

**NOLAN COUNTY, TEXAS**

---

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S  
REPORT**

---

**YEAR ENDED**

**SEPTEMBER 30, 2023**



**NOLAN COUNTY, TEXAS**  
**CONTENTS**

Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	10
Statement of Activities .....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position ....	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds .....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities .....	15
Statement of Fiduciary Net Position.....	16
Schedule of Changes in Fiduciary Net Position .....	17
Notes to Financial Statements.....	18
Required Supplemental Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund .....	37
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Farm to Market Fund .....	38
Schedule of Pension Contributions.....	39
Notes to Schedule of Pension Contributions .....	40
Schedule of Changes in Net Pension Liability and Related Ratios.....	41
Other Supplementary Information: Combining and Other Fund Statements	
Combining Balance Sheet – Nonmajor Governmental Funds.....	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds .....	45

Single Audit Section:

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	47
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance.....	49
Schedule of Expenditures of Federal Awards.....	51
Notes to Schedule of Expenditures of Federal Awards .....	52
Schedule of Findings and Questioned Costs.....	53
Summary Schedule of Prior Year Findings and Questioned Costs .....	54

# ROBERTS & MCGEE, CPA

104 PINE STREET, SUITE 710  
ABILENE, TEXAS 79601  
(325) 701-9502

Becky Roberts, CPA  
becky.roberts@rm-cpa.net  
Cell: 325-665-5239

Stacey McGee, CPA  
stacey.mcgee@rm-cpa.net  
Cell: 325-201-7244

---

## INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and  
Members of the Commissioners Court of  
**Nolan County, Texas:**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Nolan County, Texas** (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basis 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, each major fund and the aggregate remaining fund information of the County as of September 30, 2023, and the respective changes in the 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 Opinion**

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 the County, 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 opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statement 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 the financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information 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 the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules and the schedule of federal awards 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 report dated December 7, 2023, on our consideration of Nolan County, Texas's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance of the results of that testing, and not to provide an opinion on 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 Nolan County, Texas' internal control over financial reporting and compliance.

*Roberts + McGee, CPA*  
Roberts & McGee, CPA

Abilene, Texas  
December 7, 2023

**NOLAN COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2023**

As management of Nolan County, we offer readers of Nolan County's financial statements this narrative overview and analysis of the financial activities of the Nolan County for the fiscal year ended September 30, 2023.

**Financial Highlights**

**Government-Wide Financial Statements**

- The assets of Nolan County exceeded its liabilities at the close of the most recent fiscal year by \$32,873,866 (net position). Of this amount, \$18,850,981 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. \$2,188,180 of the County's equity is restricted for debt service, capital improvement, and special revenue funds, and \$11,834,705 is invested in capital assets, net of related debt.
- The County's total debt outstanding at September 30, 2023 is \$7,593,000.
- The total net position (*equity*) of the County increased by \$3,356,308 during the 2023 fiscal year.

**Fund Financial Statements**

- As of the close of the current fiscal year, Nolan County's governmental funds reported combined ending fund balances of \$20,284,902. Approximately 73% of the total fund balance amount, \$14,859,550 is unassigned and available for spending at the government's discretion.
- The fund balance in the general fund reflects a increase of \$904,802 from the prior year.
- At the end of the current fiscal year, restricted and assigned fund balance for debt service, capital improvement and special revenue funds was \$5,425,352, which is an increase of \$534,666 from the prior year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Nolan County's basic financial statements. Nolan County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

***Government-Wide Financial Statements***

The statement of net position presents information on all of Nolan County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Nolan County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements reflect functions of Nolan County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of Nolan County include general government, judicial, legal, financial administration, public facilities, public safety, farm to market, health and welfare, and extension service. The government-wide financial statements can be found on pages 10-11 of this report.

**NOLAN COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2023**

***Fund Financial Statements***

The Fund Financial Statements provide more detailed information about Nolan County's more significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Nolan County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Nolan County can be divided into two categories: governmental funds and fiduciary funds.

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Nolan County has four governmental fund types which are the general fund, special revenue funds, debt service funds, and a capital projects fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the farm to market fund, the capital projects fund, and the debt service funds, which are considered to be major funds. Data from the other non-major governmental funds are combined into the aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 12-15 of this report.

Nolan County adopts an annual appropriated budget for its general fund, farm to market fund, and various other special revenue funds. A budgetary comparison statement has been provided for the general fund and the farm to market fund on pages 37-38.

***Custodial funds.*** Custodial funds are used to account for assets held by the County in a trustee capacity or as a custodial for other governmental units. The County's agency funds are custodial funds. Custodial funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's basic programs. The agency fund financial statement can be found on page 16-17.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-36 of this report.



**NOLAN COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2023**

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 42-46 of this report.

***GOVERNMENT-WIDE FINANCIAL ANALYSIS***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Nolan County, assets exceeded liabilities by \$32,873,866 at the close of the most recent fiscal year.

Nolan County's net position reflect its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is outstanding of \$11,834,705. Nolan County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Nolan County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Nolan County's Net Position**

	Governmental Activities	
	2023	2022 Restated
Current assets	\$ 19,525,140	\$ 18,083,286
Restricted assets	3,872,420	4,635,784
Capital assets	19,454,314	19,123,355
Deferred outflows of resources	3,771,716	1,514,444
Net pension asset	-	1,722,868
Total assets and deferred outflows of resources	46,623,590	45,079,737
Current liabilities	152,608	161,083
Long-term liabilities	7,744,087	9,079,936
Net pension liability	1,500,706	
Deferred inflows of resources	4,352,323	6,321,160
Total liabilities and deferred inflows of resources	13,749,724	15,562,179
Net investment in capital assets	11,834,705	10,169,043
Restricted	2,188,180	2,134,418
Unrestricted	18,850,981	17,214,097
Total net position	\$ 32,873,866	\$ 29,517,558

The government's net position increased by \$3,356,308 during the current fiscal year.

