



**SCURRY COUNTY, TEXAS**

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

**December 31, 2021**  
**(With Summarized Financial Information**  
**as of and for the Year Ended December 31, 2020)**

# SCURRY COUNTY, TEXAS

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December 31, 2021

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May 9, 2022

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

**INDEPENDENT AUDITOR'S REPORT**

**Qualified Opinions on Basic Financial Statements Prepared In Accordance  
With A Comprehensive Basis of Accounting Other Than Generally Accepted Accounting  
Principles Accompanied by Required Supplementary Information and Supplementary Information**

**Report on the Audit of the Financial Statements**

***Qualified Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Scurry County, Texas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Qualified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and Aggregate Remaining Fund Information***

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with the modified cash basis of accounting.

***Basis for Qualified 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 Scurry County, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

***Matter Giving Rise to Qualified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and Aggregate Remaining Fund Information***

Scurry County, Texas prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The amount by which this departure would affect the financial statements has not been determined.

### *Matter Giving Rise to Qualified Opinion on Governmental Activities*

Scurry County, Texas declined to implement GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Specific reporting and disclosures related to postemployment benefits paid by the County are required by accounting principles generally accepted in the United States of America. The amount by which this departure would affect the financial statements has not been determined.

### **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, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Scurry County, Texas' basic financial statements. The other supplementary information (combining financial statements) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

We have previously audited the County's 2020 financial statements, and we expressed qualified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The report dated June 10, 2021, was qualified because management elected to prepare its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and the County declined to implement GASB No. 74 and No. 75. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 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 May 9, 2022, on our consideration of Scurry County, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scurry County, Texas' internal control over financial reporting and compliance.

*Condley & Company, LLP*

Certified Public Accountants

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Required Supplementary Information*

**SCURRY COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2021

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2021, within the limitations of the County's modified cash basis of accounting. Please read it in conjunction with the County's financial statements that begin on page 14.

**USING THIS ANNUAL REPORT**

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

**Report Components**

This annual report consists of five parts as follows:

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

**Notes to the Financial Statements**

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

**Required Supplementary Information**

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

**Other Supplementary Information**

This part of the annual report includes optional financial information such as combining statements for nonmajor funds (which are added together and shown in the fund financial statements in a single column). This other supplemental financial information is provided to address certain specific needs of various users of the County's annual report.

**Basis of Accounting**

The County has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference 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 keep in mind the limitations resulting from the use of the modified cash basis of accounting.

## **Reporting the County as a Whole**

### **The County's Reporting Entity Presentation**

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

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

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

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

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

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

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

## **Reporting the County's Most Significant Funds**

### **The Fund Financial Statements**

The fund financial statements begin on page 17 and provide detailed information about the most significant funds of the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's three kinds of funds – governmental, proprietary, and fiduciary use different accounting approaches.

*Governmental funds* - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and

governmental funds in reconciliations on pages 18 and 20. The County considers the general fund, the road and bridge fund, and the law enforcement debt service funds to be its significant or major governmental funds. All other governmental funds are aggregated in a single column entitled other nonmajor governmental funds.

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

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

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

### Total Assets

The County's combined total assets and deferred outflows of resources amounted to \$40,588,164 and \$39,394,504 for the years ended December 31, 2021 and 2020, respectively. Total liabilities and deferred inflows amounted to \$24,742,889 and \$23,678,679 for the years ended December 31, 2021 and 2020, respectively.

### Net Position - Modified Cash Basis

The County's combined net position, resulting from modified cash basis transactions, increased from \$15,715,825 to \$15,845,275 between fiscal years 2020 and 2021.



### Changes in Net Position - Modified Cash Basis

For the year ended December 31, 2021, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 3,423,345	\$ 1,601,907	\$ 5,025,252
Operating grants and contributions	1,564,198	180,485	1,744,683
General revenues:			
Property taxes	10,525,612	1,614,007	12,139,619
Tax collector fees	469,137		469,137
Sales and use taxes	2,114,933		2,114,933
Mixed drink tax	21,477		21,477
Loss on sale of assets	(1,342)	(19,940)	(21,282)
Investment earnings	16,694		16,694
Miscellaneous	<u>1,667,952</u>	<u>348,315</u>	<u>2,016,267</u>
Total revenues	<u>19,802,006</u>	<u>3,724,774</u>	<u>23,526,780</u>
Expenses:			
General government	4,321,008		4,321,008
Health and welfare	1,680,870		1,680,870
Judicial and legal	3,661,040		3,661,040
Public safety	4,792,774		4,792,774
Public facilities	539,722		539,722
Culture and recreation	1,104,391		1,104,391
Road maintenance	3,468,012		3,468,012
Interest on long-term debt	246,929		246,929
Water, golf course and EMS services		<u>3,582,584</u>	<u>3,582,584</u>
Total expenses	<u>19,814,746</u>	<u>3,582,584</u>	<u>23,397,330</u>
Increase (decrease) in net position	\$ <u>(12,740)</u>	\$ <u>142,190</u>	\$ <u>129,450</u>

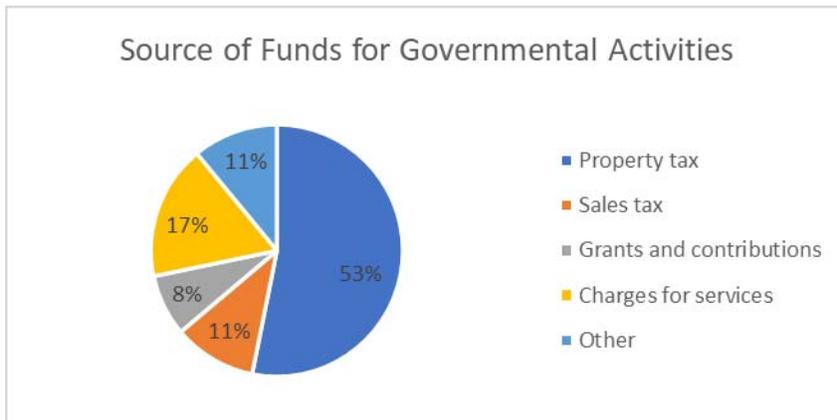
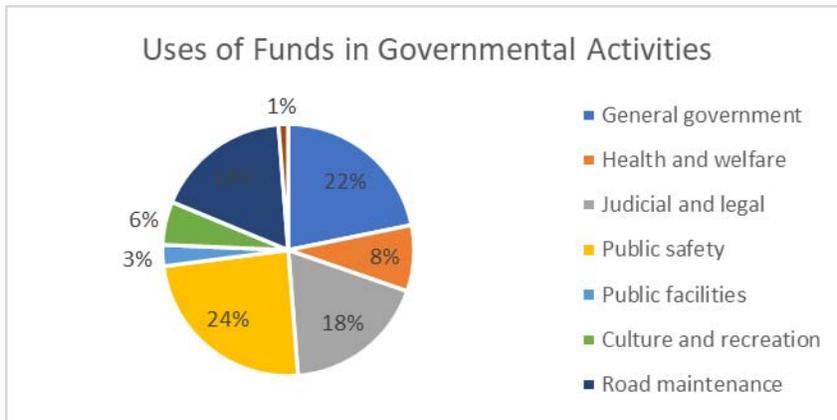
For the year ended December 31, 2020, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 2,237,161	\$ 2,436,957	\$ 4,674,118
Operating grants and contributions	974,640	135,270	1,109,910
General revenues:			
Property taxes	11,196,992	1,533,540	12,730,532
Tax collector fees	451,810		451,810
Sales and use taxes	2,238,107		2,238,107
Mixed drink tax	17,854		17,854
Loss on sale of assets	(285,862)	(5,037)	(290,899)
Investment earnings	117,392		117,392
Miscellaneous	185,303	168,830	354,133
Total revenues	<u>17,133,397</u>	<u>4,269,560</u>	<u>21,402,957</u>
Expenses:			
General government	3,046,265		3,046,265
Health and welfare	1,440,740		1,440,740
Judicial and legal	3,178,043		3,178,043
Public safety	4,333,148		4,333,148
Public facilities	458,046		458,046
Culture and recreation	942,216		942,216
Road maintenance	2,629,138		2,629,138
Interest on long-term debt	322,663		322,663
Water, golf course and EMS services		4,190,593	4,190,593
Total expenses	<u>16,350,259</u>	<u>4,190,593</u>	<u>20,540,852</u>
Increase in net position	<u>\$ 783,138</u>	<u>\$ 78,967</u>	<u>\$ 862,105</u>

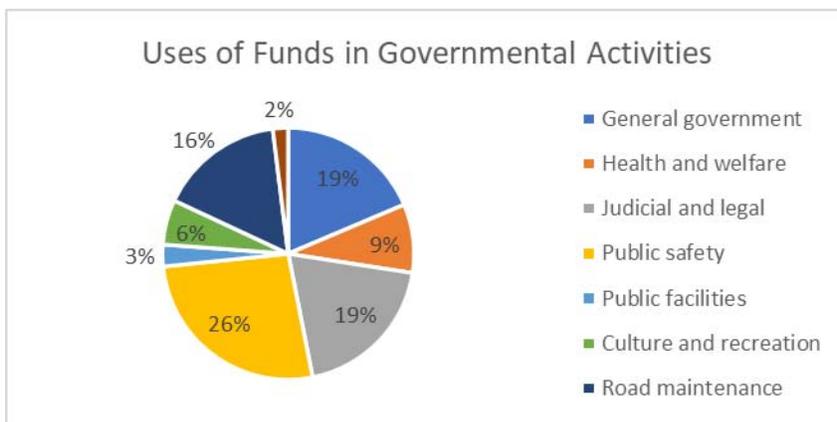
**Governmental Activities**

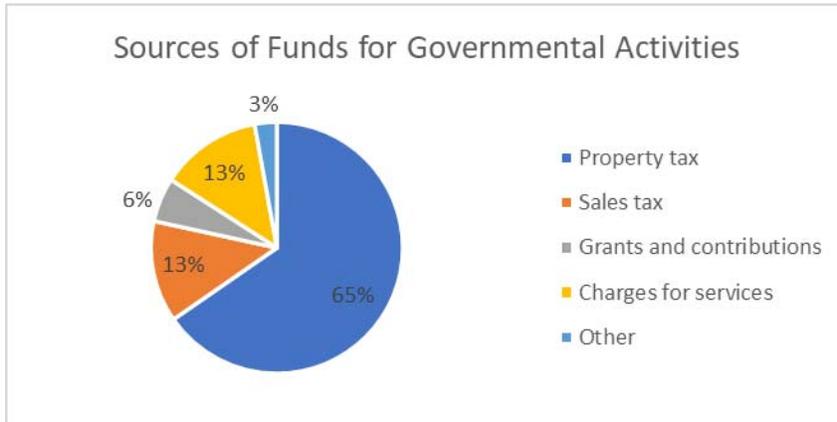
To aid in the understanding of the statement of activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column,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

For the year ended December 31, 2021, the County's governmental activities were funded as follows:



For the year ended December 31, 2020, the County's governmental activities were funded as follows:





Total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$19,814,746 and \$16,350,259 for the years ended December 31, 2021 and 2020, respectively. Of these total expenses, taxpayers and other general revenues funded \$14,827,203 and \$13,138,458 for the years ended December 31, 2021 and 2020, respectively. While those directly benefiting from the program funded \$1,564,198 and \$974,640 from grants and other contributions; \$3,423,345 and \$2,237,161 was provided from charges for services for the years ended December 31, 2021 and 2020, respectively.

