

SCHLEICHER COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

SCHLEICHER COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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NEFFENDORF & BLOCKER, P.C.

Independent Auditor's Report

Honorable Judge and County Commissioners
County of Schleicher
Eldorado, TX 79636

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Schleicher, Texas, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Schleicher, Texas as of December 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Schleicher, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 County of Schleicher, Texas' ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objective 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 generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 County of Schleicher, Texas' 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 County of Schleicher, Texas' 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 required that management's discussion and analysis, budgetary comparison schedules, schedule of changes in net pension liability and related ratios, schedule of contributions to Texas County & District Retirement System, and schedule of changes in the total other post-employment benefit liability and related ratios on pages 3-8 and 51-61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Schleicher, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of American. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reported date September 5, 2025, on our consideration of County of Schleicher, Texas' internal control over financial reporting and on 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 of Schleicher, Texas' 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 the County of Schleicher, Texas' internal control over financial reporting and compliance.

Neffendorf + Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.

Fredericksburg, Texas

September 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Schleicher County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial statements of the County for the year ended December 31, 2024. Please read it in conjunction with the independent auditors' report on page 1, and the County's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$12,723,473 (net position). Of this amount, \$5,429,118 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net position increased by \$1,183,682 as a result of this year's operations.
- At December 31, 2024, the County's governmental funds reported combined ending fund balances of \$8,527,331, an increase of \$790,202 in comparison with the prior year.
- At December 31, 2024, the unreserved fund balance of the general fund was \$3,162,795, or 87 percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9-11). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial statements of a business enterprise.

Fund financial statements (on pages 12-24) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or custodian for the benefit of those outside of the County.

The notes to the financial statements (starting on page 25) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedules (General Fund, Road and Bridge Fund and Farm to Market Road Fund), the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in Total OPEB Liability and Related Ratios are presented as required supplementary information on pages 51-61.

The combining statements for nonmajor funds and fiduciary funds beginning on page 62 contain even more information about the County's individual funds.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 9. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenditures generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by outside parties and agencies (program revenues), and revenues provided by the taxpayers or other unrestricted sources (general revenues). All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's net position and changes in them. The County's net position (the difference between assets and liabilities) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider other factors as well, such as changes in the County's customers or its property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, the County has one kind of activity:

➤ Governmental activity - Most of the County's basic services are reported here, including public safety, roads and bridges, justice system, juvenile services, health and human services, culture and recreation, conservation and development and administration. Property taxes, user charges, investment earnings, sales tax and grants finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 12-24 provide detailed information about the most significant funds - not the County as a whole. Laws and contracts require the County to establish some funds, such as grants received from a government agency. The County's administration establishes many other funds to help it control and manage money for particular purposes.

➤ Governmental funds - All of the County's basic services are reported in governmental funds. These use modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County's governmental activities.

Net position of the County's governmental activities increased from \$11,539,791 to \$12,723,473. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$5,429,118 at December 31, 2024. This increase in governmental net position was the result of five factors. First, the County's revenues exceeded the expenditures by \$790,202. Second, the County recorded the self-insurance fund income in the amount of \$39,664. Third, the County paid on long-term principal debt of \$124,162 and acquired capital assets in the amount of \$523,398. Fourth, the County recorded depreciation in the amount of \$491,461. Fifth, a net increase of \$166,434 due to the required entries of GASB 68, *Accounting and Financial Reporting for Pensions* and a net decrease of \$7,518 due to the required entries of GASB 75, *Accounting and Financial Reporting for OPEBs*.

Table I
Schleicher County, Texas

NET POSITION
in thousands

	Governmental Activities	
	2024	2023
Current and Other Assets	\$ 13,978	\$ 12,769
Capital Assets	3,949	3,763
Net Pension Asset	87	-
Total Assets	\$ 18,014	\$ 16,532
Deferred Outflow Related to Pension Plan	\$ 251	\$ 397
Deferred Outflow Related to OPEB Plan	23	20
Total Deferred Outflows of Resources	\$ 274	\$ 417
Other Liabilities	\$ 1,162	\$ 975
Noncurrent Liabilities	391	256
Net Pension Liability	-	182
OPEB Liability	160	141
Total Liabilities	\$ 1,713	\$ 1,554
Unavailable Revenue- Property Taxes	3,765	3,716
Deferred Inflow Related to Pension Plan	58	102
Deferred Inflow Related to OPEB Plan	28	37
Total Deferred Inflows of Resources	\$ 3,851	\$ 3,855
Net Position:		
Net Investment in Capital Assets	3,559	3,382
Restricted	3,736	3,566
Unrestricted	5,429	4,592
Total Net Assets	\$ 12,724	\$ 11,540

Table II
Schleicher County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2024	2023
Revenues:		
Charges for Services	\$ 786	\$ 560
Property Tax	4,321	4,039
Sales Tax	294	558
Investment Earnings	495	291
Miscellaneous	348	535
Grants	443	560
Total Revenues	\$ 6,687	\$ 6,543
Expenditures:		
General Government	\$ 2,305	\$ 2,318
Public Safety	1,414	994
Cemetery	84	64
Road & Bridges	1,059	1,090
Airport	52	73
Health & Welfare	390	319
Culture & Recreation	193	99
Debt Service	6	10
Total Expenditures	\$ 5,503	\$ 4,967
Increase (Decrease) in Net Position	\$ 1,184	\$ 1,576
Net Position, Beginning	11,540	9,964
Net Position, Ending	\$ 12,724	\$ 11,540

The cost of all governmental activities this year was \$5,503,328. However, as shown in the Statement of Activities on pages 10 and 11, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$4,321,474 because the other costs were paid by sales tax (\$293,715), grants (\$442,857), user charges (\$785,973) and other miscellaneous (\$842,991).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 12 and 13) reported a combined fund balance of \$8,527,331, which is more than last year's total of \$7,737,129. Included in this year's total change in fund balance is an increase of \$499,894 in the County's General Fund.

The Commissioners Court adopted the General Fund, Road and Bridge Fund and Farm to Market Road Fund Budgets. In the General Fund actual revenues were more than budgeted amounts and expenditures were less than budgeted amounts. In the Road and Bridge Fund actual revenues were more than budgeted amounts and expenditures were less than budgeted amounts. In the Farm to Market Road Fund actual revenues were less than budgeted amounts and expenditures were less than budgeted amounts.

CAPITAL ASSETS

At the end of 2024, the County had \$3,949,131 invested in a broad range of capital assets, including land, buildings, infrastructure, equipment and vehicles.

	Governmental Activities	
	2024	2023
Land	\$ 232,960	\$ 232,960
Buildings	5,082,761	5,031,271
Infrastructure	1,177,572	1,177,572
Machinery & Equipment	1,409,805	1,219,712
Vehicles	2,435,752	2,731,125
Right-to-Use Lease Assets	22,890	22,890
Construction in Progress	263,315	-
Total Capital Assets	\$ 10,625,055	\$ 10,415,530
Less: Accumulated Depreciation & Amortization	(6,675,924)	(6,652,817)
Capital Assets, Net	\$ 3,949,131	\$ 3,762,713

LONG-TERM DEBT

At December 31, 2024, the County had the following outstanding debt:

	Governmental Activities	
	2024	2023
Bonds Payable	246,000	366,000
Finance Purchases Payable	134,410	-
Right-to-Use Leases Payable	10,189	14,351

The County paid principal of \$120,000 to reduce the balance outstanding to \$246,000 on the Series 2017 Refunding Bonds, as shown in Note 3.G. to the financial statements. The County entered into two new finance purchase agreements for vehicles totaling \$134,410. The County paid principal of \$4,162 to reduce the balance outstanding of right-to-use leases payable to \$10,189.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2025 budget and tax rates. Factors considered in establishing a budget are the funding needs of the County for operations and programs necessary to provide services to the citizens of Schleicher County. These indicators were taken into account when adopting the General Fund budget for 2025. Amounts available for appropriation in the General Fund budget are \$4,443,935 and disbursements and transfers are estimated to be \$4,443,935.

If these estimates are realized, the County's budgetary General fund balance is expected to remain the same by the close of 2025.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County treasurer's office, at Schleicher County, Texas.

BASIC FINANCIAL STATEMENTS

SCHLEICHER COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2024

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 359,378
Investments - Current	8,874,157
Accounts Receivable, Net	4,414,747
Due from Other Governments	13,862
Due from Fiduciary Funds	57,004
Prepaid Items	259,280
Capital Assets:	
Land	232,960
Infrastructure, Net	926,768
Buildings, Net	1,358,006
Machinery and Equipment, Net	740,900
Vehicles, Net	417,148
Right-to-Use Lease Assets	10,034
Construction in Progress	263,315
Net Pension Asset	86,644
Total Assets	<u>18,014,203</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	250,756
Deferred Outflow Related to OPEB	22,837
Total Deferred Outflows of Resources	<u>273,593</u>
LIABILITIES	
Accounts Payable	42,579
Wages and Salaries Payable	119,386
Intergovernmental Payable	45,889
Accrued Interest Payable	430
Unearned Revenues	953,650
Noncurrent Liabilities:	
Due Within One Year	156,554
Due in More Than One Year:	
Bonds, Finance Purchases & Leases - Noncurrent	234,045
Net OPEB Liability	160,270
Total Liabilities	<u>1,712,803</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	3,765,628
Deferred Inflow Related to Pension Plan	58,276
Deferred Inflow Related to OPEB	27,616
Total Deferred Inflows of Resources	<u>3,851,520</u>
NET POSITION	
Net Investment in Capital Assets & Lease Assets	3,558,532
Restricted:	
Restricted for Special Revenue	3,469,535
Restricted for Pool Participant	190,878
Restricted for Debt Service	75,410
Unrestricted	5,429,118
Total Net Position	<u>\$ 12,723,473</u>

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
County Judge	\$ 234,233	\$ 2	\$ -
County Attorney	122,653	4,037	-
County & District Clerk	229,724	-	-
County Treasurer	226,494	-	-
County Tax Collector	159,905	-	-
Justice of Peace	168,550	49,812	-
Sheriff	1,096,885	13,817	243,723
Jail	316,797	30,375	-
Cemetery	83,605	-	-
County Courthouse	216,189	9,256	-
Courthouse Annex	5,772	-	-
County Commissioners	156,407	-	-
County Agent	24,835	-	-
Road & Bridge	1,058,608	540,962	-
Civic Building	24,418	7,120	-
Community Resources	174,732	-	-
Fire & Emergency Management Services	215,426	-	-
Airport	51,979	3,000	-
District Court	38,171	37,428	13,315
County & JP Court	1,009	75,990	-
Elections	49,626	13,374	-
Golf Course	21,215	-	-
Parks	868	-	-
Pool	85,772	800	-
Rodeo Arena	6,480	-	-
Library	75,665	-	-
Indigent Care	2,794	-	2,536
Nondepartmental	647,882	-	54,686
Interest on Debt	6,634	-	-
TOTAL PRIMARY GOVERNMENT	\$ 5,503,328	\$ 785,973	\$ 314,260

