



SCURRY COUNTY, TEXAS

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

**December 31, 2022
(With Summarized Financial Information
as of and for the Year Ended December 31, 2021)**

SCURRY COUNTY, TEXAS

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December 31, 2022

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June 12, 2023

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, 2022, 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, 2022, 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 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 and Business-Type 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 post-employment 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 which 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 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 2021 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, 2022, 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 June 12, 2023, 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.



Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information

SCURRY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

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, 2022, 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, long-term debt, and deferred inflows and outflows related to pensions in the government-wide financial statements for all activities and in the fund financial statements for proprietary fund activities, and certain assets and liabilities on an accrual basis.

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

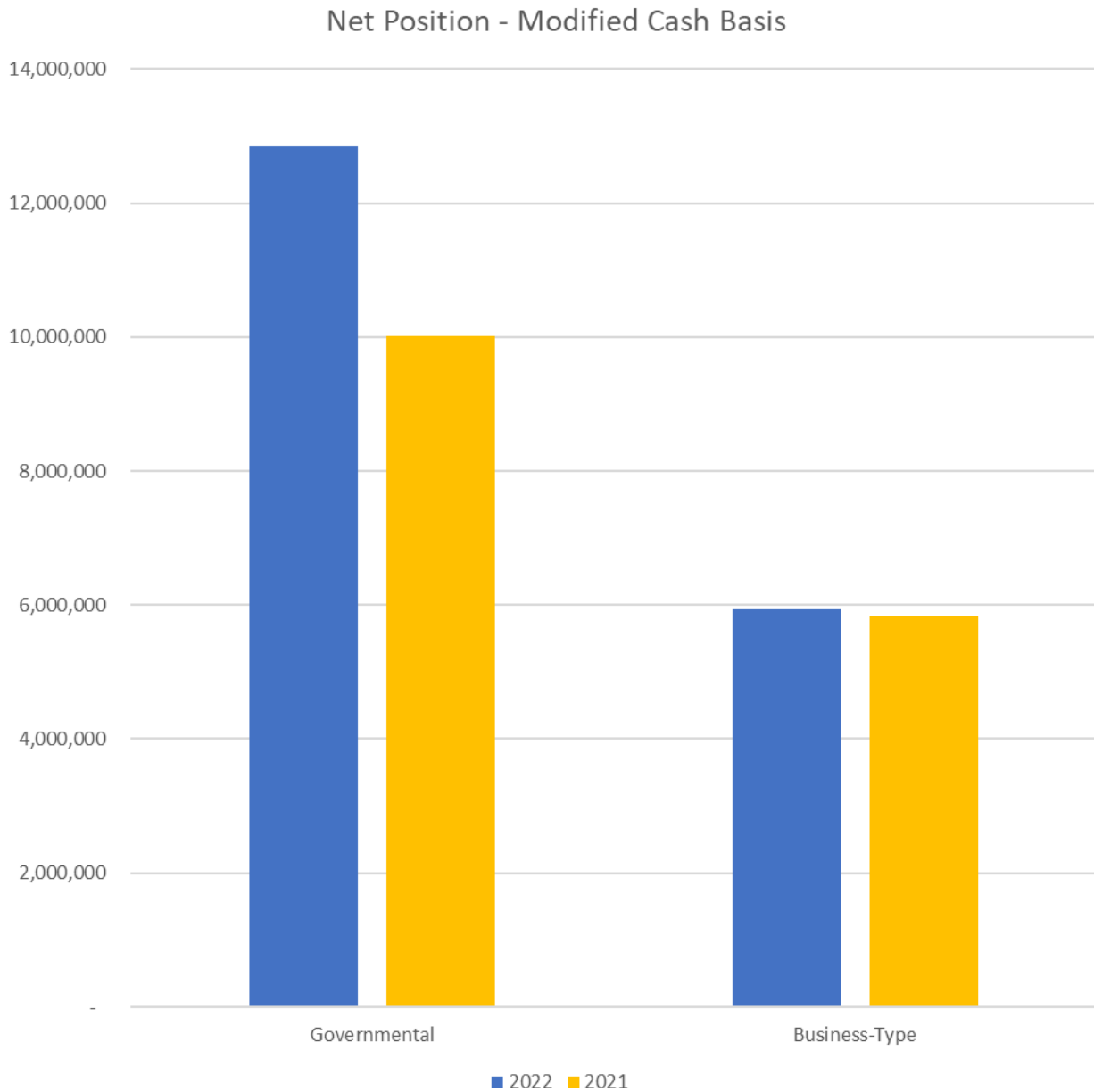
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Total Assets

The County's combined total assets and deferred outflows of resources amounted to \$47,877,759 and \$40,588,164 for the years ended December 31, 2022 and 2021, respectively. Total liabilities and deferred inflows amounted to \$29,096,319 and \$24,742,889 for the years ended December 31, 2022 and 2021, respectively.

Net Position - Modified Cash Basis

The County's combined net position, resulting from modified cash basis transactions, increased from \$15,845,275 to \$18,781,440 between fiscal years 2021 and 2022.



Changes in Net Position - Modified Cash Basis

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

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

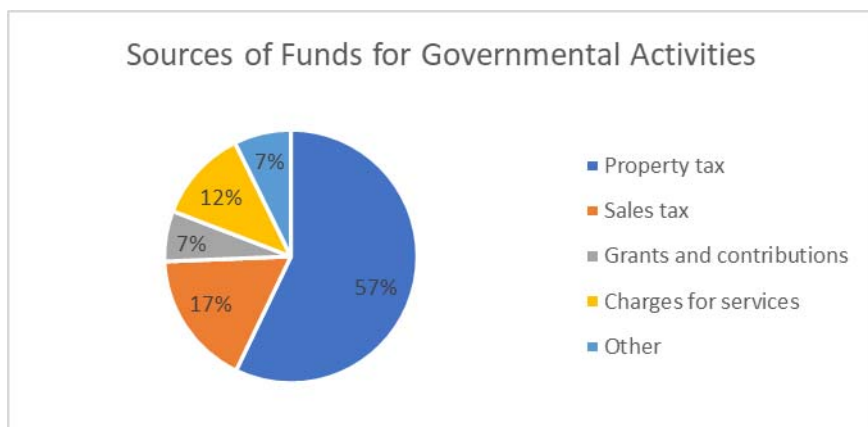
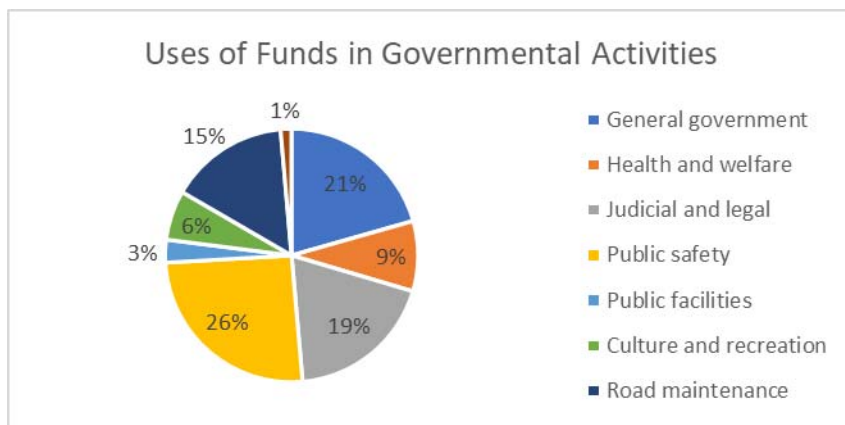
For the year ended December 31, 2021, net position of the primary government (resulting from modified cash basis transactions) changed as follows:

	<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, airport 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>

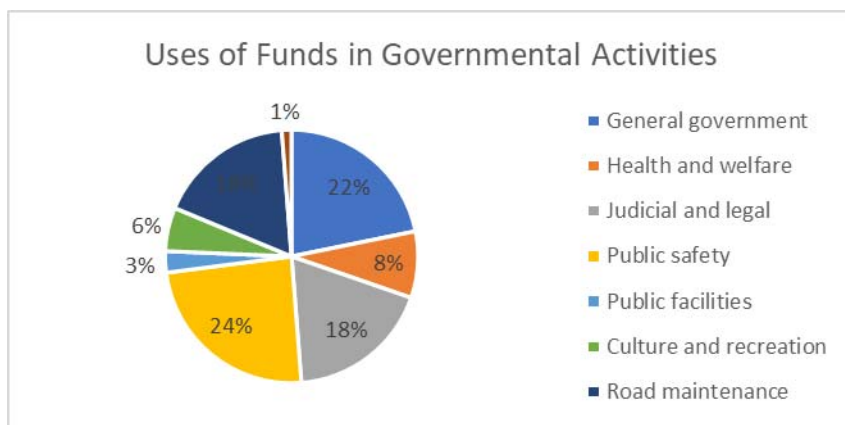
Governmental Activities

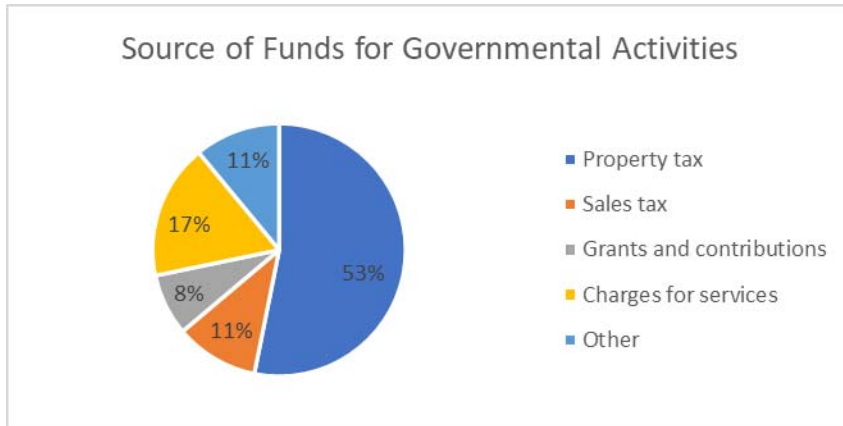
To aid in the understanding of the statement of activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column, 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, 2022, the County's governmental activities were funded as follows:



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





Total expenses for governmental activities, resulting from modified cash basis transactions, amounted to \$14,529,818 and \$19,814,746 for the years ended December 31, 2022 and 2021, respectively. Of these total expenses, taxpayers and other general revenues funded \$11,345,069 and \$14,827,203 for the years ended December 31, 2022 and 2021, respectively. While those directly benefiting from the program funded \$1,121,081 and \$1,564,198 from grants and other contributions; \$2,063,668 and \$3,423,345 was provided from charges for services for the years ended December 31, 2022 and 2021, 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 (\$119,825) and \$100,728 for the years ended December 31, 2022 and 2021, respectively. Scurry County Golf Course received non-operating income of \$187,405 in 2022 and \$349,778 in 2021, and reported a net operating loss of (\$307,230) and (\$249,050) for the years ended December 31, 2022 and 2021, respectively.