### **Business-Type Activities**

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

The Scurry County Golf Course reported a change in net position of \$100,728 and \$4,069 for the years ended December 31, 2021 and 2020, respectively. Scurry County Golf Course received non-operating income of \$349,778 in 2021 and \$249,552 in 2020, and reported a net operating loss of (\$249,050) and (\$245,483) for the years ended December 31, 2021 and 2020, respectively.

The Hermleigh Water Works fund reported a change in net position of (\$65,503) and (\$86,948) for the years ended December 31, 2021 and 2020, respectively. Hermleigh Water Works received non-operating income of \$789 in 2021 and \$1,211 in 2020, and reported net operating loss of (\$66,292) and (\$88,159) for the years ended December 31, 2021 and 2020, respectively.

The Scurry County Emergency Medical Service (E.M.S.) reported a change in net position of (\$33,943) and \$51,874 for the years ended December 31, 2021 and 2020, respectively. Scurry County E.M.S. received non-operating income of \$1,191,688 in 2021 and \$1,009,124 in 2020. Scurry County E.M.S. reported a net operating loss of (\$1,225,631) and (\$957,250) for the years ended December 31, 2021 and 2020, respectively.

The Scurry County Airport, reported a change in net position of \$140,908 and \$109,972 for the years ended December 31, 2021 and 2020, respectively. Scurry County Airport received non-operating income of \$580,612 in 2021 and \$572,716 in 2020. Scurry County Airport reported a net operating loss of (\$439,704) and (\$462,744) for the years ended December 31, 2021 and 2020, respectively.

## A FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

### Financial Highlights

- The County's total revenues (including transfers) exceeded total expenses, on the modified cash basis of accounting, by \$129,450 for the year. Total revenue increased by \$2,123,823 from 2020 to 2021 and total expenditures increased by \$2,856,478 which is mainly attributable to capital outlay, renovation projects, and the net pension adjustment for 2021.
- The County's general fund ended the year with a fund balance of \$1,719,665, which represents 12.05% of recurring revenue of the Fund.

### General Fund Budgetary Highlights

Over the course of the year, the County revised the general fund budget at various times. The final adjusted budget, however, was consistent with the prior year budget. For the year ended December 31, 2021, general fund expenditures were \$1,598,676 less than final appropriations, while actual resources available for appropriation (excluding any change in beginning budgetary fund balance) were \$185,913 more than the final budgeted amount.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets-Modified Cash Basis

The County had \$21,401,418 and \$21,790,649 in capital assets, net of depreciation at December 31, 2021 and 2020, respectively (see table below).

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

	Governmental Activities 2021	Business- Type Activities 2021	Totals 2021	Summarized Totals 2020
Land	\$ 193,218	\$ 179,058	\$ 372,276	\$ 374,117
Construction in progress	495,780		495,780	
Buildings and improvements	15,408,285	1,871,173	17,279,458	18,374,885
Equipment and vehicles	2,630,975	592,180	3,223,155	2,932,371
Furniture and fixtures	14,148	-	14,148	24,335
Software	16,601	-	16,601	84,941
<b>Total</b>	<b>\$ 18,759,007</b>	<b>\$ 2,642,411</b>	<b>\$ 21,401,418</b>	<b>\$ 21,790,649</b>

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

**Long-Term Debt - Modified Cash Basis**

Debt related to governmental activities totaled \$12,039,058 and \$13,094,108 as of December 31, 2021 and 2020, respectively (see table below).

	<u>2021</u>	<u>2020</u>
Certificates of obligation	\$ 10,720,000	\$ 11,390,000
Premium on certificates of obligation	288,591	331,670
Capital lease obligations	<u>1,030,467</u>	<u>1,372,438</u>
Total	<u>\$ 12,039,058</u>	<u>\$ 13,094,108</u>

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

For the upcoming fiscal year ending December 31, 2022, the County's budget is fairly consistent with this year. It is anticipated that the current oil field related activities will stabilize in the local economy at least for the short term.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

**GOVERNMENT – WIDE FINANCIAL STATEMENTS**

*Basic Financial Statements*

**SCURRY COUNTY, TEXAS**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2021

(With Summarized Financial Information as of December 31, 2020)

	Primary Government			2020 Summarized Data
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 13,661,368	\$ 3,209,853	\$ 16,871,221	\$ 14,021,090
Accounts receivable, net	6,049	4,450	10,499	225,103
Restricted Assets:				
Cash and cash equivalents	426,558		426,558	428,918
Capital Assets:				
Land	193,218	179,058	372,276	374,117
Construction in progress	495,780		495,780	-
Buildings and improvements	23,767,689	4,850,736	28,618,425	28,629,960
Infrastructure	5,054,668		5,054,668	5,049,168
Equipment	10,380,314	1,754,041	12,134,355	12,031,548
Furniture and fixtures	326,857		326,857	506,037
Motor vehicles	2,346,825	530,968	2,877,793	2,831,906
Equipment held under capital lease	1,717,430	161,452	1,878,882	1,711,332
Software	852,167		852,167	852,167
Less accumulated depreciation	<u>(26,375,941)</u>	<u>(4,833,844)</u>	<u>(31,209,785)</u>	<u>(30,195,586)</u>
<b>TOTAL ASSETS</b>	<u><b>32,852,982</b></u>	<u><b>5,856,714</b></u>	<u><b>38,709,696</b></u>	<u><b>36,465,760</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows of resources related to pensions	<u>1,878,468</u>		<u>1,878,468</u>	<u>2,928,744</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>1,878,468</b></u>	<u><b>-</b></u>	<u><b>1,878,468</b></u>	<u><b>2,928,744</b></u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Deposits	23,516	18,556	42,072	38,734
Other liabilities	135,466	3,666	139,132	86,613
Accrued interest payable	107,674		107,674	116,307
Unearned revenue	1,741,193		1,741,193	120,000
Certificates of obligation payable	690,000		690,000	670,000
Capital lease obligation - current	106,126		106,126	102,328
Noncurrent Liabilities:				
Certificates of obligation payable - net of premium	10,318,591		10,318,591	11,051,670
Capital lease obligation	924,341		924,341	1,270,110
Net pension liability	<u>1,700,944</u>		<u>1,700,944</u>	<u>349,804</u>
<b>TOTAL LIABILITIES</b>	<u><b>15,747,851</b></u>	<u><b>22,222</b></u>	<u><b>15,770,073</b></u>	<u><b>13,805,566</b></u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	6,540,648		6,540,648	6,671,344
Deferred inflows of resources related to pensions	<u>2,432,168</u>		<u>2,432,168</u>	<u>3,201,769</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>8,972,816</b></u>	<u><b>-</b></u>	<u><b>8,972,816</b></u>	<u><b>9,873,113</b></u>
<b>NET POSITION:</b>				
Net investment in capital assets	6,224,169	2,642,411	8,866,580	8,696,541
Restricted for:				
Debt service	426,558		426,558	428,918
Texas Department of Criminal Justice	194,603		194,603	245,550
Records management	660,881		660,881	560,456
Other grants and contracts	14,817		14,817	56,853
Unrestricted	<u>2,489,755</u>	<u>3,192,081</u>	<u>5,681,836</u>	<u>5,727,467</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 10,010,783</b></u>	<u><b>\$ 5,834,492</b></u>	<u><b>\$ 15,845,275</b></u>	<u><b>\$ 15,715,825</b></u>

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, 2021  
(With Summarized Financial Information for the Year Ended December 31, 2020)

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Function/Program Activities			
Primary Government:			
Governmental Activities:			
General government	\$ 4,321,008	\$ 422,636	\$ 73,058
Health and welfare	1,680,870	40,738	234,212
Judicial and legal	3,661,040	656,996	704,618
Public safety	4,792,774	524,843	2,665
Public facilities	539,722	67,599	989
Culture and recreation	1,104,391	2,220	
Road maintenance	3,516,791	1,708,313	548,656
Interest on long-term debt	198,150		
	<u>19,814,746</u>	<u>3,423,345</u>	<u>1,564,198</u>
Business-type Activities:			
Golf course, water, EMS services and airport		1,601,907	180,485
Depreciation expense	355,331		
Operating expense	3,227,253		
	<u>3,582,584</u>	<u>1,601,907</u>	<u>180,485</u>
Total primary government	<u>\$ 23,397,330</u>	<u>\$ 5,025,252</u>	<u>\$ 1,744,683</u>

General Revenues and Transfers:

Taxes:

Property taxes, levied for general purposes,  
golf course, airport, and EMS services