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Other Taxes

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and		Changes in Net Position	
	Capital Grants and Contributions	Primary Government Governmental	
\$	-	\$	(234,231)
	-		(118,616)
	-		(229,724)
	-		(226,494)
	-		(159,905)
	-		(118,738)
	65,500		(773,845)
	-		(286,422)
	-		(83,605)
	-		(206,933)
	-		(5,772)
	-		(156,407)
	-		(24,835)
	-		(517,646)
	-		(17,298)
	-		(174,732)
	-		(215,426)
	-		(48,979)
	-		12,572
	-		74,981
	-		(36,252)
	-		(21,215)
	-		(868)
	-		(84,972)
	-		(6,480)
	-		(75,665)
	-		(258)
	63,097		(530,099)
	-		(6,634)
\$	<u>128,597</u>		<u>(4,274,498)</u>

4,179,762
141,712
293,715
38,027
310,216
<u>494,748</u>
<u>5,458,180</u>
1,183,682
<u>11,539,791</u>
<u>\$ 12,723,473</u>

SCHLEICHER COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Major Fund- Road & Bridge Fund	Major Fund- Farm to Market Road
ASSETS			
Cash and Cash Equivalents	\$ 63,018	\$ 44,716	\$ 10,479
Investments - Current	3,565,456	569,980	420,513
Taxes Receivable	3,275,411	-	602,604
Accounts Receivable, Net	267,357	-	42,229
Due from Other Governments	6,975	-	-
Due from Other Funds	7,067	40,300	-
Prepaid Items	198,880	35,000	-
Total Assets	<u>\$ 7,384,164</u>	<u>\$ 689,996</u>	<u>\$ 1,075,825</u>
LIABILITIES			
Accounts Payable	\$ 34,841	\$ 1,850	\$ 5,090
Wages and Salaries Payable	93,982	6,051	18,908
Intergovernmental Payable	-	45,889	-
Unearned Revenues	817,135	-	89,517
Total Liabilities	<u>945,958</u>	<u>53,790</u>	<u>113,515</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	3,275,411	-	602,604
Total Deferred Inflows of Resources	<u>3,275,411</u>	<u>-</u>	<u>602,604</u>
FUND BALANCES			
Federal or State Funds Grant Restriction	-	-	-
Restricted for Special Revenue	-	636,206	359,706
Retirement of Long-Term Debt	-	-	-
Other Committed Fund Balance	-	-	-
Construction	-	-	-
Unassigned Fund Balance	3,162,795	-	-
Total Fund Balances	<u>3,162,795</u>	<u>636,206</u>	<u>359,706</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,384,164</u>	<u>\$ 689,996</u>	<u>\$ 1,075,825</u>

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

Other Funds	Total Governmental Funds
\$ 224,652	\$ 342,865
4,151,843	8,707,792
120,694	3,998,709
6,446	316,032
6,887	13,862
9,637	57,004
17,400	251,280
<u>\$ 4,537,559</u>	<u>\$ 13,687,544</u>
\$ 798	\$ 42,579
445	119,386
-	45,889
46,998	953,650
<u>48,241</u>	<u>1,161,504</u>
120,694	3,998,709
<u>120,694</u>	<u>3,998,709</u>
60,372	60,372
2,413,251	3,409,163
75,410	75,410
548,511	548,511
1,271,080	1,271,080
-	3,162,795
<u>4,368,624</u>	<u>8,527,331</u>
<u>\$ 4,537,559</u>	<u>\$ 13,687,544</u>

SCHLEICHER COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

Total Fund Balances - Governmental Funds	\$ 8,527,331
The County uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net position.	190,878
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	3,382,362
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2024 capital outlays and debt principal payments is to increase net position.	647,560
The County is required under GASB Statement No. 68 to report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this requirements included a net pension asset of \$86,644, a deferred resource outflow of \$250,756 and a deferred resource inflow of \$58,276. The net effect of these is to increase net position by \$279,124.	279,124
The County is required under GASB Statement No. 75 to report their OPEB benefit plan through TCDRS. The requirement resulted in an OPEB Liability of \$160,270, a deferred resource outflow of \$22,837 and a deferred resource inflow of \$27,616. The net effect of these is to decrease net position by \$165,049.	(165,049)
The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization on the right-to-use leased assets.	(491,461)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	352,728
Net Position of Governmental Activities	\$ 12,723,473

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Major Fund- Road & Bridge Fund	Major Fund- Farm to Market Road
REVENUES:			
Taxes:			
Property Taxes	\$ 3,505,131	\$ -	\$ 631,909
General Sales and Use Taxes	153,645	-	-
Other Taxes	37,579	-	448
Licenses and Permits	-	218,858	-
Intergovernmental Revenue and Grants	325,073	-	-
Charges for Services	138,281	7,227	-
Fines	-	314,877	-
Investment Earnings	217,849	30,524	31,822
Rents and Royalties	3,800	-	-
Other Revenue	76,971	6,508	13,285
Total Revenues	4,458,329	577,994	677,464
EXPENDITURES:			
County Judge	180,798	-	-
County Attorney	121,353	-	-
County & District Clerk	221,970	-	-
County Treasurer	219,098	-	-
County Tax Collector	156,323	-	-
Justice of Peace	145,490	-	-
Sheriff	1,188,286	-	-
Jail	309,316	-	-
Cemetery	80,676	-	-
County Courthouse	202,278	-	-
Courthouse Annex	5,371	-	-
County Commissioners	-	152,395	-
County Agent	23,609	-	-
Road & Bridge	-	529,134	651,118
Civic Building	-	-	-
Community Resources	-	-	-
Fire & Emergency Management Services	27,944	-	-
Airport	-	-	-
District Court	35,736	-	-
County & JP Court	939	-	-
Elections	46,175	-	-
Golf Course	19,740	-	-
Parks	2,076	-	-
Pool	79,807	-	-
Rodeo Arena	6,029	-	-
Library	70,403	-	-
Indigent Care	2,600	-	-
Nondepartmental	477,413	-	-
Debt Service:			
Principal on Debt	4,162	-	-
Interest on Debt	353	-	-
Total Expenditures	3,627,945	681,529	651,118
Excess (Deficiency) of Revenues Over (Under) Expenditures	830,384	(103,535)	26,346
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	24,000	-	-
Proceeds from Finance Purchases	134,410	-	-
Transfers In	-	190,000	-
Transfers Out	(488,900)	-	-
Total Other Financing Sources (Uses)	(330,490)	190,000	-

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

	Other Funds	Total Governmental Funds
\$	138,916	\$ 4,275,956
	140,070	293,715
	-	38,027
	-	218,858
	117,784	442,857
	95,810	741,318
	-	314,877
	191,722	471,917
	7,120	10,920
	<u>203,542</u>	<u>300,306</u>
	894,964	6,608,751
	-	180,798
	-	121,353
	1,530	223,500
	-	719,098
	-	156,323
	18,776	164,266
	23,196	1,211,482
	-	309,316
	-	80,676
	3,918	206,196
	-	5,371
	-	152,395
	-	23,609
	-	1,180,252
	22,720	22,720
	174,732	174,732
	172,500	700,444
	48,364	48,364
	-	35,736
	-	939
	-	46,175
	-	19,740
	-	2,076
	-	79,807
	-	6,029
	-	70,403
	-	2,600
	424,144	901,557
	120,000	124,162
	<u>6,487</u>	<u>6,840</u>
	<u>1,016,367</u>	<u>5,976,959</u>
	<u>(121,403)</u>	<u>631,792</u>
	-	74,000
	-	134,410
	298,900	488,900
	-	<u>(488,900)</u>
	<u>298,900</u>	<u>158,410</u>

SCHLEICHER COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Major Fund- Road & Bridge Fund	Major Fund- Farm to Market Road
Net Change in Fund Balances	499,894	86,465	26,346
Fund Balance - January 1 (Beginning)	<u>2,662,901</u>	<u>549,741</u>	<u>333,360</u>
Fund Balance - December 31 (Ending)	<u>\$ 3,162,795</u>	<u>\$ 636,206</u>	<u>\$ 359,706</u>

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

Other Funds	Total Governmental Funds
177,497	790,202
4,191,127	7,737,129
<u>\$ 4,368,624</u>	<u>\$ 8,527,331</u>

SCHLEICHER COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2024

Total Net Change in Fund Balances - Governmental Funds	\$ 790,202
The County uses an internal service fund to charge the costs of certain activities primarily to the governmental funds. The net income of the internal service fund is reported with governmental activities. The net effect of this consolidation is to increase the change in net position.	39,664
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2024 capital outlays and debt principal payments is to increase the change in net position.	647,560
The entries required by GASB Statement No. 68 did require that some expenses on Exhibit B-1 be adjusted. The net effect on the change in net position on Exhibit B-1 is an increase of \$166,434.	166,434
The entries required by GASB Statement No. 75 did require that some expenses on Exhibit B-1 be adjusted. The net effect of these is to decrease net position by \$7,518.	(7,518)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position. Please note this includes the amortization on the right-to-use leased assets.	(491,461)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of finance purchases, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.	38,801
Change in Net Position of Governmental Activities	<u>\$ 1,183,682</u>

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Governmental Activities
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 16,513
Investments - Current	166,365
Prepaid Items	8,000
Total Assets	190,878
NET POSITION	
Restricted for Pool Participant	190,878
Total Net Position	\$ 190,878

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES:	
Other Revenue	\$ 16,833
Total Operating Revenues	<u>16,833</u>
NONOPERATING REVENUES (EXPENSES):	
Investment Earnings	<u>22,831</u>
Total NonOperating Revenue (Expenses)	<u>22,831</u>
Change in Net Position	39,664
Total Net Position - January 1 (Beginning)	<u>151,214</u>
 Total Net Position - December 31 (Ending)	 <u><u>\$ 190,878</u></u>

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

EXHIBIT D-3

	Governmental Activities
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Insurance Surplus	\$ 16,833
Cash Payments for Other Operating Expenses	(8,000)
Net Cash Provided by Operating Activities	8,833
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	22,831
Net Increase in Cash and Cash Equivalents	31,664
Cash and Cash Equivalents at Beginning of Year	151,214
	<u>\$ 182,878</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$ 16,833
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Prepaid Expenses	(8,000)
Net Cash Provided by Operating Activities	<u>\$ 8,833</u>