**NOLAN COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2023**

**Nolan County's Changes in Net Position**

	Governmental Activities	
	2023	2022
		Restated
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,225,833	\$ 1,745,759
Operating Grants and Contributions	1,506,661	946,022
Capital Grants and Contributions	-	-
General Revenues		
Property and Other Taxes	13,700,380	13,626,543
Investment Income	1,119,507	172,256
Gain (loss) on disposal of assets	1,331	6,200
Miscellaneous Income	-	326,630
Total Revenues	18,553,712	16,823,410
Expenses		
General Government	2,236,942	2,112,338
Judicial	1,717,329	1,517,637
Legal	506,482	468,497
Financial Administration	646,280	530,317
Public Facilities	1,052,816	966,502
Public Safety	4,711,549	4,329,182
Farm to Market	2,539,965	2,327,063
Health and Welfare	969,220	683,917
Extension Service	185,888	166,437
Interest on Long-term Debt	131,616	307,340
Intergovernmental	499,317	435,604
Total expenditures	15,197,404	13,844,834
Increase in Net Position	3,356,308	2,978,576
Net Position - Beginning of Year	29,517,558	26,538,982
Net Position - End of Year	\$ 32,873,866	\$ 29,517,558

***FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS***

As noted earlier, Nolan County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**NOLAN COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**Governmental funds.** The focus of Nolan County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Nolan County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Nolan County's governmental funds reported combined ending fund balances of \$20,284,902. Approximately 73 percent of this total amount, \$14,859,550 constitutes unassigned fund balance in the general fund, which is available for spending at the government's discretion.

Restricted and assigned fund balances are for capital improvements, special revenue, and debt service purposes to indicate that it is not available for new spending because it has already been committed.

**Fund Budgetary Highlights**

The original budget for the General Fund reflects a deficit of \$185,062 which would draw upon the fund balance. Budget amendments were made during the year which changed the budgeted deficit to \$804,339. The actual expenditures were \$658,606 less than the final budgeted amounts, and actual revenues were \$1,035,318 more than was budgeted. This resulted in a favorable budget variance of \$1,693,924 before other financing sources and uses.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** Nolan County's investment in capital assets for its governmental activities as of September 30, 2023, amounts to \$19,454,313 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure.

**Nolan County's Capital Assets  
(net of depreciation)**

	Governmental Activities	
	2023	2022
Land and Construction in progress	\$ 676,982	\$ 184,748
Buildings and improvements	15,959,621	15,979,021
Furniture and equipment	2,793,492	2,919,748
Intangible right of use asset	24,218	39,837
Total	\$ 19,454,313	\$ 19,123,354

Current year additions to capital outlays amounted to \$1,682,787, and \$83,050 of capital assets were disposed of. Depreciation amortization expense was \$1,337,942 for the year ended September 30, 2023.

**Debt Administration**

**Long Term Obligations.** At the end of the 2023 fiscal year, Nolan County had approximately \$7.7 million in outstanding long-term obligations.

**NOLAN COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

	Governmental Activities	
	2023	2022
Bonds payable	\$ 7,593,000	\$ 8,912,000
Long-term leases	26,609	42,312
Compensated absences	124,478	125,624
 Total	 \$ 7,744,087	 \$ 9,079,936

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

- The M&O tax rate for the 2023-24 fiscal year decreased from the prior year rate of \$0.3714667 per \$100 valuation to \$0.3467399 per \$100 valuation.
- The Farm to Market M&O rate for the 2023-24 fiscal year decreased from the prior year rate of \$0.0803350 to \$0.0747566.
- The I&S tax rate for the 2023-24 fiscal year decreased from rate of \$0.0481850 per \$100 valuation to \$0.0436950 per \$100 valuation.
- The County's 2023-2024 fiscal year general fund revenue budget increased \$1,382,862 or 11.92% from the prior budget.

**Requests for Information**

This financial report is designed to provide a general overview of Nolan County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Nolan County Auditor, 100 E. 3<sup>rd</sup> Street, Suite 102, Sweetwater, Texas 79556.

BASIC FINANCIAL STATEMENTS

**NOLAN COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	Primary Government Governmental Activities
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 17,864,082
Investments	6,311
Receivables (net of allowance for uncollectible)	1,581,046
Prepaid expenses	73,701
Restricted assets:	
Cash and cash equivalents	3,871,168
Investments	1,252
Capital assets net of accumulated depreciation	
Nondepreciable	676,982
Depreciable, net	18,777,332
TOTAL ASSETS	42,851,874
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows - pensions	3,771,716
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	46,623,590
 <b>LIABILITIES:</b>	
Accounts payable	145,402
Accrued interest payable	7,206
Net pension liability	1,500,706
Noncurrent liabilities:	
Due within one year	1,355,301
Due in more than one year	6,388,786
TOTAL LIABILITIES	9,397,401
 <b>DEFERRED INFLOWS OF RESOURCES:</b>	
Unearned grant revenue	1,816,812
Pension related	2,535,511
TOTAL DEFERRED INFLOWS OF RESOURCES	4,352,323
 <b>NET POSITION:</b>	
Net investment in capital assets	11,834,705
Restricted for debt service	1,352,924
Restricted for other purposes	835,256
Unrestricted	18,850,981
TOTAL NET POSITION	\$ 32,873,866