Tax collector fees

Sales and use taxes

Mixed drink tax

Loss on sale of assets

Investment earnings

Miscellaneous

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenues and Changes in Net Position			
Primary Government			2020 Summarized Data
Governmental Activities	Business-type Activities	Total	
\$ (3,825,314)	\$	\$ (3,825,314)	\$ (2,541,422)
(1,405,920)		(1,405,920)	(1,341,899)
(2,299,426)		(2,299,426)	(1,836,450)
(4,265,266)		(4,265,266)	(3,713,481)
(471,134)		(471,134)	(455,246)
(1,102,171)		(1,102,171)	(942,176)
(1,259,822)		(1,259,822)	(1,985,121)
(198,150)		(198,150)	(322,663)
<u>(14,827,203)</u>	<u>-</u>	<u>(14,827,203)</u>	<u>(13,138,458)</u>
	1,782,392	1,782,392	2,572,227
	(355,331)	(355,331)	(414,874)
	<u>(3,227,253)</u>	<u>(3,227,253)</u>	<u>(3,775,719)</u>
<u>-</u>	<u>(1,800,192)</u>	<u>(1,800,192)</u>	<u>(1,618,366)</u>
<u>(14,827,203)</u>	<u>(1,800,192)</u>	<u>(16,627,395)</u>	<u>(14,756,824)</u>
10,525,612	1,614,007	12,139,619	12,730,532
469,137		469,137	451,810
2,114,933		2,114,933	2,238,107
21,477		21,477	17,854
(1,342)	(19,940)	(21,282)	(290,899)
16,694		16,694	117,392
<u>1,667,952</u>	<u>348,315</u>	<u>2,016,267</u>	<u>354,133</u>
<u>14,814,463</u>	<u>1,942,382</u>	<u>16,756,845</u>	<u>15,618,929</u>
(12,740)	142,190	129,450	862,105
<u>10,023,523</u>	<u>5,692,302</u>	<u>15,715,825</u>	<u>14,853,720</u>
<u>\$ 10,010,783</u>	<u>\$ 5,834,492</u>	<u>\$ 15,845,275</u>	<u>\$ 15,715,825</u>

**FUND FINANCIAL STATEMENTS**

*Basic Financial Statements*

**SCURRY COUNTY, TEXAS**

BALANCE SHEET- MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

December 31, 2021  
(With Summarized Financial Information as of December 31, 2020)

	<u>General</u>	<u>Road and Bridge</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>2020 Summarized Data</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 8,317,321	\$ 2,155,475	\$ 3,188,572	\$ 13,661,368	\$ 11,271,067
Restricted cash and cash equivalents			426,558	426,558	428,918
Accounts receivable	<u>3,828</u>		<u>2,221</u>	<u>6,049</u>	<u>2,640</u>
Total Assets	<u>\$ 8,321,149</u>	<u>\$ 2,155,475</u>	<u>\$ 3,617,351</u>	<u>\$ 14,093,975</u>	<u>\$ 11,702,625</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
Liabilities:					
Deposits	\$ 23,516			\$ 23,516	\$ 21,906
Unearned revenue			1,741,193	1,741,193	120,000
Other liabilities	<u>37,320</u>		<u>98,146</u>	<u>135,466</u>	<u>83,098</u>
Total Liabilities	<u>60,836</u>	<u>-</u>	<u>1,839,339</u>	<u>1,900,175</u>	<u>225,004</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	<u>6,540,648</u>			<u>6,540,648</u>	<u>6,671,344</u>
Total Deferred Inflows of Resources	<u>6,540,648</u>	<u>-</u>	<u>-</u>	<u>6,540,648</u>	<u>6,671,344</u>
Fund balances:					
Restricted			1,296,859	1,296,859	3,402,281
Committed	10,000	2,155,475	25,091	2,190,566	35,091
Assigned			456,062	456,062	414,155
Unassigned	<u>1,709,665</u>			<u>1,709,665</u>	<u>954,750</u>
Total Fund Balance	<u>1,719,665</u>	<u>2,155,475</u>	<u>1,778,012</u>	<u>5,653,152</u>	<u>4,806,277</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,321,149</u>	<u>\$ 2,155,475</u>	<u>\$ 3,617,351</u>	<u>\$ 14,093,975</u>	<u>\$ 11,702,625</u>

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, 2021

Fund Balances - Total governmental funds \$ 5,653,152

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	\$ 45,134,948	
Less accumulated depreciation	<u>(26,375,941)</u>	18,759,007

Deferred outflows of resources related to pensions are not reported in the governmental funds. 1,878,468

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

Accrued interest payable	(107,674)	
Certificates of obligation	(11,008,591)	
Capital leases	<u>(1,030,467)</u>	(12,146,732)

Net pension liability is not reported in the governmental funds. (1,700,944)

Deferred inflows of resources related to pensions are not reported in the governmental funds. (2,432,168)

Net position of governmental activities \$ 10,010,783

*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, 2021  
(With Summarized Financial Information for the Year Ended December 31, 2020)

	General Fund	Road and Bridge	Other Nonmajor Governmental Funds	Total Governmental Funds	2020 Summarized Data
<b>REVENUES:</b>					
Taxes	\$ 10,424,116	\$ 1,321,905	\$ 916,000	\$ 12,662,021	\$ 13,452,953
Motor vehicle registration		595,652		595,652	622,670
State and federal grants	372,578	548,656	642,964	1,564,198	974,640
Fines and fees	1,600,957		286,713	1,887,670	1,801,351
Interest	12,944	2,002	1,748	16,694	117,392
Other	1,859,468	1,117,628	100,017	3,077,113	450,253
<b>Total Revenues</b>	<u>14,270,063</u>	<u>3,585,843</u>	<u>1,947,442</u>	<u>19,803,348</u>	<u>17,419,259</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
General government	4,230,401		46,907	4,277,308	3,676,389
Health and welfare	1,495,214		21,493	1,516,707	1,546,655
Judicial and legal	2,453,789		903,721	3,357,510	3,484,884
Public safety	4,005,467		1,563	4,007,030	3,980,020
Public facilities	409,890		8,119	418,009	404,268
Culture and recreation	920,387			920,387	919,060
Road maintenance		3,708,422		3,708,422	2,878,561
<b>Debt Service:</b>					
Principal retired			670,000	670,000	9,990,000
Interest			246,200	246,200	355,871
Certificates of obligation administration expense			2,450	2,450	7,928
<b>Total Expenditures</b>	<u>13,515,148</u>	<u>3,708,422</u>	<u>1,900,453</u>	<u>19,124,023</u>	<u>27,243,636</u>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<u>754,915</u>	<u>(122,579)</u>	<u>46,989</u>	<u>679,325</u>	<u>(9,824,377)</u>
<b>OTHER FINANCING SOURCES:</b>					
Capital lease proceeds		167,550		167,550	623,150
Proceeds from certificates of obligation				-	9,370,000
<b>Total Other Financing Sources</b>	<u>-</u>	<u>167,550</u>	<u>-</u>	<u>167,550</u>	<u>9,993,150</u>
<b>Excess Revenues and Other Financing Sources Over Expenditures and Financing Uses</b>	<u>754,915</u>	<u>44,971</u>	<u>46,989</u>	<u>846,875</u>	<u>168,773</u>
<b>Fund Balance, Beginning of Year</b>	<u>964,750</u>	<u>2,110,504</u>	<u>1,731,023</u>	<u>4,806,277</u>	<u>4,637,504</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,719,665</u>	<u>\$ 2,155,475</u>	<u>\$ 1,778,012</u>	<u>\$ 5,653,152</u>	<u>\$ 4,806,277</u>

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, 2021

Net change in fund balances - total governmental funds \$ 846,875

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	\$ 1,120,614	
Depreciation expense	<u>(1,574,642)</u>	(454,028)

Long-term liability proceeds provide current financial resources to governmental funds, but increases long-term 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		670,000
Bond premium		43,079

Capital leases provide current financial resources to governmental funds, but the debt increases long-term 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		509,520
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Loss on sale of capital assets is recognized in governmental activities but not recognized in the fund statements.		(1,342)
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The change in net pension liability and the related deferred outflows and inflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as an expenditure in the governmental funds.		(1,631,815)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Adjustments to accrued interest payable		<u>4,971</u>
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Change in net position of governmental activities		\$ <u><u>(12,740)</u></u>
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*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	2021 Total	2020 Summarized Data
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 1,788,714	\$ 1,067,332	\$ 353,807	\$ 3,209,853	\$ 2,750,023
Accounts receivable	<u>2,953</u>	<u>54</u>	<u>1,443</u>	<u>4,450</u>	<u>222,463</u>
Total Current Assets	<u>1,791,667</u>	<u>1,067,386</u>	<u>355,250</u>	<u>3,214,303</u>	<u>2,972,486</u>
Noncurrent:					
Capital assets:					
Property, plant and equipment	1,906,400	3,684,710	1,885,145	7,476,255	7,767,192
Less: accumulated depreciation	<u>(1,121,501)</u>	<u>(2,439,002)</u>	<u>(1,273,341)</u>	<u>(4,833,844)</u>	<u>(5,027,033)</u>
Total Noncurrent Assets	<u>784,899</u>	<u>1,245,708</u>	<u>611,804</u>	<u>2,642,411</u>	<u>2,740,159</u>
TOTAL ASSETS	<u>2,576,566</u>	<u>2,313,094</u>	<u>967,054</u>	<u>5,856,714</u>	<u>5,712,645</u>
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable			3,666	3,666	3,515
Customer deposits			<u>18,556</u>	<u>18,556</u>	<u>16,828</u>
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>22,222</u>	<u>22,222</u>	<u>20,343</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>22,222</u>	<u>22,222</u>	<u>20,343</u>
<b>NET POSITION:</b>					
Net investment in capital assets	784,899	1,245,708	611,804	2,642,411	2,740,159
Unrestricted	<u>1,791,667</u>	<u>1,067,386</u>	<u>333,028</u>	<u>3,192,081</u>	<u>2,952,143</u>
TOTAL NET POSITION	<u>\$ 2,576,566</u>	<u>\$ 2,313,094</u>	<u>\$ 944,832</u>	<u>\$ 5,834,492</u>	<u>\$ 5,692,302</u>