The Hermligh Water Works fund reported a change in net position of (\$8,443) and (\$65,503) for the years ended December 31, 2022 and 2021, respectively. Hermligh Water Works received non-operating income of \$2,491 in 2022 and \$789 in 2021, and reported net operating loss of (\$10,934) and (\$66,292) for the years ended December 31, 2022 and 2021, respectively.

The Scurry County Emergency Medical Service (E.M.S.) reported a change in net position of \$251,812 and (\$33,943) for the years ended December 31, 2022 and 2021, respectively. Scurry County E.M.S. received non-operating income of \$1,537,085 in 2022 and \$1,191,688 in 2021. Scurry County E.M.S. reported a net operating loss of (\$1,285,273) and (\$1,225,631) for the years ended December 31, 2022 and 2021, respectively.

The Scurry County Airport, reported a change in net position of (\$13,720) and \$140,908 for the years ended December 31, 2022 and 2021, respectively. Scurry County Airport received non-operating income of \$426,113 in 2022 and \$580,612 in 2021. Scurry County Airport reported a net operating loss of (\$439,833) and (\$439,704) for the years ended December 31, 2022 and 2021, respectively.

A FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Financial Highlights

- The County's total expenses exceeded total revenues (including transfers), on the modified cash basis of accounting, by \$2,216,137 for the year. Total revenue decreased by \$1,991,553 from 2021 to 2022 and total expenditures increased by \$1,071,459 which is mainly attributable to capital outlay and renovation projects for 2022.
- The County's general fund ended the year with a fund balance of \$324,748, which represents 2.32% 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, 2022, general fund expenditures were \$934,602 less than final appropriations, while actual resources available for appropriation (excluding any change in beginning budgetary fund balance) were \$108,027 less than the final budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets-Modified Cash Basis

The County had \$21,959,516 and \$21,401,418 in capital assets, net of depreciation at December 31, 2022 and 2021, respectively (see table below).

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

	Governmental Activities 2022	Business- Type Activities 2022	Totals 2022	Summarized Totals 2021
Land	\$ 193,218	\$ 179,058	\$ 372,276	\$ 372,276
Construction in progress	-	175,665	175,665	495,780
Buildings and improvements	16,684,711	1,473,240	18,157,951	17,279,458
Equipment and vehicles	2,432,793	804,041	3,236,834	3,223,155
Furniture and fixtures	4,716	-	4,716	14,148
Software	12,074	-	12,074	16,601
Total	\$ 19,327,512	\$ 2,632,004	\$ 21,959,516	\$ 21,401,418

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 \$11,250,047 and \$12,039,058 as of December 31, 2022 and 2021, respectively (see table below).

	<u>2022</u>	<u>2021</u>
Certificates of obligation	\$ 10,030,000	\$ 10,720,000
Premium on certificates of obligation	245,512	288,591
Finance lease obligations	<u>974,535</u>	<u>1,030,467</u>
Total	<u>\$ 11,250,047</u>	<u>\$ 12,039,058</u>

Debt related to business type activities totaled \$99,612 in finance lease obligations as of December 31, 2022.

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, 2023, 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 25th Street, Snyder, Texas 79549 or 325-573-7121.

GOVERNMENT – WIDE FINANCIAL STATEMENTS

Basic Financial Statements

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

December 31, 2022
(With Summarized Financial Information as of December 31, 2021)

	Primary Government			2021 Summarized Data
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 14,265,507	\$ 3,147,774	\$ 17,413,281	\$ 16,871,221
Accounts receivable, net	3,412	4,400	7,812	10,499
Restricted Assets:				
Cash and cash equivalents	431,784		431,784	426,558
Noncurrent Assets:				
Net pension asset	5,871,100	1,181,808	7,052,908	-
Capital Assets:				
Land	193,218	179,058	372,276	372,276
Construction in progress		175,665	175,665	495,780
Buildings and improvements	25,158,044	4,507,981	29,666,025	28,618,425
Infrastructure	5,085,809		5,085,809	5,054,668
Equipment	10,755,131	1,809,978	12,565,109	12,134,355
Furniture and fixtures	326,857		326,857	326,857
Motor vehicles	2,314,159	758,186	3,072,345	2,877,793
Right of use assets	1,505,359	296,843	1,802,202	1,878,882
Software	852,167		852,167	852,167
Less accumulated depreciation	<u>(26,863,232)</u>	<u>(5,095,707)</u>	<u>(31,958,939)</u>	<u>(31,209,785)</u>
TOTAL ASSETS	<u>39,899,315</u>	<u>6,965,986</u>	<u>46,865,301</u>	<u>38,709,696</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows of resources related to pensions	<u>842,807</u>	<u>169,651</u>	<u>1,012,458</u>	<u>1,878,468</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>842,807</u>	<u>169,651</u>	<u>1,012,458</u>	<u>1,878,468</u>
LIABILITIES:				
Current Liabilities:				
Deposits	25,016	18,932	43,948	42,072
Other liabilities	180,855	3,921	184,776	139,132
Accrued interest payable	81,300		81,300	107,674
Unearned revenue	3,256,278		3,256,278	1,741,193
Certificates of obligation payable	710,000		710,000	690,000
Right of use lease obligation - current	137,947	30,338	168,285	106,126
Noncurrent Liabilities:				
Certificates of obligation payable - net of premium	9,565,512		9,565,512	10,318,591
Right of use lease obligation	836,588	69,274	905,862	924,341
Net pension liability			-	1,700,944
TOTAL LIABILITIES	<u>14,793,496</u>	<u>122,465</u>	<u>14,915,961</u>	<u>15,770,073</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	7,801,539		7,801,539	6,540,648
Deferred inflows of resources related to pensions	<u>5,309,963</u>	<u>1,068,856</u>	<u>6,378,819</u>	<u>2,432,168</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>13,111,502</u>	<u>1,068,856</u>	<u>14,180,358</u>	<u>8,972,816</u>
NET POSITION:				
Net investment in capital assets	8,077,465	2,532,392	10,609,857	8,866,580
Restricted for:				
Debt service	431,784		431,784	426,558
Texas Department of Criminal Justice	151,525		151,525	194,603
Records management	636,478		636,478	660,881
Other grants and contracts	13,544		13,544	14,817
Unrestricted	<u>3,526,328</u>	<u>3,411,924</u>	<u>6,938,252</u>	<u>5,681,836</u>
TOTAL NET POSITION	<u>\$ 12,837,124</u>	<u>\$ 5,944,316</u>	<u>\$ 18,781,440</u>	<u>\$ 15,845,275</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, 2022
 (With Summarized Financial Information for the Year Ended December 31, 2021)

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Function/Program Activities			
Primary Government:			
Governmental Activities:			
General government	\$ 2,993,608	\$ 585,209	\$ 80,141
Health and welfare	1,302,400	41,581	
Judicial and legal	2,767,069	528,356	666,615
Public safety	3,702,351	252,524	2,310
Public facilities	423,347	68,440	102,096
Culture and recreation	922,853	2,540	
Road maintenance	2,216,320	585,018	269,919
Interest on long-term debt	201,870		
	<u>14,529,818</u>	<u>2,063,668</u>	<u>1,121,081</u>
Business-type Activities:			
Golf course, water, EMS services and airport		1,430,952	283,410
Depreciation expense	364,266		
Operating expense	3,109,956		
	<u>3,474,222</u>	<u>1,430,952</u>	<u>283,410</u>
Total business-type activities	<u>3,474,222</u>	<u>1,430,952</u>	<u>283,410</u>
Total primary government	<u>\$ 18,004,040</u>	<u>\$ 3,494,620</u>	<u>\$ 1,404,491</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			2021 Summarized Data
Governmental Activities	Business-type Activities	Total	
\$ (2,328,258)	\$	\$ (2,328,258)	\$ (3,825,314)
(1,260,819)		(1,260,819)	(1,405,920)
(1,572,098)		(1,572,098)	(2,299,426)
(3,447,517)		(3,447,517)	(4,265,266)
(252,811)		(252,811)	(471,134)
(920,313)		(920,313)	(1,102,171)
(1,361,383)		(1,361,383)	(1,259,822)
(201,870)		(201,870)	(198,150)
<u>(11,345,069)</u>	<u>-</u>	<u>(11,345,069)</u>	<u>(14,827,203)</u>
	1,714,362	1,714,362	1,782,392
	(364,266)	(364,266)	(355,331)
	<u>(3,109,956)</u>	<u>(3,109,956)</u>	<u>(3,227,253)</u>
<u>-</u>	<u>(1,759,860)</u>	<u>(1,759,860)</u>	<u>(1,800,192)</u>
<u>(11,345,069)</u>	<u>(1,759,860)</u>	<u>(13,104,929)</u>	<u>(16,627,395)</u>
9,918,640	1,771,059	11,689,699	12,139,619
537,485		537,485	469,137
2,990,619		2,990,619	2,114,933
46,968		46,968	21,477
(414,928)	(237,232)	(652,160)	(21,282)
281,730		281,730	16,694
<u>810,896</u>	<u>335,857</u>	<u>1,146,753</u>	<u>2,016,267</u>
<u>14,171,410</u>	<u>1,869,684</u>	<u>16,041,094</u>	<u>16,756,845</u>
2,826,341	109,824	2,936,165	129,450
<u>10,010,783</u>	<u>5,834,492</u>	<u>15,845,275</u>	<u>15,715,825</u>
<u>\$ 12,837,124</u>	<u>\$ 5,944,316</u>	<u>\$ 18,781,440</u>	<u>\$ 15,845,275</u>