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 134,661	\$ 1,111,103
Investments - Current	2,654,285	-
Accounts Receivable, Net	-	12,445
Total Assets	<u>2,788,946</u>	<u>1,123,548</u>
LIABILITIES		
Accounts Payable	-	2,353
Due to Other Funds	-	57,004
Due to Others	-	934,913
Total Liabilities	<u>-</u>	<u>994,270</u>
NET POSITION		
Restricted for Other Purposes	<u>2,788,946</u>	<u>129,278</u>
Total Net Position	<u>\$ 2,788,946</u>	<u>\$ 129,278</u>

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

EXHIBIT E-2

	Private Purpose Trust Fund	Custodial Funds
ADDITIONS:		
Charges for Services	\$ -	\$ 13,205,651
Fines	-	520,189
Investment Earnings	121,096	-
Rents and Royalties	10,969	-
Other Revenue	-	126,249
Total Additions	<u>132,065</u>	<u>13,852,089</u>
DEDUCTIONS:		
Other Operating Costs	<u>187,956</u>	<u>15,027,595</u>
Total Deductions	<u>187,956</u>	<u>15,027,595</u>
Net Change in Fiduciary Net Position	(55,891)	(1,175,506)
Total Net Position - January 1 (Beginning)	<u>2,844,837</u>	<u>1,304,784</u>
Total Net Position - December 31 (Ending)	<u>\$ 2,788,946</u>	<u>\$ 129,278</u>

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

NOTES TO FINANCIAL STATEMENTS

SCHLEICHER COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Schleicher County have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

1.A. FINANCIAL REPORTING ENTITY

The County is an independent unit and is managed by a governing body of elected officials. The accompanying financial statements present the County's primary government.

The County Commissioners are elected by registered voters of the County and have oversight responsibility in that they have decision-making authority, the ability to significantly influence operations and primary accountability for fiscal matters. All functions and activities over which the commissioners exercise oversight responsibility have been included in the reporting entity. There are no component units included within the reporting entity.

In evaluating how to define the government, for financial purposes, management has considered all potential component units by applying the criteria set forth in GASB Statement No. 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would required inclusion in this report.

1.B. BASIS OF PRESENTATION

Government-Wide Financial 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 nonexchange revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. 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.

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operations. All other revenues and expenses are nonoperating.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund, the primary operating fund of the County, is always classified as a major fund. It is the basic fund of the County and covers all activities for which a separate fund has not been established.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal and interest on general long-term debt of the County other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the County's debt.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources that are restricted, committed or assigned to expenditures for the acquisition and construction of major capital facilities and other capital assets.

Proprietary Funds

Internal Service Fund

Revenues and expenditures related to services provided to organization inside the County on a cost reimbursement basis are accounted for in an internal service fund. The County's internal service fund is the self-insurance fund.

Fiduciary Funds (Not included in government-wide statements)

Custodial Funds

Custodial funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the County. The County uses custodial funds to account for assets held in a trustee capacity for other governments.

Private Purpose Trust Funds

Private Purpose Trust funds account for assets held by the County in a purely trustee capacity. The reporting entity includes one trust fund, the permanent school fund. Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor. The major funds are as follows:

Major Fund	Brief Description
General	See above for description.
Special Revenue Funds:	
Road & Bridge Fund	Accounts for all road and bridge construction and maintenance activity.
Farm to Market Road Fund	Accounts for all road and bridge construction and maintenance activity for farm to market roads.

Additionally, the County reports the following fund type(s):

Capital Projects Fund	Accounts for all financial resources that are restricted to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
Debt Service Fund	Accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
Nonmajor Special Revenue Funds	Account for and reports the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.
Internal Service Fund	Accounts for the operations of the self-insurance fund of the County.
Fiduciary Fund Types	Private Purpose Trust Funds and Custodial Funds, which are used to account for and report assets held by the County in a trustee or custodial capacity for individuals, private organizations or other governments.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, the governmental activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. 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.
- b. Custodial and Private Purpose Trust Funds utilize the economic resource measurement focus.

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and fiduciary funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized revenues when both "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within 60 days after year end. Also under the modified accrual basis or accounting, expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are

reported as expenditures in the year due.

1.D. ASSETS, LIABILITIES AND EQUITY

Cash, Cash Equivalents and Investments

For the purpose of the statement of net position, "Cash and Cash Equivalents" includes demand deposit accounts. All amounts are considered available upon demand and are considered to be "cash equivalents".

The County's investments approximate fair value, except for external pools. Fair value is based on quoted market prices as of the valuation date. Management's intent is to hold all investments to maturity and thereby recover the full value of the various investments made. The gain/loss resulting from valuation will be reported within the "Investment Income" account on the Statements of Revenues, Expenditures and Changes in Fund Balance and on the Statement of Changes in Fiduciary Net Position.

For purposes of the Statement of Cash Flows, the County considered all highly liquid investment with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of proprietary fund types are pooled with the County's pooled cash and investments.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The major receivable balances for the governmental activities relate to property taxes and court fines and fees.

In the fund financial statements, material receivables include revenue accruals such as property taxes, grant and other intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Fixed Assets

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable.

Donated assets are recorded at their estimated fair value at the date of donation.

Pursuant to GASB Statement No. 34, an extended period of deferral is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, and similar items) acquired before the implementation date becomes effective. Therefore, not all infrastructure assets acquired prior to January 1, 2003 have been capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 years
Improvements	10-50 years
Machinery and Equipment	3-20 years
Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term Debt

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

Vacation and sick leave disbursements are charged to operations when taken by the employees of the County. Accordingly, no accruals are reflected in the accounts for unpaid amounts of vacation and sick leave earned by employees. After one year of service an employee is entitled to two weeks of vacation. If the employee does not take the vacation within the year, they will lose the benefit. If an employee is terminated for any reason they will be entitled to payment for the vacation they have earned. Employees are not paid for unused sick leave upon separation from service. The liabilities for accumulated vacation and sick leave at December 31, 2024 are estimated to be insignificant and are not reflected in the accompanying financial statements.

Equity Classifications

Government-Wide Statements

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

- a. Net Investment in Capital Assets- Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Net Position represent the difference between assets and liabilities. Net Position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The County applies restricted resources when an expenses is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Statements

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory and prepaids) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e. Commissioners' Court). To be

reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest-level action to remove or change the constraint.

- Assigned fund balance – amounts the County intends to use for a specific purpose. Intent can be expressed by the Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Commissioners' Court establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Commissioners' Court through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

The County's fund balance policy indicates that the County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but the County reserves the right to deviate from this general strategy.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

The County participates in the Texas County & District Retirement System Group- Term Life program, which is an other post-employment benefit. The Total OPEB Liability is calculated by the System's actuary in accordance with the provisions of GASB 75. The OPEB expense and deferred (inflows)/outflows of resources related to OPEB, which are disclosed in the following notes, primarily result from changes in components of the TOL. Most changes in the TOL will be included in OPEB expense in the period of the change.

Use of Estimates

The preparation of financial statements, in conformity with generally accepting accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in a separate section following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Revenues not expected to be available for current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized

before revenue recognition criteria have been satisfied.

Leases

As of January 1, 2022, the County adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Disclosures required by this standard are included in Note 3.G.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Revenues

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities. In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the County is subject to various federal, state and local laws and contractual regulations. An analysis of the County's compliance with significant laws and regulations and demonstration of its stewardship over County resources follows.

2.A. BUDGETARY INFORMATION

Annual budgets, as required by state statute, are adopted on a cash basis which is a basis of accounting other than accounting principles generally accepted in the United States of America for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end.

The County Judge and staff prepare the proposed budget, the County Judge does all of the receipt estimates with input from each office that generates receipts and submits the data to Commissioners Court. A public hearing is held on the budget by Commissioners Court. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by the various departments. In the final budget, which is usually adopted in September, disbursements for current operating funds cannot exceed the estimated available cash balances in such funds on January 1, plus the estimate of receipts for the ensuing year. At any time during the year, Commissioners Court may increase the budget for unexpected receipts. Commissioners Court may transfer amounts among individual budget line items within major disbursement categories during the year, but no such transfer may increase the overall total of the budget. Formal budgetary integration is employed for the General, Special Revenue, Debt Service and Capital Projects

operations. Budgets for these funds are prepared on a cash basis. Unused appropriations lapse at the end of each year.

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. DEPOSITS AND INVESTMENTS

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. 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.

At December 31, 2024, the carrying amount of the County's deposits was \$1,605,144 and the bank balance was \$2,093,419. The County's cash deposits held at First National Bank of Eldorado at December 31, 2024 were not entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual funds, (8) Investment pools and guaranteed investment contracts. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. For the year ended December 31, 2024 the County complied, in all material respects, with the requirements of the Public Funds Investment Act and with local policies.

The County's investments are authorized by County resolutions, bond ordinances and state statutes. The County is authorized to invest in obligations of the U.S. Government and its agencies or instrumentalities; direct obligations of Texas and its agencies or instrumentalities; obligations of states, agencies, counties, cities and other political subdivision of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; insured or collateralized certificates of deposit; fully collateralized repurchased agreements; and government pools.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has no Level 1 investments (investments valued using prices quoted in active markets for identical securities), Level 2 investments (investment valued using a matrix pricing technique) or Level 3 investments (investments valued using significant unobservable inputs. As of December 31, 2024, all of the County's investments were recorded at amortized cost.

The County's temporary investments at December 31, 2024, are shown below:

	Amortized Cost	Weighted Average Maturity (in days)
<u>Investments measured at amortized cost</u>		
<u>Local Government Investment Pools</u>		
LOGIC	\$ 38,657	51
Texas Class-PRIME	1,015,679	83
Texas Class-Government	1,064,230	108
Texas Fixed Income Trust	749,458	56
Money Market Mutual Fund	202,290	
U.S. Treasury Notes	2,503,585	
Certificates of Deposit	3,300,258	
Total Investments	\$ <u>8,874,157</u>	

The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as LOGIC, Texas Class and TexStar, through which political subdivisions and other entities may invest public funds.