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	2021 Total	2020 Summarized Data
<b>OPERATING REVENUES:</b>					
Service revenue	\$ 1,301,992	\$ 60,509	\$ 76,020	\$ 1,438,521	\$ 2,308,043
Fees			76,409	76,409	65,089
Cart shed rentals			24,026	24,026	18,522
Membership dues			62,951	62,951	45,303
<b>Total Operating Revenues</b>	<b>1,301,992</b>	<b>60,509</b>	<b>239,406</b>	<b>1,601,907</b>	<b>2,436,957</b>
<b>OPERATING EXPENSES:</b>					
Wages and salaries	1,273,010	184,852	89,207	1,547,069	1,443,491
Payroll taxes	112,034	16,789	6,472	135,295	130,360
Employee benefits	117,325	16,186	7,205	140,716	143,589
Depreciation expense	163,332	138,798	53,201	355,331	414,874
Contract labor	20,475		65,236	85,711	17,325
Utilities	5,501	5,435	9,161	20,097	33,303
Supplies	65,486	5,410	56,166	127,062	148,689
Repairs	102,170	45,111	38,356	185,637	148,853
Fuel	312	5,059	8,455	13,826	8,796
Medical insurance	287,399	48,903	33,609	369,911	369,224
Professional services	116,884		144,000	260,884	244,301
Bad debt expense	217,781			217,781	977,934
Other	45,914	33,670	43,680	123,264	109,854
<b>Total Operating Expenses</b>	<b>2,527,623</b>	<b>500,213</b>	<b>554,748</b>	<b>3,582,584</b>	<b>4,190,593</b>
<b>Operating Loss</b>	<b>(1,225,631)</b>	<b>(439,704)</b>	<b>(315,342)</b>	<b>(1,980,677)</b>	<b>(1,753,636)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Ad valorem taxes	959,022	400,408	254,577	1,614,007	1,533,540
Grant income	23,452	79,983	77,050	180,485	135,270
Miscellaneous income	227,815	100,221	20,279	348,315	168,830
Loss on sale of assets	(18,601)		(1,339)	(19,940)	(5,037)
<b>Change in Net Position</b>	<b>(33,943)</b>	<b>140,908</b>	<b>35,225</b>	<b>142,190</b>	<b>78,967</b>
<b>Net Position - Beginning</b>	<b>2,610,509</b>	<b>2,172,186</b>	<b>909,607</b>	<b>5,692,302</b>	<b>5,613,335</b>
<b>Net Position - Ending</b>	<b>\$ 2,576,566</b>	<b>\$ 2,313,094</b>	<b>\$ 944,832</b>	<b>\$ 5,834,492</b>	<b>\$ 5,692,302</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,

	<u>Scurry County</u> <u>E.M.S.</u>	<u>Scurry County</u> <u>Airport</u>	<u>Non-Major</u>	<u>2021 Total</u>	<u>2020</u> <u>Summarized</u> <u>Data</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 1,301,991	\$ 60,741	\$ 241,134	\$ 1,603,866	\$ 1,474,673
Cash paid to employees	(1,502,369)	(217,827)	(102,884)	(1,823,080)	(1,717,440)
Cash paid to suppliers	(644,141)	(143,588)	(398,512)	(1,186,241)	(1,077,543)
Net Cash Used in Operating Activities	<u>(844,519)</u>	<u>(300,674)</u>	<u>(260,262)</u>	<u>(1,405,455)</u>	<u>(1,320,310)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Grant income			77,050	77,050	
Miscellaneous receipts	261,267	180,204	20,782	462,253	304,099
Ad valorem tax receipts	959,022	400,408	254,577	1,614,007	1,533,540
Net Cash Provided by Noncapital and Related Financing Activities	<u>1,220,289</u>	<u>580,612</u>	<u>352,409</u>	<u>2,153,310</u>	<u>1,837,639</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchase of capital assets	(273,066)	(14,959)	-	(288,025)	(258,468)
Net Cash Used in Capital and Related Financing Activities	<u>(273,066)</u>	<u>(14,959)</u>	<u>-</u>	<u>(288,025)</u>	<u>(258,468)</u>
Net Increase in Cash and Cash Equivalents	<u>102,704</u>	<u>264,979</u>	<u>92,147</u>	<u>459,830</u>	<u>258,861</u>
Cash and Cash Equivalents at Beginning of Year	<u>1,686,010</u>	<u>802,353</u>	<u>261,660</u>	<u>2,750,023</u>	<u>2,491,162</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,788,714</u>	<u>\$ 1,067,332</u>	<u>\$ 353,807</u>	<u>\$ 3,209,853</u>	<u>\$ 2,750,023</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>					
Operating Loss	\$ (1,225,631)	\$ (439,704)	\$ (315,342)	\$ (1,980,677)	\$ (1,753,636)
<b>Adjustments Not Affecting Cash:</b>					
Decrease in accounts receivable	217,780	232		218,012	14,868
Increase in accounts payable			151	151	2,802
Increase in customer deposits			1,728	1,728	782
Depreciation and amortization	163,332	138,798	53,201	355,331	414,874
Net Cash Used in Operating Activities	<u>\$ (844,519)</u>	<u>\$ (300,674)</u>	<u>\$ (260,262)</u>	<u>\$ (1,405,455)</u>	<u>\$ (1,320,310)</u>

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, 2021

	Employee Retirement Funds	Custodial Funds
	<hr/>	<hr/>
ASSETS:		
Cash and cash equivalents	\$	\$ 1,761,435
Accounts receivable		2,558,119
Investments at fair value	<hr/> 869,303	<hr/>
Total Assets	<hr/> 869,303	<hr/> 4,319,554
LIABILITIES:		
Due to other governmental entities		3,842,498
Due to others		433,827
Bonds held in trust	<hr/>	<hr/> 43,229
Total Liabilities	<hr/> -	<hr/> 4,319,554
NET POSITION:		
Restricted for pensions	<hr/> <hr/> \$ 869,303	<hr/> <hr/> \$ -

*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, 2021

	<u>Employee Retirement Funds</u>
ADDITIONS:	
Contributions:	
Employee	\$ <u>500,942</u>
Investment Earnings:	
Investment gain	102,880
Less Investment Expenses:	
Asset fees	<u>6,593</u>
Net Investment Gain	<u>96,287</u>
Total Additions	<u>597,229</u>
DEDUCTIONS:	
Benefits paid	<u>877,105</u>
Net Decrease	(279,876)
Net Position - Beginning of Year	<u>1,149,179</u>
Net Position - End of Year	<u>\$ <u>869,303</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

*Basic Financial Statements*

## SCURRY COUNTY, TEXAS

### NOTES TO FINANCIAL STATEMENTS

December 31, 2021

#### **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 that are controlled by, dependent on, and over which the County has oversight responsibility. These include the governmental, proprietary and fiduciary funds. The criteria for oversight responsibility used in determining the entity for financial reporting purposes are those which include, but are not limited to, financial interdependency, selection of governing authority, designation of management, 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 for the economic development and promotion of the County.

On April 1, 2014, the County assumed fiscal responsibility of 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 financial statements of the County are prepared on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

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

##### Government-Wide Statements:

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, 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 that are not classified as program revenues, including all taxes, are presented as general revenues.

#### Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes 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 corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

#### **Governmental Funds**

##### General Fund

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

##### Special Revenue Funds

Special revenue funds are used to 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 fund is reported as a major fund:

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

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 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 a formal action of the Commissioners' Court (the County's highest level of decision-making authority).
4. *Assigned* fund balance classification includes amounts intended to be used by the County for specific purposes but does 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, 2021 which relates to use of external resources, is comprised of the following:

<u>Restriction</u>	<u>Amount</u>
Law enforcement center debt service Texas Department of Criminal Justice grants and contracts	\$ 426,558 194,603
Records management	660,881
Court and courthouse security	70,171
Law library	(96,620)
Court technology	3,437
Abandoned vehicle	8,139
Other grants	<u>29,690</u>
Total Restricted Fund Balance	<u>\$ 1,296,859</u>

Committed Fund Balance

The County's committed fund balance is the portion of the fund balance that may only be established and modified by a formal action of the Commissioners' Court. The County's committed fund balance as of December 31, 2021 is comprised of the following:

<u>Commitment</u>	<u>Amount</u>
Road and bridge maintenance	\$ 2,155,475
Board of County Development	<u>35,091</u>
Total Committed Fund Balance	<u>\$ 2,190,566</u>

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, 2021 is comprised of the following:

<u>Assignment</u>	<u>Amount</u>
Senior center	\$ 333,223
Culture and recreation	69,850
Friends of Boys & Girls Club	7,017
Friends of the Library	<u>45,972</u>
Total Assigned Fund Balance	<u>\$ 456,062</u>

### 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 the measurement of financial activity focuses on net income measurements 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 that are incurred to operate the golf course are classified as operating expense. The County allocated \$254,577 in property taxes during 2021 to the golf course to cover operating expenses of \$412,436 incurred in 2021.

#### 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 relate to costs of providing emergency medical service to the County residents. The County allocated \$959,022 in property taxes during 2021 to E.M.S. to cover operating expenses of \$2,527,623 incurred in 2021. The Scurry County Emergency Medical Service fund was considered a major proprietary fund for financial reporting purposes for 2021.

#### Scurry County Airport

Operating revenue results from hangar rental charges and the sale of fuel and oil. The County allocated \$400,408 in property taxes during 2021 to Scurry County Airport to cover operating expenses of \$500,213 incurred in 2021. The Scurry County Airport fund was considered a major proprietary fund for financial reporting purposes for 2021.

### 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 in nature (assets equal liabilities), and do not involve measurement or results of operations.

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

## **Measurement Focus/Basis of Accounting**

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

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

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

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of 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 are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities whether current or non-current, financial or non-financial associated with their activities are reported. Proprietary fund equity is classified as net position.

## **Budget**

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

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

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

## **Basis of Accounting**

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

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

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

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

#### Restricted Assets

Restricted assets represent cash and cash equivalents totaling \$426,558 as of December 31, 2021, to be used for principal and interest payments for certificates of obligation partially refinanced in 2017 and 2020.

#### Property Tax Calendar

The County is responsible for assessment, collection, and apportionment of 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 the final tax roll is completed. The taxes are due on or before January 31 and become delinquent February 1. The County gives a 3%, 2%, and 1% discount for early payment in October, November, and December, respectively.

#### Capital Assets

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

#### Government-Wide Statements

In the 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 cost or estimated historical cost if actual is unavailable. 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 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.

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

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

### **Fund Financial Statements**

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

### **Long-Term Debt**

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

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

### **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 that are attributable to the acquisition, construction, or improvements of those assets.

*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. Restricted net position totaling \$1,296,859 represents funds restricted for debt service, grants, and contracts.

*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 prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through May 9, 2022, the date the financial statements were available to be issued. The County Commissioners’ Court accepted a proposal for the sale of capital and financial operations related to Hermleigh Water Works on November 16, 2021. The sale will be completed during fiscal year 2022 and this sale will close the fund for the County.

**NOTE 3: LEGAL COMPLIANCE - BUDGETS**

The County’s budgetary process requires that expending agencies of the County submit appropriation requests by mid June of each year. After review by the budget officer and department heads, the requests are combined and submitted to the Commissioners’ Court. In August, the proposed budget is filed with the County Clerk for public inspection at least fifteen days prior to hearings, which are open to the public. A final budget must be adopted prior to 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 in an amount 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 banks 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, securities in the amount of \$11,657,140 were pledged by the depository bank to secure all bank deposits. The largest cash balance amounted to \$12,575,982 and occurred on October 28, 2021, causing a portion of County deposits to remain uncollateralized.