FUND FINANCIAL STATEMENTS

Basic Financial Statements

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

December 31, 2022
(With Summarized Financial Information as of December 31, 2021)

	<u>General</u>	<u>Road and Bridge</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>2021 Summarized Data</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 8,192,265	\$ 1,453,418	\$ 4,619,824	\$ 14,265,507	\$ 13,661,368
Restricted cash and cash equivalents			431,784	431,784	426,558
Accounts receivable	<u>1,192</u>	<u> </u>	<u>2,220</u>	<u>3,412</u>	<u>6,049</u>
 Total Assets	 <u>\$ 8,193,457</u>	 <u>\$ 1,453,418</u>	 <u>\$ 5,053,828</u>	 <u>\$ 14,700,703</u>	 <u>\$ 14,093,975</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
Liabilities:					
Deposits	\$ 25,016	\$	\$	\$ 25,016	\$ 23,516
Unearned revenue			3,256,278	3,256,278	1,741,193
Other liabilities	<u>42,154</u>	<u> </u>	<u>138,701</u>	<u>180,855</u>	<u>135,466</u>
 Total Liabilities	 <u>67,170</u>	 <u>-</u>	 <u>3,394,979</u>	 <u>3,462,149</u>	 <u>1,900,175</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	<u>7,801,539</u>	<u> </u>	<u> </u>	<u>7,801,539</u>	<u>6,540,648</u>
 Total Deferred Inflows of Resources	 <u>7,801,539</u>	 <u>-</u>	 <u>-</u>	 <u>7,801,539</u>	 <u>6,540,648</u>
Fund balances:					
Restricted			1,227,096	1,227,096	1,296,859
Committed	10,000	1,453,418	25,091	1,488,509	2,190,566
Assigned			406,662	406,662	456,062
Unassigned	<u>314,748</u>	<u> </u>	<u> </u>	<u>314,748</u>	<u>1,709,665</u>
 Total Fund Balance	 <u>324,748</u>	 <u>1,453,418</u>	 <u>1,658,849</u>	 <u>3,437,015</u>	 <u>5,653,152</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 8,193,457</u>	 <u>\$ 1,453,418</u>	 <u>\$ 5,053,828</u>	 <u>\$ 14,700,703</u>	 <u>\$ 14,093,975</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, 2022

Fund Balances - Total governmental funds	\$	3,437,015
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 46,190,744	
Less accumulated depreciation	<u>(26,863,232)</u>	19,327,512
<p>Deferred outflows of resources related to pensions are not reported in the governmental funds.</p>		
		842,807
<p>Debt obligations are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Accrued interest payable	(81,300)	
Certificates of obligation	(10,275,512)	
Right of use lease obligations	<u>(974,535)</u>	(11,331,347)
<p>Net pension asset is not reported in the governmental funds.</p>		
		5,871,100
<p>Deferred inflows of resources related to pensions are not reported in the governmental funds.</p>		
		<u>(5,309,963)</u>
Net position of governmental activities	\$	<u><u>12,837,124</u></u>

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

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

For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	General Fund	Road and Bridge	Other Nonmajor Governmental Funds	Total Governmental Funds	2021 Summarized Data
REVENUES:					
Taxes	\$ 11,240,667	\$ 797,509	\$ 918,050	\$ 12,956,226	\$ 12,662,021
Motor vehicle registration		575,193		575,193	595,652
State and federal grants	141,952	269,919	709,210	1,121,081	1,564,198
Fines and fees	1,236,362	282	273,449	1,510,093	1,887,670
Interest	186,165	27,846	67,719	281,730	16,694
Other	1,209,512	196,596	128,914	1,535,022	3,077,113
Total Revenues	14,014,658	1,867,345	2,097,342	17,979,345	19,803,348
EXPENDITURES:					
Current:					
General government	5,967,262		277,375	6,244,637	4,277,308
Health and welfare	1,536,617		60,430	1,597,047	1,516,707
Judicial and legal	2,527,506		872,473	3,399,979	3,357,510
Public safety	4,027,320		1,210	4,028,530	4,007,030
Public facilities	405,782		16,017	421,799	418,009
Culture and recreation	1,014,938			1,014,938	920,387
Road maintenance		2,569,402		2,569,402	3,708,422
Debt Service:					
Principal retired			690,000	690,000	670,000
Interest			226,700	226,700	246,200
Certificates of obligation administration expense			2,450	2,450	2,450
Total Expenditures	15,479,425	2,569,402	2,146,655	20,195,482	19,124,023
Excess (Deficit) Revenues Over Expenditures	(1,464,767)	(702,057)	(49,313)	(2,216,137)	679,325
OTHER FINANCING SOURCES (USES):					
Capital lease proceeds				-	167,550
Transfers in (out)	69,850		(69,850)	-	-
Total Other Financing Sources (Uses)	69,850	-	(69,850)	-	167,550
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	(1,394,917)	(702,057)	(119,163)	(2,216,137)	846,875
Fund Balance, Beginning of Year	1,719,665	2,155,475	1,778,012	5,653,152	4,806,277
Fund Balance, End of Year	<u>\$ 324,748</u>	<u>\$ 1,453,418</u>	<u>\$ 1,658,849</u>	<u>\$ 3,437,015</u>	<u>\$ 5,653,152</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, 2022

Net change in fund balances - total governmental funds \$ (2,216,137)

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	\$ 2,421,987	
Depreciation expense	<u>(1,256,585)</u>	1,165,402

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

Principal payments on bonds payable		690,000
Bond premium		43,079

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

Principal payments		130,633
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Loss on sale of capital assets is recognized in governmental activities but not fully recognized in the fund statements.		(623,186)
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The change in net pension liability / asset and the related deferred outflows and inflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as an expenditure in the governmental funds.		3,654,799
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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>(18,249)</u>
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Change in net position of governmental activities		<u>\$ 2,826,341</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	2022 Total	2021 Summarized Data
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 1,710,026	\$ 1,184,506	\$ 253,242	\$ 3,147,774	\$ 3,209,853
Accounts receivable	2,953	4	1,443	4,400	4,450
Total Current Assets	1,712,979	1,184,510	254,685	3,152,174	3,214,303
Noncurrent:					
Net pension asset	1,015,522	118,102	48,184	1,181,808	-
Capital assets:					
Property, plant and equipment	2,179,097	3,714,140	1,834,474	7,727,711	7,476,255
Less: accumulated depreciation	(1,297,576)	(2,627,296)	(1,170,835)	(5,095,707)	(4,833,844)
Total Noncurrent Assets	1,897,043	1,204,946	711,823	3,813,812	2,642,411
TOTAL ASSETS	3,610,022	2,389,456	966,508	6,965,986	5,856,714
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred outflows of resources related to pensions	145,780	16,954	6,917	169,651	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	145,780	16,954	6,917	169,651	-
LIABILITIES:					
Current liabilities:					
Accounts payable		221	3,700	3,921	3,666
Customer deposits			18,932	18,932	18,556
Right of use lease obligation - current	2,336		28,002	30,338	-
Total Current Liabilities	2,336	221	50,634	53,191	22,222
Noncurrent liabilities:					
Right of use lease obligation	6,626		62,648	69,274	-
Total Noncurrent Liabilities	6,626	-	62,648	69,274	-
TOTAL LIABILITIES	8,962	221	113,282	122,465	22,222
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows of resources related to pensions	918,462	106,815	43,579	1,068,856	-
TOTAL DEFERRED INFLOWS OF RESOURCES	918,462	106,815	43,579	1,068,856	-
NET POSITION:					
Net investment in capital assets	872,559	1,086,844	572,989	2,532,392	2,642,411
Unrestricted	1,955,819	1,212,530	243,575	3,411,924	3,192,081
TOTAL NET POSITION	\$ 2,828,378	\$ 2,299,374	\$ 816,564	\$ 5,944,316	\$ 5,834,492

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	2022 Total	2021 Summarized Data
OPERATING REVENUES:					
Service revenue	\$ 1,214,326	\$ 53,015	\$ 36,966	\$ 1,304,307	\$ 1,438,521
Fees			35,932	35,932	76,409
Cart shed rentals			24,470	24,470	24,026
Membership dues			66,243	66,243	62,951
Total Operating Revenues	1,214,326	53,015	163,611	1,430,952	1,601,907
OPERATING EXPENSES:					
Wages and salaries	1,332,446	154,960	62,621	1,550,027	1,547,069
Payroll taxes	119,711	13,381	4,580	137,672	135,295
Employee benefits	139,661	17,480	6,873	164,014	140,716
Depreciation expense	176,075	158,864	29,327	364,266	355,331
Contract labor	30,000		36,932	66,932	85,711
Utilities	5,574	8,628	8,837	23,039	20,097
Supplies	70,312	4,690	44,721	119,723	127,062
Repairs	114,964	28,406	43,608	186,978	185,637
Fuel	1,340	2,615	8,443	12,398	13,826
Medical insurance	272,839	61,952	22,465	357,256	369,911
Professional services	117,058		144,000	261,058	260,884
Bad debt expense				-	217,781
Other	119,619	41,872	69,368	230,859	123,264
Total Operating Expenses	2,499,599	492,848	481,775	3,474,222	3,582,584
Operating Loss	(1,285,273)	(439,833)	(318,164)	(2,043,270)	(1,980,677)
NON-OPERATING REVENUES (EXPENSES):					
Ad valorem taxes	1,031,563	371,044	368,452	1,771,059	1,614,007
Grant income	230,409	19,501	33,500	283,410	180,485
Miscellaneous income	32,273	6,827	14,154	53,254	348,315
Pension income	242,840	28,241	11,522	282,603	-
Gain (loss) on sale of assets		500	(237,732)	(237,232)	(19,940)
Change in Net Position	251,812	(13,720)	(128,268)	109,824	142,190
Net Position - Beginning	2,576,566	2,313,094	944,832	5,834,492	5,692,302
Net Position - Ending	\$ 2,828,378	\$ 2,299,374	\$ 816,564	\$ 5,944,316	\$ 5,834,492

