	\$ 6,003	\$ 233,483	\$ 364,848	\$ 50,083	\$ -	\$ 80,983,162
Total Additions	<u>6,003</u>	<u>233,483</u>	<u>364,848</u>	<u>50,083</u>	<u>-</u>	<u>80,983,162</u>
DEDUCTIONS						
Recipient payments	<u>4,601</u>	<u>258,007</u>	<u>369,684</u>	<u>26,940</u>	<u>-</u>	<u>81,894,849</u>
Total Deductions	<u>4,601</u>	<u>258,007</u>	<u>369,684</u>	<u>26,940</u>	<u>-</u>	<u>81,894,849</u>
Net increase (decrease) in net position	1,402	(24,524)	(4,836)	23,143	-	(911,687)
Net position - beginning	<u>9,445</u>	<u>296,453</u>	<u>29,976</u>	<u>68,964</u>	<u>51,675</u>	<u>7,760,682</u>
Net position - ending	<u><u>\$ 10,847</u></u>	<u><u>\$ 271,929</u></u>	<u><u>\$ 25,140</u></u>	<u><u>\$ 92,107</u></u>	<u><u>\$ 51,675</u></u>	<u><u>\$ 6,848,995</u></u>

**INTERNAL CONTROL SECTION**



June 29, 2026

**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, 2025, 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 29, 2026.

**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.

*Condley and Company, L.L.P.*

Certified Public Accountants



June 29, 2026

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

### **Independent Auditor's Report**

Report on Compliance for each Major Federal and State Program and on  
Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Uniform  
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, 2025. 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, 2025.

#### **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 (GAS); the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State of Texas Uniform Grant Management Standards* (TxGMS). Our responsibilities under those standards, the Uniform Guidance, 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 meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal and state 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 federal and 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*, the Uniform Guidance, 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 a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, 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 consider 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 Uniform Guidance and 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, 2025

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**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  X  No

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

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

**2. Federal and State Awards**

Internal control over major programs:

One or more material weaknesses identified? \_\_\_\_\_ Yes  X  No

One or more significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  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  X  No

Identification of major programs:

<u>Assistance Listing Number(s)</u> 21.027	<u>Name of Federal/State Program or Cluster</u> Coronavirus State and Local Fiscal Recovery Fund
n/a – State	Rural Law Enforcement Salary Assistance Program
Dollar threshold used to distinguish between type A and type B programs:	\$1,000,000
Auditee qualified as low-risk auditee? (Federal)	_____ Yes <u> X </u> No
Auditee qualified as low-risk auditee? (State)	<u> X </u> Yes _____ No

**B. Financial Statement Findings**

None.

**C. Federal Award Findings and Questioned Costs**

None.

**SCURRY COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Year Ended December 31, 2025

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There were no findings reported for the year ended December 31, 2024.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**SCURRY COUNTY**  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2025

State Grantor/Pass-Through Grantor/ Grant Number / Program Title	Federal Financial Assistance Listing	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<b><u>EXPENDITURES OF FEDERAL AWARDS</u></b>				
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>				
The Coronavirus State and Local Fiscal Recovery Funds	21.027			<u>3,194,362</u>
<b>TOTAL TEXAS DEPARTMENT OF TRANSPORTATION</b>			<u>-</u>	<u><b>3,194,362</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ -</u>	<u><b>\$ 3,194,362</b></u>

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

**SCURRY COUNTY**  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2025

State Grantor/Pass-Through Grantor/ Grant Number / Program Title	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<b><u>EXPENDITURES OF STATE AWARDS</u></b>			
<b><u>TEXAS DEPARTMENT OF TRANSPORTATION</u></b>			
County Transportation Infrastructure Fund Grant Program	CTIF-02-208		20,389
Airport RAMP Grant	M2308SNYD		44,040
<b>TOTAL TEXAS DEPARTMENT OF TRANSPORTATION</b>		<b>-</b>	<b>64,429</b>
<b><u>TEXAS PARK AND WILDLIFE DEPARTMENT</u></b>			
Recreational Trails Program RTS-22011	CA-0004983		156,199
<b>TOTAL TEXAS PARK AND WILDLIFE DEPARTMENT</b>		<b>-</b>	<b>156,199</b>
<b><u>TEXAS DEPARTMENT OF JUDICIARY</u></b>			
County Emergency Reimbursement			147,287
<b>TOTAL TEXAS DEPARTMENT OF JUDICIARY</b>		<b>-</b>	<b>147,287</b>
<b><u>EMERGENCY MANAGEMENT SYSTEMS</u></b>			
County Emergency Reimbursement			18,107
<b>TOTAL EMERGENCY MANAGEMENT SYSTEMS</b>		<b>-</b>	<b>18,107</b>
<b><u>TEXAS DEPARTMENT OF CRIMINAL JUSTICE</u></b>			
<i>Passed Through Community Justice Assistance Division</i>			
Texas Treatment Alternatives to Incarceration Program			399,977
Texas Juvenile Justice Department			234,759
Community Supervision and Corrections Department			236,358
<b>TOTAL TEXAS DEPARTMENT OF CRIMINAL JUSTICE</b>		<b>-</b>	<b>871,094</b>
<b><u>TEXAS COMPTROLLER OF PUBLIC ACCOUNTS</u></b>			
Rural Law Enforcement Salary Assistance Program			700,000
<b>TOTAL TEXAS COMPTROLLER OF PUBLIC ACCOUNTS</b>		<b>-</b>	<b>700,000</b>
<b><u>TEXAS HEALTH AND HUMAN SERVICES COMMISSION</u></b>			
Title IX			10,637
<b>TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION</b>		<b>-</b>	<b>10,637</b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<b>\$ -</b>	<b>\$ 1,967,753</b>

## SCURRY COUNTY

### NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2025

#### Note 1: Basis of Presentation

The accompanying schedules of expenditures for federal and state awards (the "Schedules") include the federal and state award activity of Scurry County under federal and state government programs for the year ended December 31, 2025. The information in the Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, and the State of Texas Uniform Grant Management Standards (TxGMS). Because the Schedules present only a selected portion of the operations of Scurry County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Scurry County.

#### Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the TxGMS, wherein certain expenditures are not allowed or are limited 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 under the Uniform Guidance and 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 federal or state funding to subrecipients.