<u>Deposit Accounts</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Pledged securities	11,657,140
Uninsured and uncollateralized	668,842
Total Deposits	<u>\$ 12,575,982</u>

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

Statutes authorize the County to invest in the State's investment pool. The County's investments held at December 31, 2021, are not subject to classifications where securities related to the government cannot be identified.

### Investments

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

### Investment Policy

The County has adopted the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for 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 which guarantees a higher value. The term "short-term" refers to investments that have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposits are examples of nonparticipating interest-earning investment contracts.

### Public Funds Investments Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public 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, which 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, 2021, the County was not exposed to credit risk.

*Custodial credit risk* relates to deposits that are exposed to the risk that they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities, held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. At December 31, 2021, 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, 2021, the County was not exposed to 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, 2021, 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, 2021, the County was not exposed to foreign currency risk.

#### NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
Governmental activities:				
Non-depreciable assets:				
Land	\$ 193,218	\$	\$	\$ 193,218
Construction in progress		495,780		495,780
Depreciable assets:				
Buildings and improvements	23,767,689			23,767,689
Infrastructure	5,049,168	5,500		5,054,668
Equipment	9,955,436	583,711	(158,833)	10,380,314
Furniture and fixtures	482,754		(155,897)	326,857
Motor vehicles	2,368,731	35,622	(57,528)	2,346,825
Assets held under capital leases	1,549,880	167,550		1,717,430
Software	852,167			852,167
Total at historical cost	<u>44,219,043</u>	<u>1,288,163</u>	<u>(372,258)</u>	<u>45,134,948</u>
Less accumulated depreciation for:				
Buildings and improvements	8,235,588	554,633		8,790,221
Infrastructure	4,268,627	355,224		4,623,851
Equipment	9,164,954	214,085	(155,415)	9,223,624
Furniture and fixtures	458,419	10,187	(155,897)	312,709
Motor vehicles	2,019,975	120,337	(55,942)	2,084,370
Assets held under capital leases	253,764	251,836		505,600
Software	767,226	68,340		835,566
Total accumulated depreciation	<u>25,168,553</u>	<u>1,574,642</u>	<u>(367,254)</u>	<u>26,375,941</u>
Governmental activity capital assets, net	<u>\$ 19,050,490</u>	<u>\$ (286,479)</u>	<u>\$ (5,004)</u>	<u>\$ 18,759,007</u>

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
Business-type activities:				
Non-depreciable assets:				
Land	\$ 180,899	\$	\$ (1,841)	\$ 179,058
Depreciable assets:				
Buildings and improvements	4,862,271		(11,535)	4,850,736
Equipment	2,076,112	63,432	(385,503)	1,754,041
Furniture and fixtures	23,283		(23,283)	-
Motor vehicles	463,175	224,593	(156,800)	530,968
Assets held under capital leases	161,452			161,452
Total at historical cost	<u>7,767,192</u>	<u>288,025</u>	<u>(578,962)</u>	<u>7,476,255</u>
Less accumulated depreciation for:				
Buildings and improvements	2,800,028	187,839	(8,304)	2,979,563
Equipment	1,759,863	75,950	(360,133)	1,475,680
Furniture and fixtures	23,283		(23,283)	-
Motor vehicles	311,237	68,478	(156,800)	222,915
Assets held under capital leases	132,622	23,064		155,686
Total accumulated depreciation	<u>5,027,033</u>	<u>355,331</u>	<u>(548,520)</u>	<u>4,833,844</u>
Business-type activity capital assets, net	<u>\$ 2,740,159</u>	<u>\$ (67,306)</u>	<u>\$ (30,442)</u>	<u>\$ 2,642,411</u>

Depreciation expense for 2021 was charged to functions as follows:

	Governmental Activities	Business-Type Activities
General government	\$ 184,080	\$
Health and welfare	28,215	
Public safety	424,129	
Public facilities	84,245	
Culture and recreation	101,506	
Judicial and legal	2,584	
Road maintenance	749,883	
Hermleigh water works		17,733
Scurry County Airport		138,798
Scurry County Emergency Medical Service		163,332
Scurry County Golf Course		35,468
	<u>\$ 1,574,642</u>	<u>\$ 355,331</u>

**NOTE 6: LONG-TERM OBLIGATIONS**

Long-term debt arising from cash transactions and payable from governmental fund resources consisted of the following at December 31, 2021:

Capital leases:

The County entered into a lease agreement totaling \$323,250 for a 2020 John Deere Motorgrader payable in 6 yearly installments of \$30,898 due beginning on 12/31/2019, and thereafter which includes both principal and interest, with a balloon payment of \$185,000 due 12/31/2024. The interest rate of the note is 3.65% with maturity on December 31, 2024. Lease is secured by equipment. \$ 127,464

The County entered into a lease agreement totaling \$280,250 for a 2019 John Deere Motorgrader payable in 5 annual installments of \$32,464 beginning 09/18/2020, and thereafter which includes both principal and interest, with a balloon payment of \$165,000 due at the end of the lease term. The interest rate of the note is 3.99% with maturity on September 18, 2024. Lease is secured by equipment. 237,157

The County entered into a lease agreement totaling \$300,130 for a 2020 John Deere Motorgrader payable in 5 annual installments of \$34,219 beginning 03/13/2021, and thereafter which includes both principal and interest, with a balloon payment of \$175,000 due at the end of the lease term. The interest rate of the note is 3.65% with maturity on March 13, 2025. Lease is secured by equipment. 276,841

The County entered into a lease agreement totaling \$267,957 for a 2020 John Deere Motorgrader payable in 5 annual installments of \$25,204 beginning 02/14/2021, and thereafter which includes both principal and interest, with a balloon payment of \$185,000 due at the end of the lease term. The interest rate of the note is 3.65% with maturity on February 14, 2025. Lease is secured by equipment. 228,487

The County entered into a lease agreement totaling \$167,550 for a 2021 CAT Pneumatic Compactor payable in monthly installments of \$2,136.02 beginning 09/1/2021, 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 note is 2.75% with maturity on September 1, 2026. Lease is secured by equipment. 160,518

Total capital leases \$ 1,030,467

Certificates of obligation:

Certificates of obligation (2017) of \$3,610,000, issued to refund \$3,695,000 of the 2009 series issued in connection with construction of a new law enforcement center, payable in annual principal and interest payments due February 15, and additional interest payments due August 15, with interest rate of 3%, final payment due February 15, 2024, net of \$49,704 premium. \$ 1,434,704

Certificates of obligation (2020) of \$9,370,000, issued to refund \$9,365,000 of the 2013 series issued in connection with construction of a new law enforcement center, payable in annual principal and interest payments due February 15, and additional interest payments due August 15, with interest rate of 2%, final payment due February 15, 2024, net of \$238,887 premium.

9,573,887

Total certificates of obligation

\$ 11,008,591

Changes in long-term obligations for the year ended December 31, 2021 are as follows:

	<u>January 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31, 2021</u>	<u>Amount Due Within One Year</u>
Certificates of obligation (2013)	\$ 55,000	\$	\$ (55,000)	\$ -	\$ -
Certificates of obligation (2017)	1,965,000		(580,000)	1,385,000	600,000
Certificates of obligation (2020)	9,370,000		(35,000)	9,335,000	90,000
Capital leases	1,372,438	167,550	(509,521)	1,030,467	106,126
Net pension liability	<u>349,804</u>	<u>1,351,140</u>	<u></u>	<u>1,700,944</u>	<u>-</u>
	<u>\$ 13,112,242</u>	<u>\$ 1,518,690</u>	<u>\$ (1,179,521)</u>	<u>\$ 13,451,411</u>	<u>\$ 796,126</u>

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

<u>Year Ending December 31,</u>	
2021	\$ 796,126
2022	819,906
2023	1,069,608
2024	1,183,917
2025+	<u>7,880,910</u>
	<u>\$ 11,750,467</u>

Certificates of Obligation

On April 17, 2013, the County authorized a bond refunding transaction in which \$9,305,000 of the "Scurry County, Texas Certificates of Obligation, Series 2009" were partially refunded or refinanced by the issuance of \$9,785,000 "Scurry County, Texas General Obligation Refunding Bonds, Series 2013". The residual balance after the 2020 refunding was paid in 2021.

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

On March 17, 2020, 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 2020".

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 the certificates of obligation bonds. The bonds are secured by the future ad valorem tax levies. The County intends to retire all of the certificates of obligation bonds, plus interest, from future ad valorem tax levies and is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. The certificates of obligation bonds outstanding at December 31, 2021 will be amortized serially each year on dates prescribed by each respective bond ordinance through 2034.

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

The Law Enforcement Debt Service Fund, with a fund balance aggregating \$426,558, 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.

Fiscal Year Ending December 31,	Principal	Interest	Total Requirement
2022	\$ 690,000	\$ 226,700	\$ 916,700
2023	710,000	206,625	916,625
2024	730,000	188,300	918,300
2025	780,000	172,350	952,350
2026	795,000	156,600	951,600
2027	810,000	140,550	950,550
2028	835,000	119,925	954,925
2029	850,000	98,900	948,900
2030	870,000	81,700	951,700
2031	885,000	64,150	949,150
2032	905,000	46,250	951,250
2033	920,000	28,000	948,000
2034	940,000	9,400	949,400
	<u>\$ 10,720,000</u>	<u>\$ 1,539,450</u>	<u>\$ 12,259,450</u>

A bond premium of \$49,704 associated with the 2017 issuance, and a premium of \$238,887 associated with the 2020 issuance are being amortized on the straight-line method over the life of their respective bond issuance. Net amortization was \$43,079 for the year ended December 31, 2021.

**NOTE 7: FEDERAL/STATE SOURCE REVENUES**

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

**NOTE 8: EMPLOYEE RETIREMENT PLAN**

Plan Description

The County provides pension, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system serving over 800 participating counties and districts throughout Texas. TCDRS 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 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 assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of 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 in a manner 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, 2020, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	216
Inactive employees entitled to but not yet receiving benefits	264
Active employees	181
Total participants	<u>661</u>

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 9.62% for fiscal year 2021. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

For the employer's accounting year ending December 31, 2021, the annual pension cost for the TCDRS plan for its employees was \$863,521 and the actual contributions were \$863,521.