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

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

	Business-type Activities Enterprise Funds				
	For the Year Ended December 31,				
	Scurry County E.M.S.	Scurry County Airport	Non-Major	2022 Total	2021 Summarized Data
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,214,326	\$ 53,065	\$ 163,987	\$ 1,431,378	\$ 1,603,866
Cash paid to employees	(1,591,818)	(185,821)	(74,074)	(1,851,713)	(1,823,080)
Cash paid to suppliers	(731,706)	(147,942)	(378,340)	(1,257,988)	(1,186,241)
Net Cash Used in Operating Activities	(1,109,198)	(280,698)	(288,427)	(1,678,323)	(1,405,455)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:					
Grant income	230,409	19,501	33,500	283,410	77,050
Miscellaneous receipts	32,273	7,327	16,158	55,758	462,253
Ad valorem tax receipts	1,031,563	371,044	368,452	1,771,059	1,614,007
Net Cash Provided by Noncapital and Related Financing Activities	1,294,245	397,872	418,110	2,110,227	2,153,310
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(263,735)		(230,248)	(493,983)	(288,025)
Net Cash Used in Capital and Related Financing Activities	(263,735)	-	(230,248)	(493,983)	(288,025)
Net Increase (Decrease) in Cash and Cash Equivalents	(78,688)	117,174	(100,565)	(62,079)	459,830
Cash and Cash Equivalents at Beginning of Year	1,788,714	1,067,332	353,807	3,209,853	2,750,023
Cash and Cash Equivalents at End of Year	\$ 1,710,026	\$ 1,184,506	\$ 253,242	\$ 3,147,774	\$ 3,209,853
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:					
Operating Loss	\$ (1,285,273)	\$ (439,833)	\$ (318,164)	\$ (2,043,270)	\$ (1,980,677)
Adjustments Not Affecting Cash:					
Decrease in accounts receivable		50		50	218,012
Increase in accounts payable		221	34	255	151
Increase in customer deposits			376	376	1,728
Depreciation and amortization	176,075	158,864	29,327	364,266	355,331
Net Cash Used in Operating Activities	\$ (1,109,198)	\$ (280,698)	\$ (288,427)	\$ (1,678,323)	\$ (1,405,455)

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, 2022

	<u>Employee Retirement Funds</u>	<u>Custodial Funds</u>
ASSETS:		
Cash and cash equivalents	\$	\$ 2,036,764
Accounts receivable		2,655,085
Investments at fair value	<u>473,226</u>	<u> </u>
Total Assets	<u>473,226</u>	<u>4,691,849</u>
LIABILITIES:		
Due to other governmental entities		4,053,506
Due to others		569,964
Bonds held in trust		<u>68,379</u>
Total Liabilities	<u>-</u>	<u>4,691,849</u>
NET POSITION:		
Restricted for pensions	<u>\$ 473,226</u>	<u>\$ -</u>

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

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

For the Year Ended December 31, 2022

	<u>Employee Retirement Funds</u>	<u>Total Custodial Funds</u>
ADDITIONS:		
Charges for services		
Fines and fees		
Contributions:		
Employee	\$ 57,418	\$
Private		<u>207,596,137</u>
Investment Activity:		
Investment loss	(125,461)	
Less Investment Expenses:		
Asset fees	<u>3,075</u>	
Net Investment Loss	<u>(128,536)</u>	<u>-</u>
Total Additions and Investment Activity	<u>(71,118)</u>	<u>207,596,137</u>
DEDUCTIONS:		
Recipient payments		207,596,137
Benefits paid	<u>324,959</u>	
Total Deductions	<u>324,959</u>	<u>207,596,137</u>
Net Decrease	<u>(396,077)</u>	<u>-</u>
Net Position - Beginning of Year	<u>869,303</u>	<u>-</u>
Net Position - End of Year	<u>\$ 473,226</u>	<u>\$ -</u>

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

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 the constitution, external resources providers, or through enabling legislation.
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Commissioners' Court (the County's highest level of decision-making authority).
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.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

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, 2022 which relates to the use of external resources, is comprised of the following:

Restriction	Amount
Law enforcement center debt service	\$ 431,784
Texas Department of Criminal Justice grants and contracts	104,844
Records management	636,478
Court and courthouse security	30,580
Law library	(137,201)
Court technology	19,664
Abandoned vehicle	8,298
Other grants	<u>132,649</u>
 Total Restricted Fund Balance	 \$ <u>1,227,096</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 formal action of the Commissioners' Court. The County's committed fund balance as of December 31, 2022 is comprised of the following:

Commitment	Amount
Road and bridge maintenance	\$ 1,453,418
Board of County Development	<u>35,091</u>
 Total Committed Fund Balance	 \$ <u>1,488,509</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, 2022 is comprised of the following:

Assignment	Amount
Senior Center Memorial	\$ 354,865
Friends of Boys & Girls Club	9,331
Friends of the Library	<u>42,466</u>
 Total Assigned Fund Balance	 \$ <u>406,662</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.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 \$368,452 in property taxes during 2022 to the golf course to cover operating expenses of \$433,875 incurred in 2022.

Hermleigh Water Works

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

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

Operating revenue results from service fees charged and operating expenses related to the costs of providing emergency medical service to the County residents. The County allocated \$1,031,563 in property taxes during 2022 to E.M.S. to cover operating expenses of \$2,499,599 incurred in 2022. The Scurry County Emergency Medical Service fund was considered a major proprietary fund for financial reporting purposes for 2022.

Scurry County Airport

Operating revenue results from hangar rental charges and the sale of fuel and oil. The County allocated \$371,044 in property taxes during 2022 to Scurry County Airport to cover operating expenses of \$492,848 incurred in 2022. The Scurry County Airport fund was considered a major proprietary fund for financial reporting purposes for 2022.

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 the County is responsible for administering and disbursing the funds in accordance with legal requirements, agreements or court orders.

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

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Measurement Focus/Basis of Accounting

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

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

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

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

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

For 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 \$431,784 as of December 31, 2022, to be used for principal and interest payments for certificates of obligation partially refinanced in 2017 and 2021.

Property Tax Calendar

The County is responsible for the 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 on February 1. The County gives a 3%, 2%, and 1% discount for early payment in October, November, and December, respectively.

Capital Assets

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

Government-Wide Statements

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

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

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

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. A restricted net position totaling \$1,233,331 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.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Fund Financial Statements

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through June 12, 2023, the date the financial statements were available to be issued. The County Commissioners' Court accepted a proposal for the sale of capital and financial operations related to Hermleigh Water Works on November 16, 2022. The sale will be completed during fiscal year 2023 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 bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

In addition to the \$250,000 insurance on accounts provided by Federal Deposit Insurance Corporation ("FDIC") regulations, securities in the amount of \$24,295,286 were pledged by the depository bank to secure all bank deposits. The largest cash balance amounted to \$12,594,123 and occurred on November 14, 2022.

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, 2022, are not subject to classifications where securities related to the government cannot be identified.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Investments

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

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 that guarantees a higher value. The term “short-term” refers to investments that have a remaining term of one year or less at the time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposits are examples of nonparticipating interest-earning investment contracts.

Public Funds Investments Pools

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

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022, 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, 2022, 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, 2022, the County was not exposed to a concentration of credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2022, 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, 2022, the County was not exposed to foreign currency risk.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is as follows:

	Beginning Balances	Transfers and 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	2,473,130	(1,082,775)	25,158,044
Infrastructure	5,054,668	31,141		5,085,809
Equipment	10,380,314	564,767	(189,950)	10,755,131
Furniture and fixtures	326,857			326,857
Motor vehicles	2,346,825	60,800	(93,466)	2,314,159
Right of use assets	1,717,430	110,929	(323,000)	1,505,359
Software	852,167			852,167
Total at historical cost	<u>45,134,948</u>	<u>3,240,767</u>	<u>(2,184,971)</u>	<u>46,190,744</u>
Less accumulated depreciation for:				
Buildings and improvements	8,790,221	544,388	(459,189)	8,875,420
Infrastructure	4,623,851	59,871		4,683,722
Equipment	9,223,624	424,301	(189,950)	9,457,975
Furniture and fixtures	312,709	9,432		322,141
Motor vehicles	2,084,370	106,739	(120,155)	2,070,954
Right of use assets	505,600	236,527	(129,200)	612,927
Software	835,566	4,527		840,093
Total accumulated depreciation	<u>26,375,941</u>	<u>1,385,785</u>	<u>(898,494)</u>	<u>26,863,232</u>
Governmental activity capital assets, net	<u>\$ 18,759,007</u>	<u>\$ 1,854,982</u>	<u>\$ (1,286,477)</u>	<u>\$ 19,327,512</u>

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
Business-type activities:				
Non-depreciable assets:				
Land	\$ 179,058	\$	\$	\$ 179,058
Construction in progress	-	175,665		175,665
Depreciable assets:				
Buildings and improvements	4,850,736	18,813	(361,568)	4,507,981
Equipment	1,754,041	65,937	(10,000)	1,809,978
Motor vehicles	530,968	227,218		758,186
Right of use assets	161,452	135,391		296,843
Total at historical cost	<u>7,476,255</u>	<u>623,024</u>	<u>(371,568)</u>	<u>7,727,711</u>
Less accumulated depreciation for:				
Buildings and improvements	2,979,563	181,788	(126,610)	3,034,741
Equipment	1,475,680	70,089	(5,223)	1,540,546
Motor vehicles	222,915	97,578	29,430	349,923
Right of use assets	155,686	14,811		170,497
Total accumulated depreciation	<u>4,833,844</u>	<u>364,266</u>	<u>(102,403)</u>	<u>5,095,707</u>
Business-type activity capital assets, net	<u>\$ 2,642,411</u>	<u>\$ 258,758</u>	<u>(269,165)</u>	<u>\$ 2,632,004</u>