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

**NOLAN COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Function/Program	Expenses	Program Revenues		Primary
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 2,236,942	\$ 681,351	\$ 915,415	\$ (640,176)
Judicial	1,717,329	620,721	86,040	(1,010,568)
Legal	506,482	41,076	153,000	(312,406)
Financial administration	646,280	58,627		(587,653)
Public facilities	1,052,816	200,000		(852,816)
Public safety	4,711,549	151,568	76,651	(4,483,330)
Farm to market	2,539,965	472,490	243,420	(1,824,055)
Health and welfare	969,220		32,135	(937,085)
Extension service	185,888			(185,888)
Intergovernmental	499,317			(499,317)
Debt interest and other	131,616			(131,616)
<b>Total Governmental Activities</b>	<b>15,197,404</b>	<b>2,225,833</b>	<b>1,506,661</b>	<b>(11,464,910)</b>
<b>Total Primary Government</b>	<b>\$ 15,197,404</b>	<b>\$ 2,225,833</b>	<b>\$ 1,506,661</b>	<b>(11,464,910)</b>
General revenues:				
Property taxes, levied for general purposes				9,124,454
Property taxes, levied for farm to market				1,960,462
Property taxes, levied for debt service				1,179,334
Hotel/Motel tax				505,329
Other taxes				930,801
Gain on disposal of assets				1,331
Investment earnings				1,119,507
<b>Total general revenues</b>				<b>14,821,218</b>
Change in net position				3,356,308
Net position - beginning of year (restated)				29,517,558
Net position - end of year				<b>\$ 32,873,866</b>

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

**NOLAN COUNTY, TEXAS**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2023**

	General Fund	Farm to Market Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	14,828,959	\$ 2,971,236	\$ 63,887	\$ 17,864,082
Investments	3,755	2,556		6,311
Taxes receivable (net of allowance)	235,800	51,674	32,595	320,069
Other receivables (net of allowance)	918,143	28,406	133,079	1,079,628
Prepaid expenses	73,701			73,701
Grants receivables		181,349		181,349
Restricted assets				
Cash and cash equivalents			3,871,168	3,871,168
Investments			1,252	1,252
<b>TOTAL ASSETS</b>	<b><u>\$ 16,060,358</u></b>	<b><u>\$ 3,235,221</u></b>	<b><u>\$ 4,101,981</u></b>	<b><u>\$ 23,397,560</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 134,633	\$ 10,291	\$ 478	145,402
<b>TOTAL LIABILITIES</b>	<b><u>134,633</u></b>	<b><u>10,291</u></b>	<b><u>478</u></b>	<b><u>145,402</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	235,800	51,674	32,595	320,069
Unavailable revenue - fines and fees	830,375			830,375
Unavailable revenue - grants	-		1,816,812	1,816,812
<b>TOTAL DEFERRED INFLOWS OF RESOURCE</b>	<b><u>1,066,175</u></b>	<b><u>51,674</u></b>	<b><u>1,849,407</u></b>	<b><u>2,967,256</u></b>
<b>FUND BLANCE</b>				
Restricted fund balance				
Enabling legislation			835,256	835,256
Retirement of long term debt			1,352,924	1,352,924
Assigned fund balances				
Farm to market		3,173,256		3,173,256
Other purposes			63,916	63,916
Unassigned fund balance	14,859,550			14,859,550
<b>TOTAL FUND BALANCE</b>	<b><u>14,859,550</u></b>	<b><u>3,173,256</u></b>	<b><u>2,252,096</u></b>	<b><u>20,284,902</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b><u>\$ 16,060,358</u></b>	<b><u>\$ 3,235,221</u></b>	<b><u>\$ 4,101,981</u></b>	<b><u>\$ 23,397,560</u></b>

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



**NOLAN COUNTY, TEXAS**  
**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

Total Fund Balances - Governmental Funds	\$ 20,284,902
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.	19,454,314
Certain assets, such as property taxes receivables, grants and fees, are not available to pay for current-period expenditures and are therefore deferred inflows in the governmental funds. Deferred inflows of resources recognized in the government-wide financial statements result in a net increase in net position.	1,150,444
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. The net effect is a decrease in net position related to bonds payable (\$7,593,000), compensated absences (\$124,478), long-term lease liability (\$26,609) and accrued interest payable (\$7,206).	(7,751,293)
Included in the items related to assets is the recognition of the County's deferred outflows of resources \$3,771,716 less net pension liability (\$1,500,706) and deferred inflow of resources (\$2,535,511). The net effect is to decrease net	<u>(264,501)</u>
Net Position of Governmental Activities	<u>\$ 32,873,866</u>