### Net Pension Liability

The net pension liability (NPL) is the difference between the total pension liability (TPL) and the plan's fiduciary net position. The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service. The fiduciary net position is determined on the same basis used by the pension plans. The County's NPL was measured as of December 31, 2020, and the TPL used to calculate the NPA was determined by an actuarial valuation as of that date.

Total pension liability	\$	61,071,252
Fiduciary net position		<u>59,370,308</u>
Net pension liability	\$	<u><u>1,700,944</u></u>

### Actuarial Assumptions

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of actuarial experience studies. The experience study was for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB Statement No. 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions were reviewed annually for continued compliance with the relevant actuarial standards of practice.

The total pension liability in the December 31, 2020 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 - 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014; for service retirees, beneficiaries, and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014; for disabled retirees – 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The valuation assumption for the long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon. The most recent analysis was performed in 2020.

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

Asset Class	Target Allocation	Geometric Real Rate of Return (expected minus inflation)
US equities	11.50%	4.25%
Private equity	25.00%	7.25%
Global equities	2.50%	4.55%
International equities - developed	5.00%	4.25%
International equities - emerging	6.00%	4.75%
Investment grade bonds	3.00%	-0.85%
Strategic credit	9.00%	2.11%
Direct lending	16.00%	6.70%
Distressed debt	4.00%	5.70%
REIT equities	2.00%	3.45%
Master limited partnerships	2.00%	5.10%
Private real estate partnerships	6.00%	4.90%
Hedge funds	6.00%	1.85%

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

Schedule of Changes in the Net Pension Liability

Changes in the County's net pension liability presented below is 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, 2019	\$ 55,638,413	\$ 55,288,609	\$ 349,804
Changes for the year:			
Service cost	1,039,367		1,039,367
Interest on total pension liability	4,469,688		4,469,688
Effect of plan changes			
Effect of economic / demographic gains or losses	(123,948)		(123,948)
Effect of assumptions changes or inputs	3,100,060		3,100,060
Refund of contributions	(137,569)	(137,569)	-
Benefit payments	(2,914,759)	(2,914,759)	-
Administrative expenses		(43,442)	43,442
Member contributions		610,275	(610,275)
Net investment income		5,708,531	(5,708,531)
Employer contributions		898,848	(898,848)
Other		(40,185)	40,185
Balances as of December 31, 2020	\$ 61,071,252	\$ 59,370,308	\$ 1,700,944

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

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

	1% Decrease <u>(6.60%)</u>	Current Rate <u>(7.60%)</u>	1% Increase <u>(8.60%)</u>
Total pension liability	\$ 68,140,824	\$ 61,071,252	\$ 55,074,354
Fiduciary net position	<u>59,370,308</u>	<u>59,370,308</u>	<u>59,370,308</u>
Net pension liability (asset)	<u>\$ 8,770,516</u>	<u>\$ 1,700,944</u>	<u>\$ (4,295,954)</u>

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

For the year ended December 31, 2021, the County recognized total pension expense of \$2,495,335.

As of December 31, 2021, the County reported on the Statement of Net Position deferred outflows (inflows) of resources related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>
Contributions subsequent to measurement date	\$ 863,520	\$ -
Difference between projected and actual investment earnings	<u>1,014,948</u>	<u>(2,432,168)</u>
Total	<u>\$ 1,878,468</u>	<u>(2,432,168)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date of \$863,520 will be recognized as a decrease of the net pension liability for the year ending December 31, 2021. Remaining net deferred outflows (inflows) of resources related to pensions totaling (\$1,417,220) will be recognized in pension (income) for the years ending December 31, 2022, 2023, and 2024 in the amounts of (\$71,662), (\$1,086,608), and (\$258,950), respectively.

**NOTE 9: DEFERRED OUTFLOWS / INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense / expenditure) until then. See Note 8 above for a description of deferred outflows of resources related to pensions as of December 31, 2021.

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 which qualifies for reporting in this category which is unavailable revenue from property taxes collected for the following fiscal year. These revenues are to be applied to the following year budget but were paid in advance by taxpayers. This amount is deferred and recognized as an inflow of resources in the period the amounts become available. As of December 31, 2021, unavailable revenue related to property taxes amounted to \$6,540,648. Changes in this account affect unrestricted net position. See Note 8 above for a description of deferred inflows of resources related to pensions as of December 31, 2021.

**NOTE 10: RISK MANAGEMENT**

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

The County manages these various risk of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
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 any of the past three fiscal years.

The COVID-19 outbreak in the United States has created economic uncertainties that may impact future operations and/or estimates. The extent of the impact on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on County tax payors, employees and vendors all of which are uncertain and cannot be predicted.

**NOTE 11: INTERFUND TRANSFERS**

Transfers

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

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

**NOTE 12: TAX ABATEMENTS**

Scurry County negotiates property tax abatement agreements with local businesses on an individual basis. 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 and are as follows:

- Dermott Wind, LLC, 100% of taxes abated over 10 years, beginning January 2018 and ending December 2027. The abatement amounted to \$1,037,811 of reduced taxes for fiscal year 2021. Scurry County receives \$197,340 per year in consideration for 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 \$704,252 of reduced taxes for fiscal year 2021. Scurry County receives \$132,132 per year in consideration for 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 January 2026. The abatement amounted to \$1,584 of reduced taxes for fiscal year 2021. The purpose of the abatement is for the construction and employment of a wind power project.

#### **NOTE 13: DEFICIT FUND EQUITY**

The law library fund ended with a deficit balance of (\$96,620) as of December 31, 2021. Transfers from the general fund are available to eliminate the fund deficit balances.

#### **NOTE 14: NEW PRONOUNCEMENTS**

##### *Adopted*

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and post-employment benefit arrangements that are fiduciary activities. The statement became effective for financial statements beginning after December 15, 2020 and was adopted by the County in 2021 with no significant impact to the financial statements or related notes.

##### *Not Adopted*

In June 2017, the GASB issued Statement No. 87, Leases. This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. The statement will become effective for financial statements for periods beginning after June 15, 2021.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. This statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to Statement 87 and Implementation Guide 2019-3 are effective upon issuance. The other requirements of this statement are effective for fiscal years beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, which improves accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The County will fully analyze the impact of these new Statements prior to 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, 2021

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 964,750	\$ 964,750	\$ 964,750	\$ -
<b>Resources (Inflows):</b>				
Taxes:				
Sales tax	2,500,000	2,500,000	2,114,933	(385,067)
Property tax	9,471,265	9,471,265	8,287,707	(1,183,558)
Other tax	20,000	20,000	21,476	1,476
Total taxes	<u>11,991,265</u>	<u>11,991,265</u>	<u>10,424,116</u>	<u>(1,567,149)</u>
Grant Revenue	<u>137,200</u>	<u>137,200</u>	<u>372,578</u>	<u>235,378</u>
Fines and forfeitures:				
Miscellaneous fees	<u>1,533,550</u>	<u>1,533,550</u>	<u>1,600,957</u>	<u>67,407</u>
Total fines and forfeitures	<u>1,533,550</u>	<u>1,533,550</u>	<u>1,600,957</u>	<u>67,407</u>
Miscellaneous:				
Interest income	100,000	100,000	12,944	(87,056)
Miscellaneous	<u>322,135</u>	<u>322,135</u>	<u>1,859,468</u>	<u>1,537,333</u>
Total miscellaneous	<u>422,135</u>	<u>422,135</u>	<u>1,872,412</u>	<u>1,450,277</u>
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>15,048,900</u>	<u>15,048,900</u>	<u>15,234,813</u>	<u>185,913</u>
<b>Charges to Appropriations (Outflows):</b>				
General government	2,205,550	2,998,357	2,191,680	806,677
Parks and recreation	941,455	998,676	920,387	78,289
Jail	3,195,265	3,173,616	3,032,515	141,101
Sheriff	847,343	947,274	911,923	35,351
Building maintenance	362,825	357,012	300,898	56,114
Library	471,474	459,560	409,890	49,670
Tax collector	472,916	472,944	453,964	18,980
Commissioners' court	374,101	381,075	368,407	12,668
County clerk	324,777	343,281	309,552	33,729
Health unit	517,026	535,013	517,515	17,498
County attorney	344,513	348,028	329,081	18,947
District clerk	361,529	363,378	353,497	9,881
Justice of the peace #1	230,831	249,389	237,975	11,414
County welfare	150,563	164,013	148,919	15,094

**SCURRY COUNTY, TEXAS**

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -  
GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Auditor	252,710	244,722	236,277	8,445
County judge	213,782	213,789	206,099	7,690
Extension service	159,331	162,134	133,618	28,516
Juvenile star boot camp	206,420	162,755	120,110	42,645
Treasurer	230,405	247,128	237,633	9,495
District attorney	227,914	228,546	201,125	27,421
Juvenile probation	221,055	209,168	163,545	45,623
Court reporter	142,796	142,890	141,872	1,018
District court	187,906	252,895	228,124	24,771
Supervision	101,661	101,664	89,785	11,879
County and justice court	10,000	48,000	44,598	3,402
Child welfare	8,000	8,000	6,981	1,019
Mental health	13,300	13,300	9,104	4,196
District judge	12,400	12,400	8,453	3,947
Department of public safety	59,292	61,174	61,029	145
Boys and girls club	370,652	335,069	311,284	23,785
Senior center	524,717	526,433	501,411	25,022
Justice of the peace #2	248,515	249,652	226,072	23,580
Information technology	93,126	102,489	101,825	664
Transfers Out	-	-	-	-
Total charges to appropriations	14,084,150	15,113,824	13,515,148	1,598,676
Ending Budgetary Fund Balance	\$ 964,750	\$ (64,924)	\$ 1,719,665	\$ 1,784,589

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

Note 1: Basis of Accounting

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

**SCURRY COUNTY, TEXAS**

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -  
ROAD AND BRIDGE FUND

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 2,110,504	\$ 2,110,504	\$ 2,110,504	\$ -
Resources (Inflows):				
Property taxes	1,321,905	1,321,905	1,321,905	-
Auto registrations	600,000	600,000	360,000	(240,000)
Tags supplement	180,000	180,000	176,759	(3,241)
Gross weight and axle fee	70,000	70,000	58,893	(11,107)
TxDot grant	664,535	664,535	527,321	(137,214)
Lateral road	21,000	21,000	21,335	335
Interest	30,000	30,000	2,002	(27,998)
Sale of assets	-	-	4,966	4,966
Miscellaneous revenue	1,000	1,000	1,112,662	1,111,662
 Total available for appropriation	 <u>4,998,944</u>	 <u>4,998,944</u>	 <u>5,696,347</u>	 <u>697,403</u>
Charges to Appropriations (Outflows):				
Combined precincts	<u>2,888,440</u>	<u>4,062,253</u>	<u>3,540,872</u>	<u>521,381</u>
 Total charges to appropriations	 <u>2,888,440</u>	 <u>4,062,253</u>	 <u>3,540,872</u>	 <u>521,381</u>
Ending Budgetary Fund Balance	\$ <u>2,110,504</u>	\$ <u>936,691</u>	\$ <u>2,155,475</u>	\$ <u>1,218,784</u>