Depreciation expense for 2022 was charged to functions as follows:

	Governmental Activities	Business- Type Activities
General government	\$ 110,511	\$
Health and welfare	34,599	
Public safety	435,973	
Public facilities	81,604	
Culture and recreation	100,547	
Judicial and legal	12,395	
Road maintenance	480,956	
Hermleigh Water Works		4,870
Scurry County Airport		158,864
Scurry County Emergency Medical Service		176,075
Scurry County Golf Course		24,457
	<u>\$ 1,256,585</u>	<u>\$ 364,266</u>

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022:

Finance leases payable:

The County entered into a lease agreement totaling \$323,250 for a 2021 John Deere Motorgrader payable in 6 annual installments of \$30,898 due beginning on 12/31/2019, and thereafter which includes both principal and interest, with a balloon payment of \$185,000 due 12/31/2024. The interest rate of the lease is 3.65% with maturity on December 31, 2024. Lease is secured by equipment.	\$ 65,321
The County entered into a lease agreement totaling \$280,250 for a 2019 John Deere Motorgrader payable in 5 annual installments of \$32,464 beginning 09/18/2021, and thereafter which includes both principal and interest, with a balloon payment of \$165,000 due at the end of the lease term. The interest rate of the lease is 3.99% with maturity on September 18, 2024. Lease is secured by equipment.	214,267
The County entered into a lease agreement totaling \$300,130 for a 2021 John Deere Motorgrader payable in 5 annual installments of \$34,219 beginning 03/13/2022, and thereafter which includes both principal and interest, with a balloon payment of \$175,000 due at the end of the lease term. The interest rate of the lease is 3.65% with maturity on March 13, 2025. Lease is secured by equipment.	252,741
The County entered into a lease agreement totaling \$267,957 for a 2021 John Deere Motorgrader payable in 5 annual installments of \$25,204 beginning 02/14/2022, and thereafter which includes both principal and interest, with a balloon payment of \$185,000 due at the end of the lease term. The interest rate of the lease is 3.65% with maturity on February 14, 2025. Lease is secured by equipment.	228,487
The County entered into a lease agreement totaling \$167,550 for a 2022 CAT Pneumatic Compactor payable in monthly installments of \$2,136.02 beginning 09/1/2022, and thereafter which includes both principal and interest, with a balloon payment of \$55,125 due at the end of the lease term. The interest rate of the lease is 2.75% with maturity on September 1, 2026. Lease is secured by equipment.	139,018
The County has multiple copier leases, payable in monthly installments ranging from \$58 to \$408 including interest ranging from 0.04% to 2.39%, secured by equipment, and final payments due between January 22, 2023 and November 16, 2026.	<u>74,701</u>
Total finance leases payable	\$ <u>974,535</u>

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 \$26,325 premium. \$ 811,325

Certificates of obligation (2021) of \$9,370,000, issued to refund \$9,365,000 of the 2013 series issued in connection with construction of a new law enforcement center, payable in annual principal and interest payments due February 15, and additional interest payments due August 15, with interest rate of 2%, final payment due February 15, 2024, net of \$219,187 premium. 9,464,187

Total certificates of obligation \$ 10,275,512

Changes in long-term obligations for the year ended December 31, 2022 are as follows:

	January 1, 2022	Increases	Decreases	December 31, 2022	Amount Due Within One Year
Certificates of obligation (2017)	\$ 1,385,000	\$	\$ (600,000)	\$ 785,000	\$ 615,000
Certificates of obligation (2021)	9,335,000		(90,000)	9,245,000	95,000
Finance lease obligations	1,030,467	74,701	(130,633)	974,535	137,947
Net pension liability	<u>1,700,944</u>		<u>(1,700,944)</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,451,411</u>	<u>\$ 74,701</u>	<u>\$ (2,521,577)</u>	<u>\$ 11,004,535</u>	<u>\$ 847,947</u>

Maturities of certificates of obligation are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
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+	<u>7,015,000</u>	<u>588,875</u>	<u>7,603,875</u>
	<u>\$ 10,030,000</u>	<u>\$ 1,312,750</u>	<u>\$ 11,342,750</u>

Maturities of finance lease obligations are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
2023	\$ 137,947	\$ 24,516	\$ 162,463
2024	314,088	30,013	344,101
2025	447,247	17,718	464,965
2026	75,253	1,302	76,555
2027+	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 974,535</u>	<u>\$ 73,549</u>	<u>\$ 1,048,084</u>

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

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

Year Ending December 31,	
2022	\$ 847,947
2022	1,044,088
2023	1,227,247
2024	870,253
2025+	7,015,000
	\$ 11,004,535

Certificates of Obligation

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

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

A capital project fund was used to account for the construction of the County jail. The construction of the jail was funded substantially by the issuance of certificates of obligation bonds. The bonds are secured by the future ad valorem tax levies. The County intends to retire all of the certificates of obligation bonds, plus interest, from future ad valorem tax levies and is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. The certificates of obligation bonds outstanding at December 31, 2022 will be amortized serially each year on dates prescribed by each respective bond ordinance through 2034.

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

The Law Enforcement Debt Service Fund, with a fund balance aggregating \$431,784, arises principally from proceeds of certificates of obligation sales. These proceeds may be used solely for the designated purposes as stated in the respective bond indenture under which such bonds were sold. The County is in compliance with these requirements.

A bond premium of \$26,325 associated with the 2017 issuance, and a premium of \$219,187 associated with the 2021 issuance are being amortized on the straight-line method over the life of their respective bond issuance. Net amortization was \$43,079 for the year ended December 31, 2022.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

In the business-type activities long-term obligations at December 31, 2022 are summarized as follows:

Finance leases payable:

The County entered into a lease agreement for a copier, payable in monthly installments of \$195 including interest of 0.05%, secured by equipment, final payments due October 23, 2026. \$ 8,962

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

Total finance leases payable \$ 99,612

Changes in long-term obligations for the year ended December 31, 2022 are as follows:

	January 1, 2022	Increases	Decreases	December 31, 2022	Amount Due Within One Year
Finance lease obligations	\$ -	\$ 99,612	\$ -	\$ 99,612	\$ 30,338
	<u>\$ -</u>	<u>\$ 99,612</u>	<u>\$ -</u>	<u>\$ 99,612</u>	<u>\$ 30,338</u>

Maturities of the finance lease obligations are as follows:

Year Ending December 31,	Principal	Interest	Total Requirement
2023	\$ 30,338	\$ 6,562	\$ 36,900
2024	32,499	4,401	36,900
2025	34,825	2,071	36,896
2026	<u>1,950</u>	<u>1</u>	<u>1,951</u>
	<u>\$ 99,612</u>	<u>\$ 13,035</u>	<u>\$ 112,647</u>

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

Year Ending December 31,	
2023	\$ 30,338
2024	32,499
2025	34,825
2026	<u>1,950</u>
	<u>\$ 99,612</u>

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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. TDCRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034, or by calling (800) 823-7782. TCDRS's ACFR is also available online at www.tcdrs.org.

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

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The 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, 2021, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	224
Inactive employees entitled to but not yet receiving benefits	271
Active employees	<u>179</u>
Total Participants	674

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

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 11.28% for fiscal year 2022. 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, 2022, the annual pension cost for the TCDRS plan for its employees was \$1,012,457 and the actual contributions were \$1,012,457.

Net Pension Asset

The net pension asset (NPA) 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, 2021, and the TPL used to calculate the NPA was determined by an actuarial valuation as of that date.

Total pension liability	\$ 63,236,880
Fiduciary net position	70,289,788
Net pension asset	<u>\$ (7,052,908)</u>

Actuarial Assumptions

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

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

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

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy 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 March 2021.

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

Asset Class	Target Allocation	Geometric Real Rate of Return (expected minus inflation)
US equities	11.50%	3.80%
Private equity	25.00%	6.80%
Global equities	2.50%	4.10%
International equities - developed	5.00%	3.80%
International equities - emerging	6.00%	4.30%
Investment grade bonds	3.00%	-0.85%
Strategic credit	9.00%	2.11%
Direct lending	16.00%	6.25%
Distressed debt	4.00%	4.50%
REIT equities	2.00%	3.10%
Master limited partnerships	2.00%	3.85%
Private real estate partnerships	6.00%	5.10%
Hedge funds	6.00%	1.55%
Cash equivalents	2.00%	-1.05%

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

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

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, 2020	\$ 61,071,252	\$ 59,370,308	\$ 1,700,944
Changes for the year:			
Service cost	1,207,724		1,207,724
Interest on total pension liability	4,609,050		4,609,050
Effect of plan changes			
Effect of economic/demographic gains or losses	127,244		127,244
Effect of assumptions changes or inputs	(450,285)		(450,285)
Refund of contributions	(153,506)	(153,506)	-
Benefit payments	(3,174,599)	(3,174,599)	-
Administrative expenses		(38,028)	38,028
Member contributions		628,340	(628,340)
Net investment income		12,829,655	(12,829,655)
Employer contributions		863,520	(863,520)
Other		(35,902)	35,902
Balances as of December 31, 2021	\$ 63,236,880	\$ 70,289,788	\$ (7,052,908)

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

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

	1% Decrease (6.60%)	Current Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 70,777,463	\$ 63,236,880	\$ 56,845,168
Fiduciary net position	70,289,788	70,289,788	70,289,788
Net pension liability (asset)	\$ 487,675	\$ (7,052,908)	\$ (13,444,620)

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

For the year ended December 31, 2022, the County recognized a total pension income of \$2,646,131.