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

**NOLAN COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General Fund	Farm to Market Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ 9,075,432	\$ 1,960,462	\$ 1,179,334	\$ 12,215,228
Hotel/Motel taxes			505,329	505,329
Other taxes	930,801			930,801
Licenses and permits	61,602	351,950		413,552
Intergovernmental	415,265	243,420	831,618	1,490,303
Fines and fees	828,436	120,100	112,218	1,060,754
Contributions	200,000			200,000
Investment earnings	791,748	149,342	178,417	1,119,507
Rents and royalties	48,420			48,420
Other revenue	460,760	441	29,315	490,516
	<u>12,812,464</u>	<u>2,825,715</u>	<u>2,836,231</u>	<u>18,474,410</u>
<b>Total Revenues</b>				
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	2,030,412		120,333	2,150,745
Judicial	1,714,703		26,431	1,741,134
Legal	444,779		70,561	515,340
Financial administration	659,581			659,581
Public facilities	856,691		14,547	871,238
Public safety	4,090,222		410	4,090,632
Farm to market		2,229,411		2,229,411
Health and welfare	969,220			969,220
Extension service	187,123			187,123
Intergovernmental	219,494		284,194	503,688
Debt service				
Debt principal			1,319,000	1,319,000
Interest expense			130,260	130,260
Capital outlay	734,154	130,000	818,633	1,682,787
	<u>11,906,379</u>	<u>2,359,411</u>	<u>2,784,369</u>	<u>17,050,159</u>
<b>Total Expenditures</b>				
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	906,085	466,304	51,862	1,424,251
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	(16,500)		16,500	
Proceeds from sale of property	15,217			15,217
Proceeds from the issuance of bonds				
Bonds issuance cost				
Total Other Financing Sources (Uses)	<u>(1,283)</u>		<u>16,500</u>	<u>15,217</u>
<b>CHANGE IN FUND BALANCE</b>				
	904,802	466,304	68,362	1,439,468
<b>FUND BALANCE - BEGINNING</b>				
	<u>13,954,748</u>	<u>2,706,952</u>	<u>2,183,734</u>	<u>18,845,434</u>
<b>FUND BALANCE - ENDING</b>				
	<u>\$ 14,859,550</u>	<u>\$ 3,173,256</u>	<u>\$ 2,252,096</u>	<u>\$ 20,284,902</u>

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

**NOLAN COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net Change in Fund Balances - Governmental Funds	\$ 1,439,468
Amounts reported for governmental activities in the statement of net position are different because:	
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays net of disposals is to	1,682,787
Depreciation and amortization expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation and amortization. The net effect of current year depreciation and amortization expense is to decrease net position.	(1,337,942)
Proceeds from the sale of capital assets is recorded as other financing sources in the fund financial statements but only the gain or loss from those proceeds is recorded in the government wide financial statement. The net effect of the net book value of these assets is a decrease in net position.	(13,886)
Long term debt principal payments are expenditures in the fund financial statements, but they should be shown as decreases in long term debt in the government-wide financial statements. The net effect of recording the current year principal payments is to increase net position.	1,334,703
Certain expenditures for pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the District's pension expense must be recognized. These cause the change in net position to increase. The net effect is an increase in	170,917
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting:	
Decrease in unavailable revenue - property taxes	49,022
Decrease in unavailable fines and fees	28,949
Decrease in accrued interest payable	1,144
Increase in compensated absences	1,146
	1,146
Change in Net Position of Governmental Activities	\$ <u>3,356,308</u>

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

**NOLAN COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2023**

ASSETS	Custodial Funds
Cash and cash equivalents	\$ <u>1,463,405</u>
Total Assets	\$ <u><u>1,463,405</u></u>
<b>LIABILITIES</b>	
Due to County	\$ 23,563
Due to Others	<u>817,920</u>
Total Liabilities	<u><u>841,483</u></u>
<b>NET POSITION</b>	
Restricted for individuals, organizations and other governments	<u>621,922</u>
TOTAL NET POSITION	\$ <u><u>621,922</u></u>

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

**NOLAN COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2023**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Tax and fee collections for other governments	\$ 3,960,042
Bond collections	66,626
Restitution collections	225,728
Inmate funds	405,205
Interest Income	5,001
Other collections	<u>6,391</u>
Total Additions	<u>4,668,993</u>
<b>DEDUCTIONS</b>	
Payments of tax and fees to others	3,466,416
Distribution of fees	398,246
Restitutions payments	93,518
Inmate funds	383,007
Distribution of bond payments	32,122
Other deductions	<u>124,089</u>
Total Deductions	<u>4,497,398</u>
Change in net position	171,595
Net Position - beginning	
Adjustment to beginning net position	<u>450,327</u>
Net Position - ending	<u><u>\$ 621,922</u></u>

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

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

**A. Reporting Entity**

The financial statements of Nolan County, Texas (the County) included in the accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's basic financial statements.

The County's financial statements include the cash accounts of all funds handled by the Office of the County Treasurer. The County's major activities or functions include public safety (sheriff and ambulance), parks and libraries, public health and social services, construction and maintenance of roads, and general administrative service. The County operates under a county judge/commissioners' court type of government as provided for by state statute. The Commissioners' Court has governance responsibilities over all activities related to the County. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. Because members of the Commissioners' Court are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters, the County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board (GASB), Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**Basis of Presentation**

**Government-wide financial statements.** The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Elimination have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

The County does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund financial statements.** Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The county reports the following major governmental funds:

General Fund – To account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

Farm to Market Fund – To account for proceeds of specific revenue sources that are legally restricted for expenditures for public transportation for County citizens.

Additionally, the government reports the following nonmajor governmental fund types:

**Governmental Funds:**

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital project) that are legally restricted to expenditures for specific purposes.

American Rescue Plan Fund – This fund accounts for the American Rescue Plan Grant funds received from the federal government.

Capital Projects Funds – the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in capital project funds.

Debt Service Funds - These funds account for the accumulation of resources for the, and the payment of general long-term debt principal, interest and related costs.

**Fiduciary Funds:**

Custodial Funds – To account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and /or other funds. Custodial funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

**Measurement Focus and Basis of Accounting**

*Government wide and Fiduciary Fund Financial Statements:* These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental Fund Financial Statements:* The County prepares its governmental fund financial statements on the modified accrual basis of accounting using the current financial resources measurement focus. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

**C: Assets, Liabilities, and Net Position or Equity**

*Cash and Cash Equivalents*

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

*Property Taxes*

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available 1) when they become due or past due and receivable within the current period and 2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

*Capital Assets*

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects as constructed.