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

Note 1: Basis of Accounting

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

SCURRY COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS - PENSION PLAN

For the Last Ten Fiscal Years \*

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

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

**SCURRY COUNTY, TEXAS**

SCHEDULE OF CONTRIBUTIONS - PENSION PLAN

For the Last Ten Fiscal Years

Period Ending December 31, (Measurement Date)	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	472,237	472,237	-	6,049,403	7.81%
2013	608,570	608,570	-	7,126,006	8.54%
2014	730,381	730,381	-	7,906,060	9.24%
2015	716,733	718,452	(1,719)	7,910,965	9.08%
2016	718,868	718,868	-	8,225,039	8.74%
2017	697,264	697,264	-	7,923,440	8.80%
2018	710,247	710,247	-	7,779,280	9.13%
2019	775,444	775,444	-	8,223,149	9.43%
2020	898,848	898,848	-	8,718,221	10.31%
2021	863,521	863,521	-	8,976,308	9.62%

**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 normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/20 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service with a 4.6% 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-
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.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected in the Schedule 2019: No changes in plan provisions were reflected in the Schedule 2020: No changes in plan provisions were reflected in the Schedule

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

**COMBINING FINANCIAL STATEMENTS**

*Other Information*

**SCURRY COUNTY, TEXAS**

COMBINING BALANCE SHEET- MODIFIED CASH BASIS -  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2021

	<u>Board of County Development</u>	<u>Abandoned Vehicle</u>	<u>Juvenile Probation</u>	<u>Friends of the Library</u>	<u>Friends of Boys &amp; Girls Club</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 25,091	\$ 8,139	\$ 43,376	\$ 45,997	\$ 8,431
Restricted cash and cash equivalents					
Accounts receivable	_____	_____	_____	_____	_____
Total Assets	\$ <u>25,091</u>	\$ <u>8,139</u>	\$ <u>43,376</u>	\$ <u>45,997</u>	\$ <u>8,431</u>
<u>LIABILITIES</u>					
Unearned revenue	\$	\$	\$	\$	\$
Other liabilities	_____	_____	87	25	1,414
Total Liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>87</u>	\$ <u>25</u>	\$ <u>1,414</u>
Fund Balances:					
Restricted	\$	\$ 8,139	\$ 43,289	\$	\$
Committed	25,091				
Assigned	_____	_____	_____	45,972	7,017
Total Fund Balance	25,091	8,139	43,289	45,972	7,017
Total Liabilities and Fund Balance	\$ <u>25,091</u>	\$ <u>8,139</u>	\$ <u>43,376</u>	\$ <u>45,997</u>	\$ <u>8,431</u>

<u>Library PAC-HUG Grant</u>	<u>Law Library</u>	<u>Justice Court Technology</u>	<u>Records Management</u>	<u>Courthouse Security</u>	<u>J.P. Court Building Security</u>
\$ 200	\$	\$ 289	\$ 658,660	\$ 60,407	\$ 9,764
			2,221		
<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 660,881</u>	<u>\$ 60,407</u>	<u>\$ 9,764</u>
\$	\$ 96,620	\$	\$	\$	\$
<u>\$ -</u>	<u>\$ 96,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 200	\$ (96,620)	\$ 289	\$ 660,881	\$ 60,407	\$ 9,764
<u>200</u>	<u>(96,620)</u>	<u>289</u>	<u>660,881</u>	<u>60,407</u>	<u>9,764</u>
<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 660,881</u>	<u>\$ 60,407</u>	<u>\$ 9,764</u>

**SCURRY COUNTY, TEXAS**

COMBINING BALANCE SHEET- MODIFIED CASH BASIS -  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

December 31, 2021

<u>ASSETS</u>	<u>T.A.I.P.</u>	<u>C.S.C.D.</u>	<u>C.C.P.</u>	<u>Culture and Recreation</u>	<u>L.E.O.S.E.</u>
Cash and cash equivalents	\$ 73,298	\$ 63,508	\$ 14,508	\$ 69,850	\$ 7,300
Restricted cash and cash equivalents					
Accounts receivable					
<b>Total Assets</b>	<b><u>\$ 73,298</u></b>	<b><u>\$ 63,508</u></b>	<b><u>\$ 14,508</u></b>	<b><u>\$ 69,850</u></b>	<b><u>\$ 7,300</u></b>
Unearned revenue	\$	\$	\$	\$	\$
Other liabilities					
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
Fund Balances:					
Restricted	\$ 73,298	\$ 63,508	\$ 14,508	\$	\$ 7,300
Committed					
Assigned				69,850	
<b>Total Fund Balance</b>	<b><u>73,298</u></b>	<b><u>63,508</u></b>	<b><u>14,508</u></b>	<b><u>69,850</u></b>	<b><u>7,300</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 73,298</u></b>	<b><u>\$ 63,508</u></b>	<b><u>\$ 14,508</u></b>	<b><u>\$ 69,850</u></b>	<b><u>\$ 7,300</u></b>

<u>Senior Center Memorial</u>	<u>Help America Vote</u>	<u>Lone Star Grant</u>	<u>Law Enforcement Debt Service</u>	<u>County and District Court Tech</u>	<u>American Rescue Plan Act</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 333,223	\$ 139,189	\$ 1,454	\$ 426,558	\$ 3,148	\$ 1,622,740	\$ 3,188,572 426,558 2,221
<u>\$ 333,223</u>	<u>\$ 139,189</u>	<u>\$ 1,454</u>	<u>\$ 426,558</u>	<u>\$ 3,148</u>	<u>\$ 1,622,740</u>	<u>\$ 3,617,351</u>
\$	\$ 119,012	\$	\$	\$	\$ 1,622,181	\$ 1,741,193 98,146
<u>\$ -</u>	<u>\$ 119,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,622,181</u>	<u>\$ 1,839,339</u>
\$	\$ 20,177	\$ 1,454	\$ 426,558	\$ 3,148	\$ 559	\$ 1,296,859 25,091 456,062
<u>333,223</u>						
<u>333,223</u>	<u>20,177</u>	<u>1,454</u>	<u>426,558</u>	<u>3,148</u>	<u>559</u>	<u>1,778,012</u>
<u>\$ 333,223</u>	<u>\$ 139,189</u>	<u>\$ 1,454</u>	<u>\$ 426,558</u>	<u>\$ 3,148</u>	<u>\$ 1,622,740</u>	<u>\$ 3,617,351</u>

**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, 2021

	<u>Board of County Development</u>	<u>Abandoned Vehicle</u>	<u>Juvenile Probation</u>	<u>Friends of the Library</u>	<u>Friends of Boys &amp; Girls Club</u>
REVENUES:					
Taxes	\$	\$	\$	\$	\$
State and federal grants			139,293		
Fines and fees			1,094		
Interest		12	10	66	1
Other				7,663	8,082
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	12	140,397	7,729	8,083
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:					
Current:					
General government					
Health and welfare					
Judicial and legal			162,357		
Public safety					
Public facilities				8,119	
Debt Service:					
Principal retired					
Interest					
Certificates of obligation administration expense					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	162,357	8,119	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficit) Revenues Over Expenditures	-	12	(21,960)	(390)	8,083
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES AND (USES):					
Transfers in (out)					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	-	12	(21,960)	(390)	8,083
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning of Year	25,091	\$ 8,127	\$ 65,249	\$ 46,362	\$ (1,066)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	\$ 25,091	\$ 8,139	\$ 43,289	\$ 45,972	\$ 7,017
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

<u>Library PAC-HUG Grant</u>	<u>Law Library</u>	<u>Justice Court Technology</u>	<u>Records Management</u>	<u>Courthouse Security</u>	<u>J.P. Court Building Security</u>
\$	\$	\$	\$	\$	\$
	5,192	2,908	123,953	10,933	727
<u>-</u>	<u>5,192</u>	<u>2,908</u>	<u>123,953</u>	<u>10,933</u>	<u>727</u>
			23,528	21,464	
	41,797	1,181			
<u>-</u>	<u>41,797</u>	<u>1,181</u>	<u>23,528</u>	<u>21,464</u>	<u>-</u>
<u>-</u>	<u>(36,605)</u>	<u>1,727</u>	<u>100,425</u>	<u>(10,531)</u>	<u>727</u>
<u>-</u>	<u>(36,605)</u>	<u>1,727</u>	<u>100,425</u>	<u>(10,531)</u>	<u>727</u>
\$ 200	\$ (60,015)	\$ (1,438)	\$ 560,456	\$ 70,938	\$ 9,037
<u>\$ 200</u>	<u>\$ (96,620)</u>	<u>\$ 289</u>	<u>\$ 660,881</u>	<u>\$ 60,407</u>	<u>\$ 9,764</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, 2021