As of December 31, 2022, the County reported on the Statement of Net Position deferred outflows (inflows) of resources related to pensions from the following sources:

	Outflows	Inflows
Contributions subsequent to measurement date	\$ 1,012,457	\$ -
Change of assumptions	-	(1)
Difference between projected and actual investment earnings	1	(6,378,818)
Total	\$ 1,012,458	\$ (6,378,819)

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

Deferred outflows of resources related to contributions subsequent to the measurement date of \$1,012,457 will be recognized as a decrease of the net pension liability for the year ending December 31, 2022. Remaining net deferred outflows (inflows) of resources related to pensions totaling (\$6,378,818) will be recognized in pension (income) for the years ending December 31, 2023, 2024, and 2025 in the amounts of (\$2,764,362), (\$1,936,704), and (\$1,677,752), 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, 2022.

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's 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, 2022, unavailable revenue related to property taxes amounted to \$7,801,539. Changes in this account affect the unrestricted net position. See Note 8 above for a description of deferred inflows of resources related to pensions as of December 31, 2022.

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:

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

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

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

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:

Transfer From	Transfer To	Amount
C.S.C.D.	T.A.I.P.	\$ 10,176
C.S.C.D.	C.C.P.	529
Culture and recreation	General	69,850
		\$ 80,555

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 which are as follows:

- Coyote Wind, LLC, 100% of taxes abated over 10 years, beginning January 2021 and ending December 2030. The abatement amounted to \$1,313,445 of reduced taxes for fiscal year 2022. Scurry County receives \$193,400 per year in consideration of the tax abatement agreement. The purpose of the abatement is for the construction and employment of a wind power project.
- Dermott Wind, LLC, 100% of taxes abated over 10 years, beginning January 2018 and ending December 2027. The abatement amounted to \$1,126,948 of reduced taxes for fiscal year 2022. Scurry County receives \$197,340 per year in consideration of the tax abatement agreement. The purpose of the abatement is for the construction and employment of a wind power project.
- Fluvanna Wind Energy, LLC, 100% of taxes abated over 10 years, beginning January 2018 and ending December 2027. The abatement amounted to \$776,069 of reduced taxes for fiscal year 2022. Scurry County receives \$121,220 per year in consideration of the tax abatement agreement. The purpose of the abatement is for the construction and employment of a wind power project.
- Midwest Solar Power, LLC, 100% of taxes abated over 10 years, beginning January 2017 and ending December 2026. The abatement amounted to \$1,567 of reduced taxes for fiscal year 2022. The purpose of the abatement is for the construction and employment of a wind power project.

SCURRY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 13: DEFICIT FUND EQUITY

The law library fund ended with a deficit balance of (\$137,201) as of December 31, 2022. Transfers from the general fund are available to eliminate the fund deficit balances.

NOTE 14: NEW PRONOUNCEMENTS

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, 2022, and was adopted by the County in 2022.

Not Adopted

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, 2022.

In January 2021, the GASB issued Statement No. 92, Omnibus 2021. 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 the 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, 2022.

In May 2021, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, which improves accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive/ (Negative)
Beginning Budgetary Fund Balance	\$ 1,719,665	\$ 1,719,665	\$ 1,719,665	\$ -
Resources (Inflows):				
Taxes:				
Sales tax	1,800,000	1,800,000	2,990,619	1,190,619
Property tax	10,175,764	10,175,764	8,203,080	(1,972,684)
Other tax	20,000	20,000	46,968	26,968
Total taxes	<u>11,995,764</u>	<u>11,995,764</u>	<u>11,240,667</u>	<u>(755,097)</u>
Grant Revenue	<u>145,508</u>	<u>145,508</u>	<u>141,952</u>	<u>(3,556)</u>
Fines and forfeitures:				
Miscellaneous fees	<u>1,754,850</u>	<u>1,754,850</u>	<u>1,236,362</u>	<u>(518,488)</u>
Total fines and forfeitures	<u>1,754,850</u>	<u>1,754,850</u>	<u>1,236,362</u>	<u>(518,488)</u>
Miscellaneous:				
Interest income	10,000	10,000	186,165	176,165
Miscellaneous	<u>286,413</u>	<u>286,413</u>	<u>1,209,512</u>	<u>923,099</u>
Total miscellaneous	<u>296,413</u>	<u>296,413</u>	<u>1,395,677</u>	<u>1,099,264</u>
Transfers In	<u>-</u>	<u>-</u>	<u>69,850</u>	<u>69,850</u>
Amounts available for appropriation	<u>15,912,200</u>	<u>15,912,200</u>	<u>15,804,173</u>	<u>(108,027)</u>
Charges to Appropriations (Outflows):				
General government	1,812,350	3,834,432	3,897,616	(63,184)
Parks and recreation	969,951	1,101,051	919,381	181,670
Jail	3,348,047	3,241,383	3,054,159	187,224
Sheriff	960,980	993,769	912,371	81,398
Building maintenance	350,937	364,764	347,783	16,981
Library	465,761	465,761	405,782	59,979
Tax collector	476,418	478,660	445,150	33,510
Commissioners' court	394,605	438,952	404,746	34,206
County clerk	324,371	335,528	327,186	8,342
Health unit	540,613	533,013	492,735	40,278
County attorney	336,531	336,531	317,685	18,846
District clerk	369,848	370,720	357,186	13,534
Justice of the peace #1	268,330	260,686	229,768	30,918
County welfare	155,400	155,769	137,248	18,521
Auditor	274,321	275,651	267,170	8,481
County judge	218,981	219,324	211,500	7,824
Extension service	145,004	149,575	136,383	13,192

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

For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Juvenile star boot camp	207,242	167,242	130,051	37,191
Treasurer	251,879	256,330	246,025	10,305
District attorney	219,162	223,593	210,075	13,518
Juvenile probation	210,382	216,020	141,330	74,690
Court reporter	146,677	147,198	146,359	839
District court	236,581	301,802	273,551	28,251
Supervision	104,710	104,728	92,335	12,393
County and justice court	61,000	61,000	58,053	2,947
Child welfare	8,000	8,000	6,257	1,743
Mental health	13,300	13,300	9,000	4,300
District judge	12,400	12,400	9,507	2,893
Department of public safety	63,664	63,780	60,790	2,990
Boys and girls club	365,999	381,055	367,347	13,708
Senior center	544,474	545,894	524,029	21,865
Justice of the peace #2	237,186	246,075	234,421	11,654
Information technology	97,431	110,041	106,446	3,595
Transfers Out	-	-	-	-
Total charges to appropriations	<u>14,192,535</u>	<u>16,414,027</u>	<u>15,479,425</u>	<u>934,602</u>
Ending Budgetary Fund Balance	<u>\$ 1,719,665</u>	<u>\$ (501,827)</u>	<u>\$ 324,748</u>	<u>\$ 826,575</u>

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

Note 1: Basis of Accounting

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

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

For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 2,155,475	\$ 2,155,475	\$ 2,155,475	\$ -
Resources (Inflows):				
Property taxes	797,509	797,509	797,509	-
Auto registrations	600,000	600,000	339,101	(260,899)
Tags supplement	180,000	180,000	177,120	(2,880)
Gross weight and axle fee	60,000	60,000	58,972	(1,028)
TxDot grant	664,535	664,535	248,611	(415,924)
Lateral road	2,100	2,100	21,308	19,208
Interest	2,500	2,500	27,846	25,346
Sale of assets	-	-	187,053	187,053
Miscellaneous revenue	1,000	1,000	9,825	8,825
	<u>4,463,119</u>	<u>4,463,119</u>	<u>4,022,820</u>	<u>(440,299)</u>
Charges to Appropriations (Outflows):				
Combined precincts	<u>2,843,232</u>	<u>3,081,947</u>	<u>2,569,402</u>	<u>512,545</u>
	<u>2,843,232</u>	<u>3,081,947</u>	<u>2,569,402</u>	<u>512,545</u>
Ending Budgetary Fund Balance	<u>\$ 1,619,887</u>	<u>\$ 1,381,172</u>	<u>\$ 1,453,418</u>	<u>\$ 72,246</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 12/31/2021	Measurement Date 12/31/2020	Measurement Date 12/31/2019	Measurement Date 12/31/2018	Measurement Date 12/31/2017	Measurement Date 12/31/2016	Measurement Date 12/31/2015	Measurement Date 12/31/2014
Total Pension Liability:								
Service cost	\$ 1,207,724	\$ 1,039,367	\$ 955,793	\$ 985,740	\$ 1,067,518	\$ 1,090,885	\$ 1,043,141	\$ 957,266
Interest on total pension liability	4,609,050	4,469,688	4,306,200	4,131,567	3,934,827	3,743,673	3,590,832	3,437,492
Effect of plan changes							(152,872)	
Effect of assumption or plan changes	(450,285)	3,100,060			321,704		573,884	
Effect of economic / demographic (gains) or losses	127,244	(123,948)	(340,335)	(142,267)	(183,689)	(422,617)	(349,140)	(180,991)
Benefit payments / refunds of contributions	(3,328,105)	(3,052,328)	(2,923,898)	(2,659,516)	(2,601,004)	(2,569,041)	(2,700,241)	(2,443,144)
Net change in total pension liability	2,165,628	5,432,839	1,997,760	2,315,524	2,539,356	1,842,900	2,005,604	1,770,623
Total pension liability, beginning	61,071,252	55,638,413	53,640,653	51,325,129	48,785,773	46,942,873	44,937,269	43,166,647
Total pension liability, ending (a)	63,236,880	61,071,252	55,638,413	53,640,653	51,325,129	48,785,773	46,942,873	44,937,270
Fiduciary Net Position:								
Employer contributions	863,520	898,848	775,444	710,247	697,264	718,868	718,452	730,381
Member contributions	628,340	610,275	575,620	544,550	554,641	575,753	553,768	553,424
Investment income net of investment expenses	12,829,655	5,708,531	8,034,459	(972,677)	6,702,580	3,269,822	66,895	2,990,133
Benefit payments / refunds of contributions	(3,328,105)	(3,052,328)	(2,923,898)	(2,659,516)	(2,601,004)	(2,569,041)	(2,700,241)	(2,443,144)
Administrative expenses	(38,028)	(43,442)	(42,132)	(39,289)	(34,162)	(35,616)	(32,354)	(34,533)
Other	(35,902)	(40,185)	(46,147)	(36,691)	(18,402)	(247,272)	62,748	(116,554)
Net change in fiduciary net position	10,919,480	4,081,699	6,373,346	(2,453,376)	5,300,917	1,712,514	(1,330,732)	1,679,707
Fiduciary net position, beginning	59,370,308	55,288,609	48,915,263	51,368,639	46,067,722	44,355,208	45,685,940	44,006,234
Fiduciary net position, ending (b)	70,289,788	59,370,308	55,288,609	48,915,263	51,368,639	46,067,722	44,355,208	45,685,941
Net pension liability (asset), ending ((a) - (b))	\$ (7,052,908)	\$ 1,700,944	\$ 349,804	\$ 4,725,390	\$ (43,510)	\$ 2,718,051	\$ 2,587,665	\$ (748,671)
Fiduciary net position as a % of total pension liability	111.15%	97.21%	99.37%	91.19%	100.08%	94.43%	94.49%	101.67%
Pensionable covered payroll	\$ 8,976,289	\$ 8,718,221	\$ 8,223,149	\$ 7,779,280	\$ 7,923,440	\$ 8,225,039	\$ 7,910,965	\$ 7,906,060
Net pension liability / (asset) as a % of covered payroll	-78.57%	19.51%	4.25%	60.74%	-0.55%	33.05%	32.71%	-9.47%