Buildings, vehicles, furniture and equipment of the County are depreciated using the straight line method over the following estimates useful lives:

Buildings and Improvements	20-30 years
Furniture and Equipment	5-12 years
Vehicles and Heavy Equipment	5-12 years



**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

*Receivables and Payables*

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provided have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue.

There are no significant receivables which are not scheduled for collections within one year.

*Compensated Absences*

A liability for accumulated unpaid annual leave for all full-time employees is calculated and reported in the government-wide statements.

Upon termination from employment by the County, accrued vacation leave may be paid but not to exceed the maximum vacation leave accrual which is fifteen days for employees with more than ten years of service. Unused sick leave is cancelable and will not be paid on termination, therefore, vacation time is the only accrued liability recorded.

*Deferred Outflows/Inflows of Resources*

Government-Wide Financial Statements

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources for the differences between projected and actual earnings for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for unearned grant revenues and for the differences in actual and project earnings and changes in assumptions related to the valuation of the net pension liability.

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

*Fund Balance*

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. The fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

*Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). The County had no nonspendable funds at September 30,2023.

*Restricted* fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resources providers, or through enabling legislation. The County reported the following restricted fund balances at September 30,2023:

Debt Service	\$ 1,352,924
Records Management	366,058
Courthouse Security	82,031
Courthouse Technology	102,283
Forfeiture Funds	25,337
American Rescue Grant	120,336
Gifted funds for public safety	139,211
	\$ 2,188,180

*Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commissioner’s Court (the county’s highest level of decision making authority). The County had no committed funds at year end.

*Assigned* – This classification includes amounts that are constrained by the County Commissioners’ intent to be used for a specific purpose but does not meet the criteria to be classified as restricted or committed. This intent can be expressed by the Commissioners or through the Commissioners delegating this responsibility to management through the budgetary process. The county reported the following assigned fund balances at September 30,2023:

Jury Fund	\$ 41,166
Law Library Fund	7,558
Hot Check Fund	15,113
D.A.R.E. Fund	79
Farm to Market	3,173,256
	\$ 3,237,172

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

*Unassigned* fund balance is the residual classification for the County’s general fund and includes all spendable amounts not contained in the other classifications.

The County would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Fund Balance Spending Policy

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

Minimum Fund Balance Policy

The County will maintain General fund unassigned fund balance at a level adequate to provide for unanticipated expenditures of a non-recurring nature and to meet unexpected increases in service delivery costs. The target level for the General Fund unassigned fund balance will be three to six months of budgeted General Fund expenditures.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Loans are reported as interfund receivables and payables as appropriate and subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund, except quasi-external transactions and reimbursements, transactions are treated as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers.

All other interfund transfers are reported as operating transfers. Transfers in and transfers out are netted and presented as a single “Transfers” line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single “Intergovernmental” line of the government-wide statement of net position.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued*

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the governmental activities. The long-term debt of the County includes bonds payable and bond premiums.

Pensions

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Budgetary Information

The County adopts an annual budget for the general fund and the farm to market fund consistent with generally accepted accounting principles. Budgetary control is maintained at the department level. Appropriations lapse at year end for general and special revenue funds.

Fair Value Measurements

GASB Statement No. 72, Fair Value Measurements and Application, defines fair value as the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access. All investments held by the County at year end are Level 1.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 2: DEPOSITIS 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 within 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.

The County’s deposits as of September 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the County’s bank in the County’s name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the area 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.

The 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 US 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, (6) bankers acceptance, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act with local policies.

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool’s Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

Investments held by the County at September 30, 2023 consisted of the following:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Maturities Less Than One Year</u>
TexPool-Investments	\$ 6,311	AAAm	\$ 6,311
TexPool-Restricted Investments	1,252	AAAm	1,252
Total Investments	<u>\$ 7,563</u>		<u>\$ 7,563</u>

In compliance with the Public Funds Investment Act, the county adopted a deposit and investment policy that addresses 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 not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2023 were covered by depository insurance or by pledged collateral held by the County’s agent bank in the County’s name.

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 2: DEPOSITIS AND INVESTMENTS – continued*

*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 possessions of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The County’s securities are all in securities backed by the United States of America and are not exposed to custodial credit risk.

Other credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPools’ investment policy allows the portfolio’s investment managers to only invest in obligations of the U.S. Governments, its agencies’ repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. As of September 30, 2023, TexPool’s investments credit quality rating was AAAM (Standard & Poor’s).

TexPool manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days. TexPool also seeks to maintain a constant dollar objective.

The County’s general policy is to report nonparticipating interest-earning investment contracts using a cost-based measure. The term “nonparticipating” means that the investment’s value does not vary with the market interest rate changes. Negotiable certificates of deposit are examples of nonparticipating interest earning investment contracts.