LOGIC, Texas Class and TexStar uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. LOGIC, Texas Class and TexStar do not place any limitation or restrictions such as notice periods or maximum transaction amounts, on withdrawals. LOGIC has a credit rating of AAA from Standard & Poors. Texas Class has a credit rating of AAA from Standard & Poors. TexStar has a credit rating of AAAM from Standard & Poors. Local government investment pools in these rating categories meet the highest standards for credit quality, conservative investment policies, and safety of principal. LOGIC, Texas Class and TexStar invest in high quality portfolios of debt securities investments that are legally permissible for local governments in the state.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the County has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was exposed to custodial credit risk since its deposits at year-end were not covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name. As of December 31, 2024, \$1,332,864 of the County's bank balance of \$2,093,419 was exposed to custodial credit risk.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year-end, of the County's \$11,528,442 in investments, \$8,367,990 were held by the investment firm in the County's name and \$3,160,452 were held in local government investment pools.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexSTAR and LOGIC investment pools invest only in investments authorized under the Public Funds Investment Act. As of December 31, 2024, TexClass' investment credit quality rating was AAAM (Standard & Poor's), TexStar's investment credit quality rating was AAAM (Standard & Poor's), TexasFIT's investment credit quality rating was AAAs (Fitch's Ratings) and LOGIC Investment Pool's investment credit quality rating was AAA (Standard & Poor's).

3.B. PROPERTY TAXES

The County contracts with Schleicher County Appraisal District for the appraisal of taxes. The County levies taxes on real property within the County on October 1 each year, which is the lien date. Such taxes become delinquent the following February 1. The County contracted with the Schleicher County Appraisal District for the appraisal of taxes. For the 2023 tax roll, the tax rate was \$.5909. per \$100 valuation and the total property valuation was \$606,378,293. County ad valorem taxes assessed on the 2023 roll amounted to \$3,642,695. The tax rate of \$.5909 per \$100 valuation was allocated to the general fund for \$.5699 and to the debt service fund for \$.0210. In addition, for the 2023 tax roll, the total assessed valuation for Schleicher County F/M RD was \$624,020,957 and the taxes assessed amount to \$666,284. The total tax rate was \$.1050. The maximum levy allowed by State law for the above purposes is \$0.80 per \$100 valuation.

Ad valorem taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Ad valorem taxes are prorated between maintenance & operations and interest & sinking based on rates adopted for the year of the levy. The County is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

3.C. RECEIVABLES

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Road & Bridge	Farm to Market Road	Other Governmental Funds	TOTAL
Receivables:					
Property Taxes	\$ 3,275,411	\$ -	\$ 602,604	\$ 120,694	\$ 3,998,709
Other	267,357	-	42,229	6,446	316,032
Intergovernmental	<u>6,975</u>	<u>-</u>	<u>-</u>	<u>6,887</u>	<u>13,862</u>
Gross Receivables	\$ 3,549,743	\$ -	\$ 644,833	\$ 134,027	\$ 4,328,603
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 3,549,743</u>	<u>\$ -</u>	<u>\$ 644,833</u>	<u>\$ 134,027</u>	<u>\$ 4,328,603</u>

COURT FINES AND FEES RECEIVABLE

With the implementation of GASB Statement No. 34, the County has determined the amount of court fines and fees receivable to be \$1,000,060, which represents amounts owed and outstanding for the last 10 years. Based on historical collection rates for the various courts and departments, the County has booked an allowance for uncollectible court fines and fees of \$900,054 resulting in a net receivable of \$100,006.

3.D. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of

fund balance that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time.

Deferred outflows on the Statement of Net Position consists of the TCDRS pension deferred outflow of \$250,756 (see note 4.B.) and the TCDRS OPEB deferred outflow of \$22,837 (see note 4.C.).

Deferred inflows on the Statement of Net Position consists of the TCDRS pension deferred inflow of \$58,276 (see note 4.B.) and the TCDRS OPEB deferred inflow of \$27,616 (see note 4.C.).

Governmental funds reported Deferred Inflows of Resources – Unavailable Revenues in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also reported Unearned Revenue or deferred revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current year, Unavailable and Unearned Revenues reported in the governmental funds were as follow:

	Unearned Revenue	Unavailable Revenue
General Fund -		
Unavailable Revenue - Property Taxes		\$ 3,275,411
Unearned Revenue	\$ 817,135	
Special Revenue Farm to Market Road Fund -		
Unavailable Revenue - Property Taxes		602,604
Unearned Revenue	89,517	
Other Governmental Funds -		
Unavailable Revenue - Property Taxes		120,694
Unearned Revenue	46,998	
TOTAL UNAVAILABLE AND UNEARNED REVENUES	\$ 953,650	\$ 3,998,709

Unspent U.S Department of Treasury State and Local Fiscal Recovery funds in the amount of \$29,058 are classified as unearned revenue in the American Rescue Plan Fund. The funds are for response to the COVID-19 public health emergency.

3.E. PERMANENT SCHOOL FUND

The Schleicher County Permanent School Fund was established by the State statue to receive and disburse funds earned from State lands and other investments granted to the County for educational purposes. Administration of the Fund vests in the office of the County Judge. The mineral rights owned by the Fund were patented to Schleicher County by certificate issued by the Commissioner of the General Land Office.

At December 31, 2024, the carrying amount of the Fund's deposits was \$20,663. The Fund's deposits held at First National Bank of Eldorado at December 31, 2024 were not entirely covered by FDIC insurance nor by pledged collateral held by the County's agent bank in the County's name.

Investments of the Fund consisted of the following:

Name	Amortized Cost	Weighted Average Maturity (in days)
Investments measured at amortized cost		
Local Government Investment Pools		
TexStar	\$ 292,428	36
Money Market Mutual Fund	25,334	
U.S. Treasury Notes	1,338,673	
U.S Agency Bonds	997,850	
Total Investments	\$ <u>2,654,285</u>	

- * The Texas Short Term Asset Reserve Program ("TexSTAR") portfolio is managed by J.P. Morgan Chase Bank, N.A., and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of TexSTAR. The only source of payment to the Participants are the assets of TexSTAR. There is no secondary source of payment for the pools such as insurance or guarantee. On December 31, 2024, TexSTAR's weighted average of maturity was 36 days and the net asset value was \$1.000229.

3.F. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended December 31, 2024.

	Primary Government		
	Beginning Balance	Additions	Ending Balance
Governmental Activities:			
Land	\$ 232,960	\$ -	\$ 232,960
Buildings & Improvements	5,031,271	51,490	5,082,761
Infrastructure	1,177,572	-	1,177,572
Machinery & Equipment	1,219,712	208,593	1,409,805
Vehicles	2,731,125	158,410	2,435,752
Construction Work in Progress	-	263,315	263,315
Totals at Historic Cost	\$ <u>10,392,640</u>	\$ <u>681,808</u>	\$ <u>10,602,165</u>
Less Accumulated Depreciation for:			
Buildings & Improvements	3,647,283	77,472	3,724,755
Infrastructure	192,425	58,379	250,804
Machinery & Equipment	517,196	166,280	668,905
Vehicles	2,287,373	185,014	2,018,604
Total Accumulated Depreciation	\$ <u>6,644,277</u>	\$ <u>487,145</u>	\$ <u>6,663,068</u>
Total Capital Assets being Depreciated, Net	<u>3,748,363</u>	<u>194,663</u>	<u>3,939,097</u>
Right-to-Use Lease Assets being Amortized			
Equipment	\$ 22,890	\$ -	\$ 22,890
Total Right-to-Use Lease Assets	\$ <u>22,890</u>	\$ <u>-</u>	\$ <u>22,890</u>
Less Accumulated Amortization for:			
Equipment	\$ 8,540	\$ 4,316	\$ 12,856
Total Accumulated Amortization	\$ <u>8,540</u>	\$ <u>4,316</u>	\$ <u>12,856</u>
Total Right-to-Use Assets being Amortized, Net	\$ <u>14,350</u>	\$ <u>(4,316)</u>	\$ <u>10,034</u>
Governmental Activities Capital Assets, Net	\$ <u>3,762,713</u>	\$ <u>190,347</u>	\$ <u>3,949,131</u>

Depreciation expense was charged to functions/programs of the County as follows:

County Judge	\$	63,702
County Attorney		9,071
County & District Clerk		16,706
County Treasurer		16,377
County Tax-Assessor-Collector		11,685
Justice of the Peace		12,278
Sheriff		90,554
Jail		23,120
Cemetery		6,030
Courthouse		15,412
Courthouse Annex		401
County Commissioners		11,391
County Agent		1,765
Road & Bridge		88,213
Memorial Building		1,698
Fire & Emergency Management Services		14,982
Airport		3,615
District Court		2,671
County & J.P. Court		70
Elections		3,451
Golf Course		1,475
Park		155
Pool		5,965
Rodeo Arena		451
Library		5,262
Indigent Care		194
Non-Departmental		80,451
Total Depreciation Expense	\$	<u>487,145</u>

Amortization expense was charged to functions/programs of the County as follows:

Non-Departmental		<u>4,316</u>
Total Amortization Expense	\$	<u>4,316</u>

3.G. LONG-TERM LIABILITIES

As of December 31, 2024, the governmental long-term debt consisted of the following:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Refunding Bonds, Series 2017	\$ 366,000	\$	\$ 120,000	\$ 246,000	\$ 122,000
Finance Purchase Payable	-	134,410		134,410	30,499
Right-to-Use Lease Liability	14,351		4,162	10,189	4,055
OPEB Liability	140,628	19,642		160,270	
TOTAL	\$ <u>520,979</u>	\$ <u>154,052</u>	\$ <u>124,162</u>	\$ <u>550,869</u>	\$ <u>156,554</u>

The general obligation bond issued for governmental activity purposes is liquidated by the debt service fund. The finance purchases and right-to-use lease liabilities are liquidated by the general fund.

Bonds Payable

On August 14, 2017, the County authorized the issuance of \$1,057,000 Schleicher County, Texas General Obligation Refunding Bonds, Series 2017 for the purposes of refunding the Certificate of Obligation, Series 2011 issue. The bonds have an original issue date of September 12, 2017 and shall have semiannual interest payments due each June 1 and December 1 commencing December 1, 2017. Principal payments in varying amounts will be due annually on June 1 beginning June 1, 2018 and ending June 1, 2026.

Interest rates on the bonds are at a fixed rate of 2.120% over the life of the issue. The bonds issue required the county to maintain a fund for the proceeds and earnings of the bonds and an interest and sinking fund for the repayment of the bonds. The bonds are secured by taxes levied. The refunding issue resulted in a cash savings of \$67,830 over the life of the issue. This is because of the reduced rate the County was able to obtain with the refunding issue.