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

SCURRY COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS - PENSION PLAN

For the Last Ten Fiscal Years

Period Ending December 31, (Measurement Date)	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
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	863,520	863,520	-	8,976,289	9.62%
2022	1,012,457	1,012,457	-	8,975,680	11.28%

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, 2022

	<u>Board of County Development</u>	<u>Abandoned Vehicle</u>	<u>Juvenile Probation</u>	<u>Friends of the Library</u>	<u>Friends of Boys & Girls Club</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 25,091	\$ 8,298	\$ 34,255	\$ 42,466	\$ 10,744
Restricted cash and cash equivalents					
Accounts receivable	_____	_____	_____	_____	_____
Total Assets	<u>\$ 25,091</u>	<u>\$ 8,298</u>	<u>\$ 34,255</u>	<u>\$ 42,466</u>	<u>\$ 10,744</u>
<u>LIABILITIES</u>					
Unearned revenue	\$	\$	\$	\$	\$
Other liabilities	_____	_____	87	_____	1,413
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ -</u>	<u>\$ 1,413</u>
Fund Balances:					
Restricted	\$	\$ 8,298	\$ 34,168	\$	\$
Committed	25,091				
Assigned	_____	_____	_____	42,466	9,331
Total Fund Balance	<u>25,091</u>	<u>8,298</u>	<u>34,168</u>	<u>42,466</u>	<u>9,331</u>
Total Liabilities and Fund Balance	<u>\$ 25,091</u>	<u>\$ 8,298</u>	<u>\$ 34,255</u>	<u>\$ 42,466</u>	<u>\$ 10,744</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	\$	\$ 6,904	\$ 634,258	\$ 21,710	\$ 8,870
			2,220		
<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 6,904</u>	<u>\$ 636,478</u>	<u>\$ 21,710</u>	<u>\$ 8,870</u>
\$	\$	\$	\$	\$	\$
	137,201				
<u>\$ -</u>	<u>\$ 137,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 200	\$ (137,201)	\$ 6,904	\$ 636,478	\$ 21,710	\$ 8,870
200	(137,201)	6,904	636,478	21,710	8,870
<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 6,904</u>	<u>\$ 636,478</u>	<u>\$ 21,710</u>	<u>\$ 8,870</u>

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

December 31, 2022

<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	\$ 70,676	\$ 33,173	\$ 13,508	\$ -	\$ 8,400
Restricted cash and cash equivalents					
Accounts receivable					
Total Assets	\$ 70,676	\$ 33,173	\$ 13,508	\$ -	\$ 8,400
Unearned revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities					
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:					
Restricted	\$ 70,676	\$ 33,173	\$ 13,508	\$ -	\$ 8,400
Committed					
Assigned					
Total Fund Balance	70,676	33,173	13,508	-	8,400
Total Liabilities and Fund Balance	\$ 70,676	\$ 33,173	\$ 13,508	\$ -	\$ 8,400

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
\$ 354,865	\$ 39,529	\$ 1,454	\$ 431,784	\$ 12,760	\$ 3,292,663	\$ 4,619,824 431,784 2,220
<u>\$ 354,865</u>	<u>\$ 39,529</u>	<u>\$ 1,454</u>	<u>\$ 431,784</u>	<u>\$ 12,760</u>	<u>\$ 3,292,663</u>	<u>\$ 5,053,828</u>
\$	\$ 16,916	\$	\$	\$	\$ 3,239,362	\$ 3,256,278 138,701
<u>\$ -</u>	<u>\$ 16,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,239,362</u>	<u>\$ 3,394,979</u>
\$	\$ 22,613	\$ 1,454	\$ 431,784	\$ 12,760	\$ 53,301	\$ 1,227,096 25,091 406,662
<u>354,865</u>						
<u>354,865</u>	<u>22,613</u>	<u>1,454</u>	<u>431,784</u>	<u>12,760</u>	<u>53,301</u>	<u>1,658,849</u>
<u>\$ 354,865</u>	<u>\$ 39,529</u>	<u>\$ 1,454</u>	<u>\$ 431,784</u>	<u>\$ 12,760</u>	<u>\$ 3,292,663</u>	<u>\$ 5,053,828</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, 2022

	Board of County <u>Development</u>	Abandoned Vehicle	Juvenile Probation	Friends of the Library	Friends of Boys & Girls Club
REVENUES:					
Taxes	\$	\$	\$	\$	\$
State and federal grants			94,996		
Fines and fees			1,490		
Interest		159	115	796	187
Other				11,715	11,325
	<u>-</u>	<u>159</u>	<u>96,601</u>	<u>12,511</u>	<u>11,512</u>
Total Revenues					
EXPENDITURES:					
Current:					
General government					
Health and welfare					9,198
Judicial and legal			105,722		
Public safety					
Public facilities				16,017	
Debt Service:					
Principal retired					
Interest					
Certificates of obligation administration expense					
	<u>-</u>	<u>-</u>	<u>105,722</u>	<u>16,017</u>	<u>9,198</u>
Total Expenditures					
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>159</u>	<u>(9,121)</u>	<u>(3,506)</u>	<u>2,314</u>
OTHER FINANCING SOURCES AND (USES):					
Transfers in (out)					
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	<u>-</u>	<u>159</u>	<u>(9,121)</u>	<u>(3,506)</u>	<u>2,314</u>
Fund Balance, Beginning of Year	\$ <u>25,091</u>	\$ <u>8,139</u>	\$ <u>43,289</u>	\$ <u>45,972</u>	\$ <u>7,017</u>
Fund Balance, End of Year	\$ <u><u>25,091</u></u>	\$ <u><u>8,298</u></u>	\$ <u><u>34,168</u></u>	\$ <u><u>42,466</u></u>	\$ <u><u>9,331</u></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>
\$	\$	\$	\$	\$	\$
	4,090	8,947	97,722	9,893	341
<u>-</u>	<u>4,090</u>	<u>8,947</u>	<u>97,722</u>	<u>9,893</u>	<u>341</u>
			122,125	48,590	
	44,671	2,332			1,235
<u>-</u>	<u>44,671</u>	<u>2,332</u>	<u>122,125</u>	<u>48,590</u>	<u>1,235</u>
<u>-</u>	<u>(40,581)</u>	<u>6,615</u>	<u>(24,403)</u>	<u>(38,697)</u>	<u>(894)</u>
<u>-</u>	<u>(40,581)</u>	<u>6,615</u>	<u>(24,403)</u>	<u>(38,697)</u>	<u>(894)</u>
\$ <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>(137,201)</u>	\$ <u>6,904</u>	\$ <u>636,478</u>	\$ <u>21,710</u>	\$ <u>8,870</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, 2022

	T.A.I.P.	C.S.C.D.	C.C.P.	Culture and Recreation	L.E.O.S.E.
REVENUES:					
Taxes	\$	\$	\$	\$	\$
State and federal grants	353,734	99,243	51,831		2,310
Fines and fees		141,354			
Interest		601			
Other		429	37,364		
	353,734	241,627	89,195	-	2,310
EXPENDITURES:					
Current:					
General government					
Health and welfare					
Judicial and legal	366,532	261,257	90,724		
Public safety					1,210
Public facilities					
Debt Service:					
Principal retired					
Interest					
Certificates of obligation administration expense					
	366,532	261,257	90,724	-	1,210
Excess (Deficit) Revenues Over Expenditures	(12,798)	(19,630)	(1,529)	-	1,100
OTHER FINANCING SOURCES AND (USES):					
Transfers in (out)	10,176	(10,705)	529	(69,850)	
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses	(2,622)	(30,335)	(1,000)	(69,850)	1,100
Fund Balance, Beginning of Year	\$ 73,298	\$ 63,508	\$ 14,508	\$ 69,850	\$ 7,300
Fund Balance, End of Year	\$ 70,676	\$ 33,173	\$ 13,508	\$ -	\$ 8,400