*NOTE 3: RECEIVABLES*

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Farm to Market Fund	Nonmajor Governmental Funds	Total
Receivables				
Taxes	\$ 424,824	\$ 87,980	\$ 55,136	\$ 567,940
Grant		\$ 181,349		\$ 181,349
Other	918,143	28,406	133,079	1,079,628
Total Gross Receivables	<u>1,342,967</u>	<u>297,735</u>	<u>188,215</u>	<u>1,828,917</u>
Less: Allowance for Uncollectible Taxes	<u>(189,024)</u>	<u>(36,306)</u>	<u>(22,541)</u>	<u>(247,871)</u>
Net Receivables	<u>\$ 1,153,943</u>	<u>\$ 261,429</u>	<u>\$ 165,674</u>	<u>\$ 1,581,046</u>

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 4: CAPITAL ASSETS*

Capital asset activity for the year ended September 30, 2023 was as follows:

<b>Governmental Activities</b>	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023
Capital assets not being depreciated				
Land	\$ 113,975	\$ -	\$ -	\$ 113,975
Construction in progress	70,773	596,015	(103,781)	563,007
Total capital assets not being depreciated	<u>184,748</u>	<u>596,015</u>	<u>(103,781)</u>	<u>676,982</u>
Capital assets being depreciated and amortized				
Buildings and improvements	24,926,226	734,815		25,661,041
Furniture and equipment	9,128,907	455,738	(83,050)	9,501,595
Intangible right of use asset	68,543			68,543
Total capital assets being depreciated and amortized	<u>34,123,676</u>	<u>1,190,553</u>	<u>(83,050)</u>	<u>35,231,179</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(8,947,205)	(754,215)		(9,701,420)
Furniture and equipment	(6,209,159)	(568,108)	69,164	(6,708,103)
Intangible right of use asset	(28,705)	(15,619)		(44,324)
Total accumulated depreciation and amortization	<u>(15,185,069)</u>	<u>(1,337,942)</u>	<u>69,164</u>	<u>(16,453,847)</u>
Governmental activities capital assets	<u>\$ 19,123,355</u>	<u>\$ 448,626</u>	<u>\$ (117,667)</u>	<u>\$ 19,454,314</u>

Depreciation and amortization was allocated to the various functions based on the capital assets within each group as follows:

Governmental Activities:	
General government	\$ 120,363
Public facilities	191,708
Public safety	690,001
Farm to Market	335,870
	<u>\$ 1,337,942</u>

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5: LONG-TERM OBLIGATIONS**

A summary of changes in long-term obligations at September 30, 2023 is as follows:

	Balance			Balance	Due Within
	Oct. 1, 2022	Additions	Retirements	Sept. 30, 2023	One Year
<b>Governmental Activities:</b>					
General obligations bonds	\$ 8,912,000		\$ (1,319,000)	\$ 7,593,000	\$ 1,341,000
Long-term leases	42,312		(15,703)	26,609	14,301
Other Long-term Liabilities					
Compensated absences	125,624		(1,146)	124,478	
Total long-term obligations	<u>\$ 9,079,936</u>	<u>\$ -</u>	<u>\$ (1,335,849)</u>	<u>\$ 7,744,087</u>	<u>\$ 1,355,301</u>

**A: Bonds Payable**

During the year ended September 30, 2017, the County issued refunding bonds of \$3,058,000 General Obligation Refunding Bonds, Series 2016 for the purpose of refunding \$3,000,000 of Tax Notes, Series 2016, in order to lower the overall debt service requirements of the County and to pay costs associated with the issuance of the bonds. In regard to this issue, the County recognized cash flow savings of \$245,680 and an economic gain of \$14,871 with an effective interest rate of 2.29%.

During the year ended September 30 2022, the County issued refunding bonds of \$7,070,000 General Obligation Refunding Bond Series 2021 for the purposes of refunding \$4,285,000, General Obligation Bonds 2012 series and \$2,595,000, General Obligation Bonds Series 2013.

The following are Certificates of Obligation bond issues outstanding at September 30, 2023:

	Interest Rate	Date of Issue	Date of Maturity	Bonds Outstanding
GO Refunding 2016	3%	2017	2031	1,792,000
GO Refunding 2021	3%	2021	2028	5,801,000

Debt service requirements are as follows:

Year Ended September 30	Total Principal	Total Interest	Total Requirements
2024	\$ 1,341,000	\$ 110,902	\$ 1,451,902
2025	1,351,000	91,649	1,442,649
2026	1,377,000	72,068	1,449,068
2027	1,386,000	52,168	1,438,168
2028	1,415,000	31,926	1,446,926
2029-2031	723,000	32,955	755,955
Total	<u>\$ 7,593,000</u>	<u>\$ 391,668</u>	<u>\$ 7,984,668</u>



**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 5: LONG-TERM OBLIGATIONS – continued*

**B: Long-term lease liabilities**

Lease agreements under GASB 87 are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Imputed Interst Rate	Total Lease Liability	Balance at September 30, 2023
Pitney Bowes - Mail Machine	8/12/2019	60 months	\$ 659	5.00%	\$ 11,308	\$ 2,539
Copiers - Collections	8/15/2022	36 months	\$ 165	7.20%	5,331	3,537
Copier - Main Contract	5/11/2020	60 months	\$ 854	7.20%	42,906	16,043
Copier - Sheriff	2/28/2022	36 months	\$ 279	7.20%	8,998	4,490
Total Liabilities for Leased Assets						<u>\$ 26,609</u>

The copiers and postage machine were all leased for the various offices, each for a term of three to five years with no fixed interest rate. The County can purchase the equipment for the fair market value of the equipment at the lease termination date.

Annual requirements to amortize long-term obligations and related interest are as follows

Year Ending September 30	Principal	Interest
2024	\$ 14,301	\$ 1,267
2025	12,308	1,393
	<u>\$ 26,609</u>	<u>\$ 2,660</u>

*NOTE 6: RETIREMENT PLAN*

Plan Description

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of approximately 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the state statutes governing the TCDRS (TCDRS Act). Members can retire at age 60 and above with eight or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of employment but must leave their accumulated contributions in the plan to receive any employer-financed benefits.