The annual debt service requirements are as follows:

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	122,000	3,922	125,922
2026	124,000	1,314	125,314
	<u>\$ 246,000</u>	<u>\$ 5,236</u>	<u>\$ 251,236</u>

Finance Purchases Payable

In June 2024, the County entered into two finance purchase agreements with American National Leasing Company for two vehicles. Both finance contracts are due in annual installments of \$19,618 until 6/25/2028, with an interest rate of 6.5%.

Annual requirements on the finance purchases are as follows:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	30,499	8,737	39,236
2026	32,482	6,754	39,236
2027	34,593	4,643	39,236
2028	36,836	2,400	39,236
	<u>\$ 134,410</u>	<u>\$ 22,534</u>	<u>\$ 156,944</u>

Right-to-Use Leases Payable

The County entered into multiple agreements that are considered "right-to-use" leases. These leases are for County equipment.

Annual Requirements to amortize right-to-use leases payable and related interest are as follows:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	4,055	269	4,324
2026	2,030	190	2,220
2027	2,105	115	2,220
2028	1,999	36	2,035
	<u>\$ 10,189</u>	<u>\$ 610</u>	<u>\$ 10,799</u>

3.H. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2024, is as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 7,067	\$ -
Road & Bridge Fund	40,300	-
Nonmajor Funds	9,637	-
Fiduciary Funds	-	57,004
	<u>\$ 57,004</u>	<u>57,004</u>

This balance results from the time lag between the dates that 1)interfund good and services are provided on reimbursable expenditures, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The composition of interfund transfers for the year ended December 31, 2024 is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 488,900
Road & Bridge Fund	190,000	-
Farm to Market Road Fund	-	-
Nonmajor Funds	298,900	-
	<u>\$ 488,900</u>	<u>\$ 488,900</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 4 - OTHER NOTES

4.A. RISK MANAGEMENT

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers compensation. The county has elected to participate in a shared risk pool along with a number of other rural Texas counties and other government organizations of all of these risks. The County makes regular payment to the West Texas Rural Counties Association (the Association) in amounts that would be comparable to the premiums that would be paid to a commercial insurance carrier. The Association has obtained catastrophic stop-loss coverage for risks covered in its liability and other insurance fund. Within the liability pool, disbursements are allocated among the counties based on comparison of the counties to each other. All members pay their own claims, up to this allocated amount for the year, once a member meets that limit, all pools members share in any excess claims up to the point that the specific stop-loss coverage takes over.

4.B. RETIREMENT PLAN

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Schleicher County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 100%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Schleicher County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2023 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [TCDRS.org/Employer](https://www.tcdrs.org/Employer).

Members covered by benefit terms.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	44
Active employees	44
	<hr/>
	125

Contributions

A combination of three elements fund each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

The contribution rate payable by the employee members for calendar year 2024 is the rate of 7% as adopted by the governing body of the employer. 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. The County's contributions to TCDRS for the year ended December 31, 2024 were \$162,456, and were equal to the required contributions and included an ad hoc payment of \$33,000.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	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
Actuarial Cost Method	Entry Age (level percent of pay) ⁽¹⁾
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life

Asset Valuation Method	
Smooth period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year a career employee.
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Schleicher County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Tables for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Adjustment for Plans with the Partial-Lump Sum Payment Option (Liability and Normal Cost)	The termination rate is 0% for the two year immediately prior to retirement eligibility. Rates are reduced at ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump-sum payment option was available.

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
Int'l Equities - Developed Markets	MSCI World Ex USA (net)	5.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment - Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index +33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

⁽¹⁾ Target asset allocation adopted at the March 2024 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2024 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

In order to determine the discount rate to be used by the employer TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3 The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to project benefits payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

Changes in Net Pension Liability/ (Asset)			
	Increase/(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2022	\$ 9,836,997	\$ 9,654,820	\$ 182,177
Changes for the year:			
Service cost	164,761		164,761
Interest on total pension liability ⁽¹⁾	732,928		732,928
Effect of plan changes ⁽²⁾	-		-
Effects of economic/demographic gains or losses	108,606		108,606
Effect of assumptions changes or inputs	-		-
Refund of contributions	(2,926)	(2,926)	-
Benefit payments	(726,376)	(726,376)	-
Administrative expenses		(5,326)	5,326
Member contributions		111,279	(111,279)
Net investment income		1,056,278	(1,056,278)
Employer contributions		133,279	(133,279)
Other ⁽³⁾	-	(20,394)	20,394
Balances as of December 31, 2023	\$ 10,113,990	\$ 10,200,634	\$ (86,644)

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

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the Schleicher County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1 % Decrease	Current Discount Rate	1 % Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 11,194,502	\$ 10,113,990	\$ 9,188,016
Fiduciary net position	10,200,634	10,200,634	10,200,634
Net pension liability/(asset)	\$ 993,868	\$ (86,644)	\$ (1,012,618)

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

For the year ended December 31, 2024 the County's pension income was \$3,934.

	January 1, 2023 to December 31, 2023
Prepaid Expense / (Income)	
Service cost	\$ 164,761
Interest on total pension liability ⁽¹⁾	732,928
Effect of plan changes	-
Administrative expenses	5,326
Member contributions	(111,279)
Expected investment return net of investment expenses	(714,724)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	40,315
Recognition of assumption changes or inputs	82,994
Recognition of investment gains or losses	(224,649)
Other ⁽²⁾	20,394
Pension expense/ (income)	\$ (3,934)

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

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

As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 29,464	\$ 86,289
Changes of assumptions	28,812	-
Net difference between projected and actual earnings	-	2,011
Contributions made subsequent to measurement date ⁽³⁾	N/A	162,456

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:

2024	\$ (102,604)
2025	(36,008)
2026	236,947
2027	(68,311)
2028	-
Thereafter ⁽⁴⁾	-

⁽³⁾ Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end are shown as deferred outflows on the financial statements.

⁽⁴⁾ Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Payables to the pension plan. None as of December 31, 2024.

4.C. GROUP TERM LIFE FUND

Plan Description

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

- a. Schleicher County participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
 - 2) The plan provides a \$5,000 post-retirement death benefit to beneficiaries to services retirees and disability retirees of employers that have elected participation in the retiree GTL program.
 - 3) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
 - 4) No future increases are assumed in the \$5,000 benefit amount.
 - 5) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out (or opt into) coverage as of Jan. 1 each year.
- c. Membership information is shown in the chart below.
- d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
- e. Benefits terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The county's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

Members covered by benefit terms.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	10
Active employees	44
	<u>87</u>

*"Receiving Benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree's death.

Contributions

Employers in the TCDRS Group Term Life (GTL) Program make a combined contribution for both active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retiree coverage are included under GASB 75. For GASB 75 purposes, the employer's benefit payments for the year are treated as begin equal to its annual retiree GTL contributions.

The following table shows a breakdown of the employer's contributions to the GTL program for the calendar year 2023. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments used to calculate changes in total OPEB liability. The contributions for active coverage are not considered an OPEB benefit under GASB 75.

Coverage Type	2023 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.19%	3,020	No change from prior year
Retiree GTL Benefit	0.27%	4,292	GASB 75

Employer OPEB contributions made in the fiscal year, but subsequent to the measurement date of December 31, 2023 should be reflected as a deferred outflow. As previously noted, only contributions to the GTL program for retiree coverage should be included under GASB 75. Therefore, once the total GTL contributions made subsequent to the measurement date have been determined, this amount should be multiplied by the portion attributable to retiree coverage to determine the OPEB contributions made subsequent to the measurement date that should be reported under GASB 75. This proportion is 59.09091%,

allocated as follows:

Coverage Type	2024 GTL Rate	Proportion	Financial Reporting
Active Member GTL Benefit	0.18%	40.90909%	No change from prior year
Retiree GTL Benefit	0.26%	59.09091%	GASB 75

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. The County's contributions to TCDRS for the year ended December 31, 2024 were \$8,164, and were equal to the required contributions.

Total OPEB Liability

The County's Total OPEB Liability (NPL) was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability as of December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate)	3.26% 20 Year Bond GO Index published by bondbuyer.com as of December 28, 2023.
Cost of Living Adjustments	Does not apply
Disability	Members who become disabled are eligible to commence benefit payments regardless of age.
Mortality	135% of Pub-2010 General Retirees Tables for males and 120% Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement	For all eligible members ages 75 and later, retirement is assumed to occur immediately.

Other Termination of Employment	For non-depositing members who are not vested, 100% are assumed to elect a withdrawal. No termination after eligibility for retirement is assumed.
Probability of Withdrawal	Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal. Current deferred vested inactive members are assumed to keep their accounts with TCDRS until their assumed retirement.

Discount Rate

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on a 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.26% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2023.

Changes in Total OPEB Liability

	Changes in Total OPEB Liability
Balances as of December 31, 2022	\$ 140,628
Changes for the year:	
Service Cost	3,333
Interest on total OPEB liability ⁽¹⁾	5,276
Changes of benefit terms ⁽²⁾	-
Effect of economic/demographic experience	5,018
Effect of assumptions changes or inputs ⁽³⁾	10,307
Benefit payments	(4,292)
Other	-
Balance as of December 31, 2023	\$ 160,270

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

⁽²⁾ No plan changes are valued.

⁽³⁾ Reflects change in discount rate.

Sensitivity Analysis

The following presents the Total OPEB liability of the employer, calculated using the discount rate of 3.26%, as well as what the Schleicher County Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current rate.

	1 % Decrease	Current Discount Rate	1 % Increase
	2.26 %	3.26 %	4.26 %
Total OPEB Liability	\$ 186,694	\$ 160,270	\$ 139,102

As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,994	\$ 4,720
Changes of assumptions	24,622	13,309
Contributions made subsequent to measurement date	N/a	4,808

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits, excluding contributions made subsequent to the measurement date, would be recognized in OPEB expense as follows:

<u>Year ended December 31</u>		
2024	\$	(2,474)
2025		(5,617)
2026		(6,605)
2027		2,554
2028		2,555

(1) *Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.*

Payables to the OPEB plan. None as of December 31, 2024.

4.D. DEFERRED COMPENSATION PLAN

The County offers all its employees deferred compensation programs through Security Benefit. The plan, created in accordance with Internal Revenue Code Section 457, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The County does not contribute to this plan. All contributions are made by the employees who elect to participate in the plan. The County remits employee contributions to the plan trustee on a regular basis. The County does not administer the Section 457 plan, nor does it provide the investment advice to the plan. Accordingly, the Section 457 plan is not part of the County's reporting entity.

The County has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. At December 31, 2024, the participants had balances of \$102,021 in Security Benefit.