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
\$	\$	\$	\$ 918,050	\$	\$	\$ 918,050
	102,096				5,000	709,210
6,793			6,326	9,612	52,742	273,449
66,081	2,000					67,719
<u>72,874</u>	<u>104,096</u>	<u>-</u>	<u>924,376</u>	<u>9,612</u>	<u>57,742</u>	<u>2,097,342</u>
51,232	101,660				5,000	277,375
						60,430
						872,473
						1,210
						16,017
			690,000			690,000
			226,700			226,700
			2,450			2,450
<u>51,232</u>	<u>101,660</u>	<u>-</u>	<u>919,150</u>	<u>-</u>	<u>5,000</u>	<u>2,146,655</u>
21,642	2,436	-	5,226	9,612	52,742	(49,313)
						(69,850)
<u>21,642</u>	<u>2,436</u>	<u>-</u>	<u>5,226</u>	<u>9,612</u>	<u>52,742</u>	<u>(119,163)</u>
\$ 333,223	\$ 20,177	\$ 1,454	\$ 426,558	\$ 3,148	\$ 559	\$ 1,778,012
\$ 354,865	\$ 22,613	\$ 1,454	\$ 431,784	\$ 12,760	\$ 53,301	\$ 1,658,849

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

December 31, 2022

	<u>Scurry County Golf Course</u>	<u>Hermleigh Water Works</u>	<u>Total Non-Major Business-type Activities Enterprise Fund</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 140,689	\$ 112,553	\$ 253,242
Accounts receivable, net	<u>1,443</u>	<u></u>	<u>1,443</u>
Total Current Assets	<u>142,132</u>	<u>112,553</u>	<u>254,685</u>
Noncurrent:			
Net pension asset	48,184		48,184
Capital assets:			
Property, plant and equipment	1,032,634	801,840	1,834,474
Less: accumulated depreciation	<u>(385,324)</u>	<u>(785,511)</u>	<u>(1,170,835)</u>
Total Noncurrent Assets	<u>695,494</u>	<u>16,329</u>	<u>711,823</u>
TOTAL ASSETS	<u>837,626</u>	<u>128,882</u>	<u>966,508</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources related to pensions	<u>6,917</u>	<u></u>	<u>6,917</u>
TOTALED DEFERRED OUTFLOWS OF RESOURCES	<u>6,917</u>	<u>-</u>	<u>6,917</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	3,700		3,700
Customer deposits		18,932	18,932
Right of use lease obligation - current	<u>28,002</u>	<u></u>	<u>28,002</u>
Total Current Liabilities	<u>31,702</u>	<u>18,932</u>	<u>50,634</u>
Noncurrent liabilities:			
Right of use lease obligation	<u>62,648</u>	<u></u>	<u>62,648</u>
Total Noncurrent Liabilities	<u>62,648</u>	<u>-</u>	<u>62,648</u>
TOTAL LIABILITIES	<u>94,350</u>	<u>18,932</u>	<u>113,282</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources related to pensions	<u>43,579</u>	<u></u>	<u>43,579</u>
TOTALED DEFERRED INFLOWS OF RESOURCES	<u>43,579</u>	<u>-</u>	<u>43,579</u>
NET POSITION:			
Net investment in capital assets	556,660	16,329	572,989
Unrestricted	<u>149,954</u>	<u>93,621</u>	<u>243,575</u>
TOTAL NET POSITION	<u>\$ 706,614</u>	<u>\$ 109,950</u>	<u>\$ 816,564</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, 2022

	<u>Scurry County Golf Course</u>	<u>Hermleigh Water Works</u>	<u>Total Non-Major Business-type Activities Enterprise Fund</u>
OPERATING REVENUES:			
Service revenue	\$	\$ 36,966	\$ 36,966
Fees	35,932		35,932
Cart shed rentals	24,470		24,470
Membership dues	66,243		66,243
	<u>126,645</u>	<u>36,966</u>	<u>163,611</u>
OPERATING EXPENSES:			
Wages and salaries	62,621		62,621
Payroll taxes	4,580		4,580
Employee benefits	6,873		6,873
Depreciation expense	24,457	4,870	29,327
Utilities	8,837		8,837
Supplies	44,365	356	44,721
Repairs	38,921	4,687	43,608
Fuel	8,443		8,443
Medical insurance	22,465		22,465
Contract labor		36,932	36,932
Professional services	144,000		144,000
Other	68,313	1,055	69,368
	<u>433,875</u>	<u>47,900</u>	<u>481,775</u>
Total Operating Expenses	<u>433,875</u>	<u>47,900</u>	<u>481,775</u>
Operating Loss	(307,230)	(10,934)	(318,164)
NON-OPERATING REVENUES:			
Ad valorem taxes	368,452		368,452
Grant income	33,500		33,500
Miscellaneous income	11,663	2,491	14,154
Pension income	11,522		11,522
Loss on sale of assets	(237,732)		(237,732)
	<u>(119,825)</u>	<u>(8,443)</u>	<u>(128,268)</u>
Change in Net Position	(119,825)	(8,443)	(128,268)
Net Position - Beginning	<u>826,439</u>	<u>118,393</u>	<u>944,832</u>
Net Position - Ending	<u>\$ 706,614</u>	<u>\$ 109,950</u>	<u>\$ 816,564</u>

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

For the Year Ended December 31, 2022

	<u>Scurry County Golf Course</u>	<u>Hermleigh Water Works</u>	<u>Total Non-Major Business-type Activities Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 126,645	\$ 37,342	\$ 163,987
Cash paid to employees	(74,074)		(74,074)
Cash paid to suppliers	<u>(335,310)</u>	<u>(43,030)</u>	<u>(378,340)</u>
Net Cash Used in Operating Activities	<u>(282,739)</u>	<u>(5,688)</u>	<u>(288,427)</u>
CASH FLOWS NONCAPITAL AND RELATED FINANCING ACTIVITIES:			
Grant income	33,500		33,500
Miscellaneous receipts	13,667	2,491	16,158
Ad valorem tax receipts	<u>368,452</u>		<u>368,452</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>415,619</u>	<u>2,491</u>	<u>418,110</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	<u>(230,248)</u>		<u>(230,248)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(230,248)</u>	<u>-</u>	<u>(230,248)</u>
Net Decrease in Cash and Cash Equivalents	<u>(97,368)</u>	<u>(3,197)</u>	<u>(100,565)</u>
Cash and Cash Equivalents at Beginning of Year	<u>238,057</u>	<u>115,750</u>	<u>353,807</u>
Cash and Cash Equivalents at End of Year	<u>\$ 140,689</u>	<u>\$ 112,553</u>	<u>\$ 253,242</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	\$ (307,230)	\$ (10,934)	\$ (318,164)
Increase in accounts payable	34		34
Increase in customer deposits		376	376
Depreciation and amortization	<u>24,457</u>	<u>4,870</u>	<u>29,327</u>
Net Cash Used in Operating Activities	<u>\$ (282,739)</u>	<u>\$ (5,688)</u>	<u>\$ (288,427)</u>

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

December 31, 2022

	<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>
ASSETS:					
Cash and cash equivalents	\$ 36,580	\$ 1,166,082	\$ 129,938	\$ 295,373	\$ 120,519
Accounts receivable	<u>2,655,085</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>2,691,665</u>	<u>1,166,082</u>	<u>129,938</u>	<u>295,373</u>	<u>120,519</u>
LIABILITIES:					
Due to other governmental entities	2,691,665	1,166,082	129,938		52,140
Due to others				295,373	
Bonds held in trust	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>68,379</u>
Total Liabilities	<u>2,691,665</u>	<u>1,166,082</u>	<u>129,938</u>	<u>295,373</u>	<u>120,519</u>
NET POSITION:					
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 & Corrections</u>	<u>Sheriff Commissary Fund</u>	<u>Minors Escrow Fund</u>	<u>Total Custodial Funds</u>
\$ 477	\$ 4,888	\$ 9,945	\$ 115,258	\$ 36,912	\$ 69,117	\$ 51,675	\$ 2,036,764
<u>477</u>	<u>4,888</u>	<u>9,945</u>	<u>115,258</u>	<u>36,912</u>	<u>69,117</u>	<u>51,675</u>	<u>2,655,085</u>
477	4,888	9,945	13,681 101,577	36,912	69,117	51,675	4,053,506 569,964 68,379
<u>477</u>	<u>4,888</u>	<u>9,945</u>	<u>115,258</u>	<u>36,912</u>	<u>69,117</u>	<u>51,675</u>	<u>4,691,849</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

December 31, 2022

	CJC, LEETA, CVCA Fund	Property Tax Fund	Highway Tax Fund	District Clerk Fund	County Clerk Fund
ADDITIONS:					
Private contributions	\$ 2,794,575	\$ 202,926,249	\$ 676,954	\$ 170,962	\$ 355,816
Total Additions	2,794,575	202,926,249	676,954	170,962	355,816
DEDUCTIONS					
Recipient payments	2,794,575	202,926,249	676,954	170,962	355,816
Total Deductions	2,794,575	202,926,249	676,954	170,962	355,816
Net increase (decrease) in fiduciary net position	-	-	-	-	-
Net position - beginning	-	-	-	-	-
Net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -

<u>Justice of the Peace Fund</u>	<u>Sheriff Inmate Fund</u>	<u>County Attorney</u>	<u>District Attorney</u>	<u>Community Supervision & Corrections</u>	<u>Sheriff Commissary Fund</u>	<u>Minors Escrow Fund</u>	<u>Total Custodial Funds</u>
\$ 28,660	\$ 222,938	\$ 10,601	\$ 49,605	\$ 315,513	\$ 44,264	\$ -	\$ 207,596,137
<u>28,660</u>	<u>222,938</u>	<u>10,601</u>	<u>49,605</u>	<u>315,513</u>	<u>44,264</u>	<u>-</u>	<u>207,596,137</u>
<u>28,660</u>	<u>222,938</u>	<u>10,601</u>	<u>49,605</u>	<u>315,513</u>	<u>44,264</u>	<u>-</u>	<u>207,596,137</u>
<u>28,660</u>	<u>222,938</u>	<u>10,601</u>	<u>49,605</u>	<u>315,513</u>	<u>44,264</u>	<u>-</u>	<u>207,596,137</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

June 12, 2023

**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, 2022, and the related notes to the financial statements, which collectively comprise Scurry County, Texas' basic financial statements, and have issued our report thereon dated June 12, 2023.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 and Company, L.L.P.

Certified Public Accountants