	<u>T.A.I.P.</u>	<u>C.S.C.D.</u>	<u>C.C.P.</u>	<u>Culture and Recreation</u>	<u>L.E.O.S.E.</u>
REVENUES:					
Taxes	\$	\$	\$	\$	\$
State and federal grants	338,482	104,162	57,373		2,665
Fines and fees		140,907			
Interest		53			
Other		374	28,048		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	338,482	245,496	85,421	-	2,665
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:					
Current:					
General government					
Health and welfare					
Judicial and legal	358,123	253,313	86,950		
Public safety					1,563
Public facilities					
Debt Service:					
Principal retired					
Interest					
Certificates of obligation administration expense					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	358,123	253,313	86,950	-	1,563
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficit) Revenues Over Expenditures	(19,641)	(7,817)	(1,529)	-	1,102
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES AND (USES):					
Transfers in (out)	10,176	(10,176)			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	(9,465)	(17,993)	(1,529)	-	1,102
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning of Year	82,763	\$ 81,501	\$ 16,037	\$ 69,850	\$ 6,198
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	\$ 73,298	\$ 63,508	\$ 14,508	\$ 69,850	\$ 7,300
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Senior Center Memorial	Help America Vote	Lone Star Grant	Law Enforcement Debt Service	County and District Court Tech	American Rescue Plan Act	Total Nonmajor Governmental Funds
\$	\$	\$	\$ 916,000	\$	\$	\$ 916,000
	989					642,964
757			290	999	559	286,713
54,950	900					1,748
						100,017
<u>55,707</u>	<u>1,889</u>	<u>-</u>	<u>916,290</u>	<u>999</u>	<u>559</u>	<u>1,947,442</u>
21,493	1,915					46,907
						21,493
						903,721
						1,563
						8,119
			670,000			670,000
			246,200			246,200
			2,450			2,450
<u>21,493</u>	<u>1,915</u>	<u>-</u>	<u>918,650</u>	<u>-</u>	<u>-</u>	<u>1,900,453</u>
<u>34,214</u>	<u>(26)</u>	<u>-</u>	<u>(2,360)</u>	<u>999</u>	<u>559</u>	<u>46,989</u>
<u>34,214</u>	<u>(26)</u>	<u>-</u>	<u>(2,360)</u>	<u>999</u>	<u>559</u>	<u>46,989</u>
\$ 299,009	\$ 20,203	\$ 1,454	\$ 428,918	\$ 2,149	\$ -	\$ 1,731,023
\$ 333,223	\$ 20,177	\$ 1,454	\$ 426,558	\$ 3,148	\$ 559	\$ 1,778,012

**SCURRY COUNTY, TEXAS**

COMBINING STATEMENT OF NET POSITION  
MODIFIED CASH BASIS - NONMAJOR PROPRIETARY FUNDS

December 31, 2021

	<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	\$ 238,057	\$ 115,750	\$ 353,807
Accounts receivable, net	<u>1,443</u>	<u></u>	<u>1,443</u>
Total Current Assets	<u>239,500</u>	<u>115,750</u>	<u>355,250</u>
Noncurrent:			
Capital assets:			
Property, plant and equipment	1,083,305	801,840	1,885,145
Less: accumulated depreciation	<u>(492,700)</u>	<u>(780,641)</u>	<u>(1,273,341)</u>
Total Noncurrent Assets	<u>590,605</u>	<u>21,199</u>	<u>611,804</u>
TOTAL ASSETS	<u>830,105</u>	<u>136,949</u>	<u>967,054</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	3,666		3,666
Customer deposits	<u></u>	<u>18,556</u>	<u>18,556</u>
Total Current Liabilities	<u>3,666</u>	<u>18,556</u>	<u>22,222</u>
<b>NET POSITION:</b>			
Net investment in capital assets	590,605	21,199	611,804
Unrestricted	<u>235,834</u>	<u>97,194</u>	<u>333,028</u>
TOTAL NET POSITION	<u>\$ 826,439</u>	<u>\$ 118,393</u>	<u>\$ 944,832</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, 2021

	<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>			
Service revenue	\$	\$ 76,020	\$ 76,020
Fees	76,409		76,409
Cart shed rentals	24,026		24,026
Membership dues	<u>62,951</u>		<u>62,951</u>
 Total Operating Revenues	 <u>163,386</u>	 <u>76,020</u>	 <u>239,406</u>
<b>OPERATING EXPENSES:</b>			
Wages and salaries	69,711	19,496	89,207
Payroll taxes	5,125	1,347	6,472
Employee benefits	4,957	2,248	7,205
Depreciation expense	35,468	17,733	53,201
Utilities	9,161		9,161
Supplies	42,547	13,619	56,166
Repairs	29,635	8,721	38,356
Fuel	8,440	15	8,455
Medical insurance	22,208	11,401	33,609
Contract labor		65,236	65,236
Professional services	144,000		144,000
Other	<u>41,184</u>	<u>2,496</u>	<u>43,680</u>
 Total Operating Expenses	 <u>412,436</u>	 <u>142,312</u>	 <u>554,748</u>
 Operating Loss	 (249,050)	 (66,292)	 (315,342)
<b>NON-OPERATING REVENUES:</b>			
Ad valorem taxes	254,577		254,577
Grant income	77,050		77,050
Miscellaneous income	19,490	789	20,279
Loss on sale of assets	<u>(1,339)</u>		<u>(1,339)</u>
 Change in Net Position	 100,728	 (65,503)	 35,225
 Net Position - Beginning	 <u>725,711</u>	 <u>183,896</u>	 <u>909,607</u>
 Net Position - Ending	 <u>\$ 826,439</u>	 <u>\$ 118,393</u>	 <u>\$ 944,832</u>

**SCURRY COUNTY, TEXAS**

COMBINING STATEMENT OF CASH FLOWS  
MODIFIED CASH BASIS - NONMAJOR PROPRIETARY FUNDS

For the Year Ended December 31, 2021

	<u>Scurry County Golf Course</u>	<u>Hermleigh Water Works</u>	<u>Total Non-Major Business-type Activities Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 163,386	\$ 77,748	\$ 241,134
Cash paid to employees	(79,793)	(23,091)	(102,884)
Cash paid to suppliers	<u>(297,024)</u>	<u>(101,488)</u>	<u>(398,512)</u>
Net Cash Used in Operating Activities	<u>(213,431)</u>	<u>(46,831)</u>	<u>(260,262)</u>
<b>CASH FLOWS NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Grant income	77,050		77,050
Miscellaneous receipts	19,993	789	20,782
Ad valorem tax receipts	<u>254,577</u>		<u>254,577</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>351,620</u>	<u>789</u>	<u>352,409</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>138,189</u>	<u>(46,042)</u>	<u>92,147</u>
Cash and Cash Equivalents at Beginning of Year	<u>99,868</u>	<u>161,792</u>	<u>261,660</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>238,057</u></u>	\$ <u><u>115,750</u></u>	\$ <u><u>353,807</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>			
Operating Loss	\$ (249,050)	\$ (66,292)	\$ (315,342)
Increase in accounts payable	151		151
Increase in customer deposits		1,728	1,728
Depreciation and amortization	<u>35,468</u>	<u>17,733</u>	<u>53,201</u>
Net Cash Used in Operating Activities	\$ <u><u>(213,431)</u></u>	\$ <u><u>(46,831)</u></u>	\$ <u><u>(260,262)</u></u>

**SCURRY COUNTY, TEXAS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
MODIFIED CASH BASIS - FIDUCIARY FUNDS

December 31, 2021

	<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>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 30,506	\$ 1,056,004	\$ 147,767	\$ 181,270	\$ 78,850
Accounts receivable	<u>2,558,119</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>2,588,625</u>	<u>1,056,004</u>	<u>147,767</u>	<u>181,270</u>	<u>78,850</u>
<b>LIABILITIES:</b>					
Due to other governmental entities	2,588,625	1,056,004	147,767		35,621
Due to others				181,270	
Bonds held in trust	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>43,229</u>
Total Liabilities	<u>2,588,625</u>	<u>1,056,004</u>	<u>147,767</u>	<u>181,270</u>	<u>78,850</u>
<b>NET POSITION:</b>					
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Justice of the Peace Fund</u>	<u>Sheriff Inmate Fund</u>	<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>
\$ 1,060	\$ 6,583	\$ 2,660	\$ 105,377	\$ 23,828	\$ 75,855	\$ 51,675	\$ 1,761,435
<u>1,060</u>	<u>6,583</u>	<u>2,660</u>	<u>105,377</u>	<u>23,828</u>	<u>75,855</u>	<u>51,675</u>	<u>2,558,119</u>
1,060	6,583	2,660	14,481 90,896	23,828	75,855	51,675	3,842,498 433,827 43,229
<u>1,060</u>	<u>6,583</u>	<u>2,660</u>	<u>105,377</u>	<u>23,828</u>	<u>75,855</u>	<u>51,675</u>	<u>4,319,554</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

May 9, 2022

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

**Independent Auditor's 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, the business-type activities, each major fund, and the aggregate remaining fund information of Scurry County, Texas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Scurry County, Texas's basic financial statements, and have issued our report thereon dated May 9, 2022.

**Report on 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Scurry County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Scurry County Texas' internal control.

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2021-001.

## Scurry County, Texas' Response to Findings

*Government Auditing Standards* require the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

Condley & Company, LLP

Certified Public Accountants

**SCURRY COUNTY, TEXAS**

**SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended December 31, 2021

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**A. Type of Report Issued on the Financial Statements**

The Independent Auditor's Report on the financial statements of Scurry County, Texas as of and for the year ended December 31, 2021, was a qualified opinion.

**B. Material weakness in Internal Control Disclosed by the Audit of the Financial Statements.**

The audit of the financial statements of Scurry County, Texas as of and for the year ended December 31, 2021, disclosed no material weakness in internal control.

**C. Significant Deficiencies in Internal Control.**

The audit of the financial statements of Scurry County, Texas as of and for the year ended December 31, 2021, disclosed no significant deficiency in internal control.

**D. Noncompliance Material to the Financial Statements**

The audit disclosed one instance of noncompliance which is material to the financial statements of Scurry County, Texas as of and for the year ended December 31, 2021.

**II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

**A. Compliance Finding**

2021-001

*Criteria:* In accordance with Texas Government Code Title 10, Subtitle F, Chapter 2257, a deposit of public funds shall be secured by eligible security to the extent and in the manner required by Government Code.

*Condition:* During the 2021 audit of cash balances, instances of uncollateralized deposits were discovered as stated in Note 4 of the Notes to Financial Statements. Upon inquiry of management and during the confirmation process, it was discovered that the County did not have sufficient pledged securities to cover deposit balances as of the largest balance date.

*Effect:* Public funds are not fully collateralized due to County funds exceeding FDIC insurance coverage and sufficient pledged securities were not available to cover the remaining balance.

*Cause:* County Treasurer does not have access to review bank balances for all funds in custody of the County.

*Recommendation:* We recommend the County review bank balances and maintain pledged securities sufficient to cover all deposits of public funds.

*Views of responsible official and planned corrective actions:*

To address and correct this issue, the Treasurer contacted the president of the depository bank to ensure that the treasurer had online access to all the bank accounts held under the county's name at the depository bank. This was addressed and corrected right away, and the Treasurer's office has been checking each account daily to ensure that the county does not have any funds that are uncollateralized at any time. The auditor will do random checks to ensure that all funds are covered.