4.E. HEALTH INSURANCE

All regular full-time employees of the County are eligible for coverage under the group hospitalization, medical, dental and life insurance program provided by the County. The County pays the premium for eligible employees. Employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

4.F. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of disbursements which may be disallowed by the grantor agency cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

4.G. RELATED PARTY

In the ordinary course of business, the County has and expects to continue to have transactions with its employees and elected officials. In the opinion of management, such transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other

unfavorable features to the County.

4.H. TAX ABATEMENT AGREEMENTS

The Governmental Accounting Standards Board issued Statement 77, *Tax Abatement Disclosures* (GASB 77). The standard required local governments for the first time to disclose information about tax abatement agreements for reporting period beginning after December 15, 2015. Tax abatements result from agreements entered into by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government's tax receipts.

In June of 2019, the County created the Schleicher County Reinvestment Zone No. 3- Langford pursuant to Chapter 312 of the Texas Property Code. The County entered into a tax abatement agreement with Langford Wind Power, LLC in June, 2020. The period in which taxes are abated will begin on the Commencement Date and will terminate on December 31 of the tenth (10th) year following the Commencement Date, unless sooner terminated in accordance with the terms of this agreement. As consideration for the abatement granted by the County, the owner agrees to make an annual payment in lieu of taxes (PILOT) which must be paid to the County by December 31. The amount of annual PILOT will be obtained by multiplying the number of megawatts of installed rated electrical generating capacity by \$1,350. The County received PILOT payments in the amount of \$35,000 for the year ended December 31, 2024.

In July of 2021, the County created the Schleicher County Reinvestment Zone Young Solar pursuant to Chapter 312 of the Texas Property Tax Code. The County entered into a tax abatement agreement with Bridgelink Cave Springs, LLC in July, 2021. The period in which taxes are abated will begin on March 31, 2024. As consideration for the abatement granted by the County, the owner agrees to pay to the County the annual sum of \$111,600 as an annual PILOT payment for a minimum installed capacity of 120MW installed in Schleicher County, or \$930 per megawatt. The County anticipates receiving its first annual PILOT payment by December 31, 2024.

In February of 2023, the County created the Schleicher County Reinvestment Zone Rockefeller pursuant to Chapter 312 of the Texas Property Tax Code. The County entered into a tax abatement agreement with Mittle Rockefeller Solar, LLC in February, 2023. The period in which taxes are abated will begin on December 31, 2027. As consideration for the abatement granted by the County, the owner agrees to pay to the County the annual sum of \$345,200 as an annual PILOT payment for a minimum installed capacity, or \$863 per megawatt.

In November of 2023, the County created the Schleicher County Reinvestment Zone Cold Creek pursuant to Chapter 312 of the Texas Property Tax Code. The County entered into a tax abatement agreement with Cold Creek Solar, LLC in November, 2023. The period in which taxes are abated will begin on December 31, 2027. As consideration for the abatement granted by the County, the owner agrees to pay to the County the annual sum of \$225,330 as an annual PILOT payment for a minimum installed capacity of 210MW installed in Schleicher County, or \$1,073 per megawatt. The owner also agrees to pay the County the annual sum of \$74,790 as an annual PILOT payment for a minimum nameplate storage capacity of 127MW or \$588 per MW. The County anticipates receiving its first annual PILOT payment by December 31, 2028.

The Chief Appraiser of the Appraisal District shall annually determine the Certified Appraised Value of all real and personal property making up the facilities without regard to the abatement granted by this agreement and the Certified Appraised Value of such property after applying the abatement grant by this Agreement. The Chief Appraiser shall then record both values in the appraisal records. The value of the facilities without regard to the abatement shall be used to compute the amount of abated taxes that are required to be recaptured and paid to the County in the event of such taxes is required by the agreement or applicable law.

4.I. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures in the Road and Bridge Fund exceeded the budget appropriations in total.

4.J. SUBSEQUENT EVENTS

The County has evaluated subsequent events through September 5, 2025, the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHLEICHER COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 3,455,750	\$ 3,455,750	\$ 3,505,131	\$ 49,381
General Sales and Use Taxes	90,000	115,445	153,645	38,200
Other Taxes	37,060	37,060	37,579	519
Intergovernmental Revenue and Grants	208,000	357,459	325,073	(32,386)
Charges for Services	90,550	121,275	138,281	17,006
Investment Earnings	8,600	130,725	217,849	87,124
Rents and Royalties	3,050	3,050	3,800	750
Contributions & Donations from Private Sources	200	200	-	(200)
Other Revenue	77,262	76,912	76,971	59
Total Revenues	3,970,472	4,297,876	4,458,329	160,453
EXPENDITURES:				
County Judge	182,720	188,720	180,798	7,922
County Attorney	129,517	121,917	121,353	564
County & District Clerk	261,245	261,645	221,970	39,675
County Treasurer	206,057	220,672	219,098	1,574
County Tax Collector	159,525	159,925	156,323	3,602
Justice of Peace	139,385	145,915	145,490	425
Sheriff	1,212,500	1,099,770	1,188,286	(88,516)
Jail	-	361,959	309,316	52,643
Cemetery	95,216	99,716	80,676	19,040
Couny Courthouse	212,644	224,014	202,278	21,736
Courthouse Annex	8,850	8,850	5,371	3,479
County Agent	42,844	42,844	23,609	19,235
Fire Department	34,900	34,900	27,944	6,956
District Court	69,921	53,121	35,736	17,385
County & JP Court	10,450	10,550	939	9,611
Elections	45,918	56,138	46,175	9,963
Golf Course	20,000	20,000	19,740	260
Parks	4,400	4,400	2,076	2,324
Pool	58,883	85,983	79,807	6,176
Rodeo Arena	12,000	12,000	6,029	5,971
Library	73,000	73,000	70,403	2,597
Indigent Care	6,700	6,700	2,600	4,100
Nondepartmental	494,897	516,162	477,413	38,749
Debt Service:				
Principal on Debt	-	-	4,162	(4,162)
Interest on Debt	-	-	353	(353)
Total Expenditures	3,481,572	3,808,901	3,627,945	180,956
Excess (Deficiency) of Revenues Over (Under) Expenditures	488,900	488,975	830,384	341,409
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	24,000	24,000
Noncurrent Loans	-	-	134,410	134,410
Transfers Out	(488,900)	(488,900)	(488,900)	-
Total Other Financing Sources (Uses)	(488,900)	(488,900)	(330,490)	158,410
Net Change in Fund Balances	-	75	499,894	499,819
Fund Balance - January 1 (Beginning)	2,662,901	2,662,901	2,662,901	-
Fund Balance - December 31 (Ending)	\$ 2,662,901	\$ 2,662,976	\$ 3,162,795	\$ 499,819

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

SCHLEICHER COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Licenses and Permits	\$ 225,000	\$ 225,000	\$ 218,858	\$ (6,142)
Charges for Services	4,000	4,000	7,227	3,227
Fines	161,000	215,000	314,877	99,877
Investment Earnings	8,000	28,000	30,524	2,524
Other Revenue	10,000	10,000	6,508	(3,492)
Total Revenues	408,000	482,000	577,994	95,994
EXPENDITURES:				
County Judge:				
County Commissioners	149,349	149,849	152,395	(2,546)
Road & Bridge	448,651	522,151	529,134	(6,983)
Total Expenditures	598,000	672,000	681,529	(9,529)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(190,000)	(190,000)	(103,535)	86,465
OTHER FINANCING SOURCES (USES):				
Transfers In	190,000	190,000	190,000	-
Total Other Financing Sources (Uses)	190,000	190,000	190,000	-
Change in Fund Balance	-	-	86,465	86,465
Fund Balance - January 1 (Beginning)	549,741	549,741	549,741	-
Fund Balance - December 31 (Ending)	\$ 549,741	\$ 549,741	\$ 636,206	\$ 86,465

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

SCHLEICHER COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FARM TO MARKET ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 655,222	\$ 655,222	\$ 631,909	\$ (23,313)
Other Taxes	-	-	448	448
Intergovernmental Revenue and Grants	150,000	-	-	-
Investment Earnings	25	23,025	31,822	8,797
Other Revenue	-	-	13,285	13,285
Total Revenues	805,247	678,247	677,464	(783)
EXPENDITURES:				
Road & Bridge	805,247	678,247	651,118	27,129
Total Expenditures	805,247	678,247	651,118	27,129
Change in Fund Balance	-	-	26,346	26,346
Fund Balance - January 1 (Beginning)	333,360	333,360	333,360	-
Fund Balance - December 31 (Ending)	\$ 333,360	\$ 333,360	\$ 359,706	\$ 26,346

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

SCHLEICHER COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
A. Total Pension Liability			
Service Cost	\$ 164,761	\$ 191,171	\$ 180,137
Interest (on the Total Pension Liability)	732,928	725,245	718,732
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	108,606	(58,928)	19,343
Changes of Assumptions	-	-	(115,248)
Benefit Payments, Including Refunds of Employee Contributions	(729,302)	(730,655)	(726,039)
Net Change in Total Pension Liability	\$ 276,993	\$ 126,833	\$ 76,925
Total Pension Liability - Beginning	9,836,997	9,710,164	9,633,239
Total Pension Liability - Ending	\$ 10,113,990	\$ 9,836,997	\$ 9,710,164
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 133,279	\$ 177,635	\$ 189,649
Contributions - Employee	111,279	111,681	109,649
Net Investment Income	1,056,278	(592,390)	1,974,932
Benefit Payments, Including Refunds of Employee Contributions	(729,302)	(730,655)	(726,039)
Administrative Expense	(5,326)	(5,658)	(5,814)
Other	(20,394)	(53,155)	(9,554)
Net Change in Plan Fiduciary Net Position	\$ 545,814	\$ (1,092,542)	\$ 1,532,823
Plan Fiduciary Net Position - Beginning	9,654,820	10,747,362	9,214,539
Plan Fiduciary Net Position - Ending	\$ 10,200,634	\$ 9,654,820	\$ 10,747,362
C. Net Pension Liability (Asset)	\$ (86,644)	\$ 182,177	\$ (1,037,198)
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.86%	98.15%	110.68%
E. Covered Payroll	\$ 1,589,703	\$ 1,595,439	\$ 1,566,409
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	(5.45%)	11.42%	(66.22%)