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 6: RETIREMENT PLAN – continued*

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLA’s. Ad hoc post-employment benefit changes, including ad hoc COLA’s, can be granted by the County Commissioners within certain guidelines.

Membership

County membership in the TCDRS plan at December 31, 2022 consisted of the following:

Inactive Employees Receiving Benefits		81
Inactive Employees Not Yet Receiving Benefits		64
		145
Current Employee's Accounts		145
Active Employee Accounts		127

Contributions

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the county is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

The rate the County contributed for the months of the accounting year in 2022 and 2023 were:

Contribution Rates and Amounts			
	2022		2023
Member	7.00%		7.00%
Employer	11.00%		11.00%
Member Contributions	\$ 314,632		\$ 328,335
Employer Contributions	\$ 494,422		\$ 515,955

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 6: RETIREMENT PLAN - continued*

Actuarial Assumptions

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

	Actuarially determined contributions 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.
Valuation Timing	
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level of payroll, closed
Remaining Amortization Period	9.3 years (based on contribution rate calculated in 12/31/22 valuation)
Asset Valuation Method	5 year smoothed market
Discount Rate	7.60%
Inflation	2.50%
Salary Increases	4.7% average
Investment Rate of Return	7.50%
Payroll Growth Rate	3.00%

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Discount Rate

The discount rate used to measure the total pension asset was 7.60%. This discount rate used for the December 31, 2022 calculation the same as the prior year calculations.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our 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 TCRDS 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 cost-of-living adjustment 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 projected benefit 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.

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 6: RETIREMENT PLAN - continued*

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future year, the discount rate for purposes of calculating the total pension liability and net pension liability 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. Therefore, we have used a discount rate of 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 .10% to be gross of administrative expenses.

Long Term Expected Rate of Return

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's investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 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 based on a long-term time 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. The actuary relies on the expertise of Cliffwater in this assessment.

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation</b>	<b>Geometric Real Rate of Return (Expected minus inflation)</b>
US Equities	Dow Jones US Total Stock Market Index	11.50%	4.95%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities – Developed	MSCI Work (net) Index Ex USA	5.00%	4.95%
International Equities – Emerging	MSCI EM Standard (net) index	6.00%	4.95%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	7.60%

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

NOTE 6: RETIREMENT PLAN - continued

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation</b>	<b>Geometric Real Rate of Return (Expected minus inflation)</b>
REIT Equities	67% FTSE NAREIT Equity REIT's Index + 33% FRSE EPRA/NAREIT Global Rate Estate Index	2.00%	4.15%
Master Limited Partnerships (MLP's)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.70%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

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

At September 30, 2023, the County reported a net pension liability of \$1,500,706 measured at December 31, 2022. For the year ended September 30, 2023 the County recognized pension expense of \$528,751.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 6: RETIREMENT PLAN – continued*

Changes in the net pension liability/(asset) for the County year ended December 31, 2022 are as follows:

	Increases (Decreases)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balance at December 31, 2021	\$ 25,355,418	\$ 27,078,286	\$ (1,722,868)
Changes for the year:			
Service Cost	732,928		732,928
Interest on total pension liability	1,926,739		1,926,739
Effect of plan changes			-
Effect of economic/demographic gains or losses	72,444		72,444
Effect of assumptions changes or inputs	-		-
Refunds of contributions	(162,793)	(162,793)	-
Benefit payments	(1,337,727)	(1,337,727)	-
Administrative expenses		(14,701)	14,701
Member contributions		431,541	(431,541)
Net investment income		(1,554,040)	1,554,040
Employer contributions		678,135	(678,135)
Other		(32,398)	32,398
Balance as of December 31, 2022	<u>\$ 26,587,009</u>	<u>\$ 25,086,303</u>	<u>\$ 1,500,706</u>

Discount Rate Sensitivity Analysis

The following presents the net pension liability/(asset) of the County calculated using the discount rate of 7.60%, as well as what the County’s combined 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 in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total Pension Liability	\$ 29,757,469	\$ 26,587,009	\$ 23,899,547
Fiduciary Net Position	25,086,303	25,086,303	25,086,303
Net Pension Liability/ (Asset)	<u>\$ 4,671,166</u>	<u>\$ 1,500,706</u>	<u>\$ (1,186,756)</u>

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 6: RETIREMENT PLAN – continued*

At December 31, 2022, the County reported its share of the TCDRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Recourses</u>	<u>Deferred Inflows of Recourses</u>
Differences between expected and actual economic experience	\$ 63,279	\$ 44,667
Changes in actuarial assumptions	315,960	68,568
Differences between projected and actual investment earnings	2,876,522	2,422,276
Contributions subsequent to the measurement date	<u>515,955</u>	
Total	<u>\$ 3,771,716</u>	<u>\$ 2,535,511</u>

\$515,955 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

	2022	\$	(62,421)
	2023		(31,363)
	2024		94,902
	2025		719,132
	2026		-
	Thereafter		-
		<u>\$</u>	<u>720,250</u>

*NOTE 7: RISK MANAGEMENT*

The County is exposed to various risks of loss related to group health coverage and torts (theft of, damage of assets; errors and omission; injuries to employee; and natural disasters).

Commercial insurance is purchased to cover liabilities associated with risks associated with torts whenever possible. There were no significant changes in coverage, retention, or limits during the year.