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 157,420	\$ 153,497	\$ 154,375	\$ 160,737	\$ 190,141	\$ 170,570	\$ 196,774
708,025	688,221	674,979	656,912	626,376	596,418	559,667
-	-	-	-	-	(17,384)	-
92,233	67,672	(22,926)	(1,310)	41,827	9,399	34,408
447,227	-	-	54,188	-	84,382	-
(697,019)	(641,690)	(642,428)	(639,874)	(461,332)	(439,668)	(277,733)
\$ 707,886	\$ 267,700	\$ 164,000	\$ 230,653	\$ 397,012	\$ 403,717	\$ 513,116
8,925,353	8,657,654	8,493,654	8,263,000	7,865,989	7,462,271	6,949,156
\$ 9,633,239	\$ 8,925,354	\$ 8,657,654	\$ 8,493,653	\$ 8,263,001	\$ 7,865,988	\$ 7,462,272
\$ 144,154	\$ 188,898	\$ 127,150	\$ 100,335	\$ 126,557	\$ 228,437	\$ 228,180
110,154	103,858	99,190	100,335	110,737	111,823	113,497
905,201	1,289,182	(161,959)	1,126,798	544,813	(18,508)	490,494
(697,019)	(641,690)	(642,428)	(639,874)	(461,332)	(439,668)	(277,733)
(6,742)	(6,684)	(6,304)	(5,616)	(5,938)	(5,340)	(5,524)
(12,232)	(10,723)	(11,546)	(5,940)	79,219	42,369	26,733
\$ 443,516	\$ 922,841	\$ (595,897)	\$ 676,038	\$ 394,056	\$ (80,887)	\$ 575,647
8,771,023	7,848,183	8,444,080	7,768,041	7,373,986	7,454,872	6,879,227
\$ 9,214,539	\$ 8,771,024	\$ 7,848,183	\$ 8,444,079	\$ 7,768,042	\$ 7,373,985	\$ 7,454,874
\$ 418,700	\$ 154,330	\$ 809,471	\$ 49,574	\$ 494,959	\$ 492,003	\$ 7,398
95.65%	98.27%	90.65%	99.42%	94.01%	93.75%	99.90%
\$ 1,573,623	\$ 1,483,688	\$ 1,417,005	\$ 1,433,354	\$ 1,581,960	\$ 1,597,471	\$ 1,621,385
26.61%	10.40%	57.13%	3.46%	31.29%	30.80%	0.46%

SCHLEICHER COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2024

	2024	2023	2022
Actuarially Determined Contribution	\$ 103,808	\$ 126,678	\$ 109,649
Contributions in Relation to the Actuarially Determined Contributions	133,279	177,635	189,649
Contribution Deficiency (Excess)	\$ (29,471)	\$ (50,957)	\$ (80,000)
Covered Employee Payroll	\$ 1,589,703	\$ 1,595,439	\$ 1,566,409
Contributions as a Percentage of Covered Employee Payroll	8.40%	11.10%	12.10%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

2021	2020	2019	2018	2017	2016	2015
\$ 109,996	\$ 103,898	\$ 99,049	\$ 90,588	\$ 121,336	\$ 120,290	\$ 128,180
144,154	188,898	127,150	100,335	126,557	228,437	228,180
\$ (34,158)	\$ (85,000)	\$ (28,101)	\$ (9,747)	\$ (5,221)	\$ (108,147)	\$ (100,000)
\$ 1,573,623	\$ 1,483,688	\$ 1,417,005	\$ 1,433,354	\$ 1,581,960	\$ 1,597,471	\$ 1,621,385
9.20%	12.70%	9.00%	7.00%	8.00%	14.30%	14.10%

SCHLEICHER COUNTY, TEXAS
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
DECEMBER 31, 2024

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.8 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected.
	2017: New mortality assumptions were reflected.
	2019: New inflation, mortality and other assumptions were reflected.
	2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule.
	2016: No changes in plan provisions were reflected in the Schedule.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.
	2019: No changes in plan provisions were reflected in the Schedule.
	2020: No changes in plan provisions were reflected in the Schedule.
	2021: No changes in plan provisions were reflected in the Schedule.
	2022: No changes in plan provisions were reflected in the Schedule.
	2023: No changes in plan provisions were reflected in the Schedule.

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

SCHLEICHER COUNTY, TEXAS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
Total OPEB Liability			
Service Cost	\$ 3,333	\$ 6,210	\$ 5,051
Interest on the Total OPEB Liability	5,276	3,818	3,742
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	5,018	(4,763)	1,345
Changes of Assumptions	10,307	(41,036)	3,600
Benefit Payments*	(4,292)	(5,424)	(6,736)
Net Change in Total OPEB Liability	19,642	(41,195)	7,002
Total OPEB Liability - Beginning	140,628	181,823	174,821
Total OPEB Liability - Ending	\$ 160,270	\$ 140,628	\$ 181,823
Covered Payroll	\$ 1,589,703	\$ 1,595,439	\$ 1,566,409
Total OPEB Liability as a Percentage of Covered Payroll	10.08%	8.81%	11.61%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
\$	4,547	\$	2,879	\$	3,515	\$	3,113
	4,336		5,100		4,584		4,621
	-		-		-		-
	(685)		3,473		1,358		3,174
	16,396		27,496		(11,679)		4,530
	(6,924)		(6,528)		(5,526)		(4,157)
	17,670		32,420		(7,748)		11,281
	157,151		124,731		132,479		121,198
\$	174,821	\$	157,151	\$	124,731	\$	132,479
\$	1,573,623	\$	1,483,688	\$	1,417,005	\$	1,433,354
	11.11%		10.59%		8.80%		9.24%

SCHLEICHER COUNTY, TEXAS
NOTES TO THE SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2024

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/ Demographic gains or loss	Straight-Line amortization over Expected Working Life
Recognition of assumptions Changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate)	3.72% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2022.
Cost-of-Living Adjustment	Does not apply
Disability	Member who become disabled are eligible to commence benefit payments regardless of age.
Mortality	135% of Pub-2010 General Retirees Table for males and 120% Pub-2010 General Retirees Table for females, both projected with 100% MP-2021 Ultimate scale after 2010.
Retirement	For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Other Termination of Employment	The rate of assumed future termination from active participation in the plan vary. No termination after eligibility for retirement is assumed.
Probability of Withdrawal	Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal. Current deferred vested inactive members are assumed to keep their accounts with TCDRS until their assumed retirement.

SUPPLEMENTARY INFORMATION

SCHLEICHER COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Sheriff Seizure Fund	Records Management Fund	Courthouse Security Fund	Memorial & Civic Bldg Fund
ASSETS				
Cash and Cash Equivalents	\$ 360	\$ 11,156	\$ 13,928	\$ 7,317
Investments - Current	579,331	102,598	-	132,462
Taxes Receivable	-	-	-	-
Accounts Receivable, Net	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Fiduciary Funds	-	1,848	1,019	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 579,691</u>	<u>\$ 115,602</u>	<u>\$ 14,947</u>	<u>\$ 139,779</u>
LIABILITIES				
Accounts Payable	\$ 90	\$ -	\$ -	\$ 708
Wages and Salaries Payable	-	-	12	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>90</u>	<u>-</u>	<u>12</u>	<u>708</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	-	-
Restricted for Special Revenue	579,601	115,602	14,935	-
Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	-	-	-	139,071
Assigned Fund Balance:				
Construction	-	-	-	-
Total Fund Balances	<u>579,601</u>	<u>115,602</u>	<u>14,935</u>	<u>139,071</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 579,691</u>	<u>\$ 115,602</u>	<u>\$ 14,947</u>	<u>\$ 139,779</u>

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

Health & Emergency Services Fund	Justice of the Peace Admin Fund	Community Resources Program Fund	American Rescue Plan Fund	Capital Credits Fund	Local Truancy Prevention & Diversion Fd	Jury Fund	Justice Court Technology Fund
\$ 12,152	\$ 53,164	\$ 10,602	\$ 5,058	\$ 3,301	\$ 17,439	\$ 710	\$ 15,081
585,922	-	63,220	44,135	992,523	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,887	-	-	-	-	-	-	-
-	5,162	-	-	-	875	18	715
-	-	17,400	-	-	-	-	-
<u>\$ 604,961</u>	<u>\$ 58,326</u>	<u>\$ 91,222</u>	<u>\$ 49,193</u>	<u>\$ 995,824</u>	<u>\$ 18,314</u>	<u>\$ 728</u>	<u>\$ 15,796</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	433	-	-	-	-	-	-
-	-	-	29,058	-	-	-	-
-	433	-	29,058	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	20,135	-	-	-	-
604,961	57,893	-	-	995,824	18,314	728	15,796
-	-	-	-	-	-	-	-
-	-	91,222	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>604,961</u>	<u>57,893</u>	<u>91,222</u>	<u>20,135</u>	<u>995,824</u>	<u>18,314</u>	<u>728</u>	<u>15,796</u>
<u>\$ 604,961</u>	<u>\$ 58,326</u>	<u>\$ 91,222</u>	<u>\$ 49,193</u>	<u>\$ 995,824</u>	<u>\$ 18,314</u>	<u>\$ 728</u>	<u>\$ 15,796</u>

SCHLEICHER COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Airport Fund	Hot Check Fund	Contingency Fund	Grants Fund
ASSETS				
Cash and Cash Equivalents	\$ 21,870	\$ 9,597	\$ 10,591	\$ 2,147
Investments - Current	56,505	-	229,252	38,090
Taxes Receivable	-	-	-	-
Accounts Receivable, Net	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Fiduciary Funds	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 78,375</u>	<u>\$ 9,597</u>	<u>\$ 239,843</u>	<u>\$ 40,237</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	-	40,237
Restricted for Special Revenue	-	9,597	-	-
Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:				
Other Committed Fund Balance	78,375	-	239,843	-
Assigned Fund Balance:				
Construction	-	-	-	-
Total Fund Balances	<u>78,375</u>	<u>9,597</u>	<u>239,843</u>	<u>40,237</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 78,375</u>	<u>\$ 9,597</u>	<u>\$ 239,843</u>	<u>\$ 40,237</u>

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

Total Nonmajor Special Revenue Funds	Interest & Sinking Fund	Courtroom Building Fund	Total Nonmajor Governmental Funds
\$ 194,473	\$ 27,015	\$ 3,164	\$ 224,652
2,824,038	59,889	1,267,916	4,151,843
-	120,694	-	120,694
-	6,446	-	6,446
6,887	-	-	6,887
9,637	-	-	9,637
17,400	-	-	17,400
<u>\$ 3,052,435</u>	<u>\$ 214,044</u>	<u>\$ 1,271,080</u>	<u>\$ 4,537,559</u>
\$ 798	\$ -	\$ -	\$ 798
445	-	-	445
29,058	17,940	-	46,998
<u>30,301</u>	<u>17,940</u>	<u>-</u>	<u>48,241</u>
-	120,694	-	120,694
-	120,694	-	120,694
60,372	-	-	60,372
2,413,251	-	-	2,413,251
-	75,410	-	75,410
548,511	-	-	548,511
-	-	1,271,080	1,271,080
<u>3,022,134</u>	<u>75,410</u>	<u>1,271,080</u>	<u>4,368,624</u>
<u>\$ 3,052,435</u>	<u>\$ 214,044</u>	<u>\$ 1,271,080</u>	<u>\$ 4,537,559</u>

SCHLEICHER COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Sheriff Seizure Fund	Records Management Fund	Courthouse Security Fund	Memorial & Civic Bldg Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
General Sales and Use Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	-	22,310	9,256	-
Investment Earnings	32,230	4,611	-	7,172
Rents and Royalties	-	-	-	4,120
Other Revenue	-	-	-	-
Total Revenues	<u>32,230</u>	<u>26,921</u>	<u>9,256</u>	<u>11,292</u>
EXPENDITURES:				
County Judge:				
County & District Clerk	-	1,530	-	-
Justice of Peace	-	-	-	-
Sheriff	23,196	-	-	-
County Courthouse	-	-	3,918	-
Civic Building	-	-	-	22,720
Community Resources	-	-	-	-
Fire Department	-	-	-	-
Airport	-	-	-	-
Nondepartmental	-	-	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Total Expenditures	<u>23,196</u>	<u>1,530</u>	<u>3,918</u>	<u>22,720</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,034</u>	<u>25,391</u>	<u>5,338</u>	<u>(11,428)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	30,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Net Change in Fund Balance	9,034	25,391	5,338	18,572
Fund Balance - January 1 (Beginning)	<u>570,567</u>	<u>90,211</u>	<u>9,597</u>	<u>120,499</u>
Fund Balance - December 31 (Ending)	<u>\$ 579,601</u>	<u>\$ 115,602</u>	<u>\$ 14,935</u>	<u>\$ 139,071</u>

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

Health & Emergency Services Fund	Justice of the Peace Admin Fund	Community Resources Program Fund	American Rescue Plan Fund	Capital Credits Fund	Local Truancy Prevention & Diversion Fd	Jury Fund	Justice Court Technology Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
140,070	-	-	-	-	-	-	-
-	-	-	117,784	-	-	-	-
-	49,812	-	-	-	7,987	213	6,232
30,788	-	6,463	5,133	41,413	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	128,062	-	-	-
<u>170,858</u>	<u>49,812</u>	<u>6,463</u>	<u>122,917</u>	<u>169,475</u>	<u>7,987</u>	<u>213</u>	<u>6,232</u>
-	-	-	-	-	-	-	-
-	18,776	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	156,732	-	18,000	-	-	-
172,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	117,784	-	-	-	-
-	-	-	-	-	-	-	-
<u>172,500</u>	<u>18,776</u>	<u>156,732</u>	<u>117,784</u>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,642)</u>	<u>31,036</u>	<u>(150,269)</u>	<u>5,133</u>	<u>151,475</u>	<u>7,987</u>	<u>213</u>	<u>6,232</u>
-	-	168,900	-	-	-	-	-
-	-	168,900	-	-	-	-	-
(1,642)	31,036	18,631	5,133	151,475	7,987	213	6,232
606,603	26,857	72,591	15,002	844,349	10,327	515	9,564
<u>\$ 604,961</u>	<u>\$ 57,893</u>	<u>\$ 91,222</u>	<u>\$ 20,135</u>	<u>\$ 995,824</u>	<u>\$ 18,314</u>	<u>\$ 728</u>	<u>\$ 15,796</u>

SCHLEICHER COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Airport Fund	Hot Check Fund	Contingency Fund	Grants Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
General Sales and Use Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	-	-	-	-
Investment Earnings	2,673	-	22,947	461
Rents and Royalties	3,000	-	-	-
Other Revenue	73,984	-	-	1,496
Total Revenues	<u>79,657</u>	<u>-</u>	<u>22,947</u>	<u>1,957</u>
EXPENDITURES:				
County Judge:				
County & District Clerk	-	-	-	-
Justice of Peace	-	-	-	-
Sheriff	-	-	-	-
County Courthouse	-	-	-	-
Civic Building	-	-	-	-
Community Resources	-	-	-	-
Fire Department	-	-	-	-
Airport	48,364	-	-	-
Nondepartmental	-	-	306,360	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Total Expenditures	<u>48,364</u>	<u>-</u>	<u>306,360</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>31,293</u>	<u>-</u>	<u>(283,413)</u>	<u>1,957</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	31,293	-	(283,413)	1,957
Fund Balance - January 1 (Beginning)	<u>47,082</u>	<u>9,597</u>	<u>523,256</u>	<u>38,280</u>
Fund Balance - December 31 (Ending)	<u>\$ 78,375</u>	<u>\$ 9,597</u>	<u>\$ 239,843</u>	<u>\$ 40,237</u>

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

Total Nonmajor Special Revenue Funds	Interest & Sinking Fund	Courtroom Building Fund	Total Nonmajor Governmental Funds
\$ -	\$ 138,916	\$ -	\$ 138,916
140,070	-	-	140,070
117,784	-	-	117,784
95,810	-	-	95,810
153,891	3,001	34,830	191,722
7,120	-	-	7,120
203,542	-	-	203,542
<u>718,217</u>	<u>141,917</u>	<u>34,830</u>	<u>894,964</u>
1,530	-	-	1,530
18,776	-	-	18,776
23,196	-	-	23,196
3,918	-	-	3,918
22,720	-	-	22,720
174,732	-	-	174,732
172,500	-	-	172,500
48,364	-	-	48,364
424,144	-	-	424,144
-	120,000	-	120,000
-	6,487	-	6,487
<u>889,880</u>	<u>126,487</u>	<u>-</u>	<u>1,016,367</u>
<u>(171,663)</u>	<u>15,430</u>	<u>34,830</u>	<u>(121,403)</u>
198,900	-	100,000	298,900
<u>198,900</u>	<u>-</u>	<u>100,000</u>	<u>298,900</u>
27,237	15,430	134,830	177,497
<u>2,994,897</u>	<u>59,980</u>	<u>1,136,250</u>	<u>4,191,127</u>
<u>\$ 3,022,134</u>	<u>\$ 75,410</u>	<u>\$ 1,271,080</u>	<u>\$ 4,368,624</u>

SCHLEICHER COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Justice of the Peace Fund	County & District Clerk Fund	Sheriff Fund	Tax Assessor Collector Fd	Total Custodial Funds
ASSETS					
Cash and Cash Equivalents	\$ 34,776	\$ 30,092	\$ 2,624	\$ 1,043,611	\$ 1,111,103
Accounts Receivable, Net	10,986	1,459	-	-	12,445
Total Assets	<u>\$ 45,762</u>	<u>\$ 31,551</u>	<u>\$ 2,624</u>	<u>\$ 1,043,611</u>	<u>\$ 1,123,548</u>
LIABILITIES					
Accounts Payable	1,768	585	-	-	2,353
Due to Other Funds	43,994	8,640	-	4,370	57,004
Due to Others	-	-	-	934,913	934,913
Total Liabilities	<u>45,762</u>	<u>9,225</u>	<u>-</u>	<u>939,283</u>	<u>994,270</u>
NET POSITION					
Restricted for Other Purposes	-	22,326	2,624	104,328	129,278
Total Net Position	<u>\$ -</u>	<u>\$ 22,326</u>	<u>\$ 2,624</u>	<u>\$ 104,328</u>	<u>\$ 129,278</u>

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

SCHLEICHER COUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 CUSTODIAL FUNDS
 DECEMBER 31, 2024

	Justice of the Peace Fund	County & District Clerk Fund	Sheriff Fund	Tax Assessor Collector Fd	Total Custodial Funds
ADDITIONS:					
Charges for Services	\$ -	\$ -	\$ 10,856	\$ 13,194,795	\$ 13,205,651
Fines	412,870	107,319	-	-	520,189
Other Revenue	-	126,249	-	-	126,249
Total Additions	412,870	233,568	10,856	13,194,795	13,852,089
DEDUCTIONS:					
Other Operating Costs	410,004	261,346	10,545	14,345,700	15,027,595
Total Deductions	410,004	261,346	10,545	14,345,700	15,027,595
Change in Net Position	2,866	(27,778)	311	(1,150,905)	(1,175,506)
Total Net Position - January 1 (Beginning)	(2,866)	50,104	2,313	1,255,233	1,304,784
Total Net Position - December 31 (Ending)	\$ -	\$ 22,326	\$ 2,624	\$ 104,328	\$ 129,278

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



NEFFENDORF & BLOCKER, P.C.

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*

Independent Auditor's Report

Honorable Judge and County Commissioners
County of Schleicher
Schleicher, TX 76856

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 the County of Schleicher, Texas, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the County of Schleicher, Texas' basic financial statements, and have issued our report thereon dated September 5, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Schleicher, Texas' internal control over financial reporting (internal control) to determine the 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 County of Schleicher, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of County of Schleicher, Texas' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify 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 County of Schleicher, Texas' financial statements are free from 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 determination of financial statement amounts. 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*.

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P.O. Box 874 · 512 S Adams Street, Fredericksburg, TX 78624

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & TEXAS SOCIETY OF CPAs

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.

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas

September 5, 2025



NEFFENDORF & BLOCKER, P.C.

September 5, 2025

Honorable Judge and County Commissioners
County of Schleicher
Eldorado, TX 79636

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Schleicher, Texas for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 8, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Schleicher, Texas are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

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Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 5, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the budgetary comparison schedules, schedule of changes in net pension liability and related ratios, the schedule of employer contributions and the schedule of changes in total OPEB liability, and the combining nonmajor fund financial statements, which accompany the financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Recommendations

Custodial Credit Risk Exposure

During our review of custodial credit risk of the County’s cash deposits, it was noted that the County’s deposits were not fully secured by FDIC and or pledged collateral at year-end. We recommend the County contract with a financial institution that complies with the Public Funds Investment Act.

State Fines and Fees

The County currently records the state fees collected from the elected officials office and the quarterly disbursements to the state in the road and bridge fund. Due to the nature of these funds, we recommend the County record these receipts and disbursements in a custodial fund.

Year-End Closing Procedures

The County changed accounting policies related to the basis of accounting from cash basis to modified accrual basis. We recommend the County record property tax revenue as revenue or unearned revenue to ensure property taxes collected are recognized according to the budget year.

Restriction on Use

This information is intended solely for the use of Judge, Commissioners and management of County of Schleicher, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Neffendorf + Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.

Fredericksburg, Texas