*NOTE 8: FINANCIAL INSTRUMENTS*

The County has estimated that the fair value of all financial instruments (none of which is held for trading purposes) at September 30, 2023, does not differ materially from their aggregate carrying values recorded in the accompanying statement of financial position. The estimate is based on the assumption that fair value approximates carrying values due to short initial maturities. Financial instruments consist of cash, accounts receivables, prepaid expenses, accounts payable, and payroll liabilities.

**NOLAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

*NOTE 9: COMMITMENTS AND CONTINGENCIES*

*Contingencies.* The County participates in numerous grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds and any money received may be required and collectability of any related receivable at September 30, 2023 may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

*Litigation.* The County Attorney has indicated that there are various lawsuits filed and pending against the County, but in the County’s opinion, none will result in a material effect on the County’s financial position.

*NOTE 10: PRIOR PERIOD ADJUSTMENT*

For the year ended September 30, 2023, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the County’s financial statements and had an effect on the beginning net position.

The implementation of GASB Statement No. 87 had the following effect on net position as reported at September 30, 2022

	Governmental Activities
Net Position at September 30, 2022	\$ 29,520,032
Adjustments:	
Net Book Value Leased Asset	39,838
Lease Liability	(42,312)
Restated Net Position at September 30, 2022	\$ 29,517,558



REQUIRED SUPPLEMENTARY INFORMATION

**NOLAN COUNTY, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**SEPTEMBER 30, 2023**

	Budget			Variance Favorable (Unfavorable)
	Original	Amended	Actual	
<b>REVENUES:</b>				
Property taxes	\$ 9,236,227	\$ 9,236,227	\$ 9,075,432	\$ (160,795)
Other taxes	915,685	915,685	930,801	15,116
Licenses and permits	54,000	54,000	61,602	7,602
Intergovernmental	250,700	238,255	415,265	177,010
Fines and fees	699,400	699,400	828,436	129,036
Contribution		200,000	200,000	
Investment earnings	40,000	40,000	791,748	751,748
Rent and royalties	48,420	48,420	48,420	
Other revenue	360,937	345,159	460,760	115,601
	<u>11,605,369</u>	<u>11,777,146</u>	<u>12,812,464</u>	<u>1,035,318</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,375,611	2,259,549	2,030,412	229,137
Judicial	1,577,742	1,782,742	1,714,703	68,039
Legal	502,334	489,889	444,779	45,110
Financial administration	705,737	705,737	659,581	46,156
Public facilities	923,579	985,940	856,691	129,249
Public safety	4,288,623	4,288,723	4,090,222	198,501
Health and welfare	701,876	973,976	969,220	4,756
Extension service	191,399	191,399	187,123	4,276
Intergovernmental	242,030	242,030	219,494	22,536
Capital outlay	265,000	645,000	734,154	(89,154)
	<u>11,773,931</u>	<u>12,564,985</u>	<u>11,906,379</u>	<u>658,606</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	(168,562)	(787,839)	906,085	1,693,924
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	(16,500)	(16,500)	(16,500)	
Proceeds from sale of property			15,217	15,217
<b>Total Other Financing Sources (Uses)</b>	<u>(16,500)</u>	<u>(16,500)</u>	<u>(1,283)</u>	<u>15,217</u>
<b>CHANGE IN FUND BALANCE</b>	(185,062)	(804,339)	904,802	1,709,141
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>13,954,748</u>	<u>13,954,748</u>	<u>13,954,748</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 13,769,686</u>	<u>\$ 13,150,409</u>	<u>\$ 14,859,550</u>	<u>\$ 1,709,141</u>

**NOLAN COUNTY, TEXAS**  
**FARM TO MARKET FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**SEPTEMBER 30, 2023**

	<u>Budget</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ 1,983,324	\$ 1,983,324	\$ 1,960,462	\$ (22,862)
Licenses and permits	350,000	350,000	351,950	1,950
Intergovernmental revenue and grants	60,000	(42,398)	243,420	285,818
Fines and fees	125,000	125,000	120,100	(4,900)
Investment earnings	8,000	8,000	149,342	141,342
Other revenue	1,000	1,000	441	(559)
Total Revenues	<u>2,527,324</u>	<u>2,424,926</u>	<u>2,825,715</u>	<u>400,789</u>
EXPENDITURES:				
Current				
Farm to market	2,342,219	2,515,280	2,229,411	285,869
Capital outlay	<u>350,000</u>	<u>341,404</u>	<u>130,000</u>	<u>211,404</u>
Total Expenditures	<u>2,692,219</u>	<u>2,856,684</u>	<u>2,359,411</u>	<u>497,273</u>
CHANGE IN FUND BALANCE	(164,895)	(431,758)	466,304	898,062
FUND BALANCE - BEGINNING OF YEAR	<u>2,706,952</u>	<u>2,706,952</u>	<u>2,706,952</u>	<u>                    </u>
FUND BALANCE - END OF YEAR	<u>\$ 2,542,057</u>	<u>\$ 2,275,194</u>	<u>\$ 3,173,256</u>	<u>\$ 898,062</u>

**NOLAN COUNTY, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**FOR FISCAL YEAR 2023**

<b>Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll (1)</b>	<b>Actual Contribution as a Percentage of Covered Payroll</b>
2013	\$ 396,873	\$ 396,873	\$ -	\$ 3,883,264	10.2%
2014	440,451	440,451	-	4,059,437	10.9%
2015	481,086	481,147	(61)	4,401,516	10.9%
2016	515,270	515,270	-	4,663,081	11.0%
2017	477,157	477,157	-	4,715,021	10.1%
2018	514,986	514,986	-	5,053,839	10.2%
2019	564,394	564,394	-	5,463,637	10.3%
2020	589,515	589,515	-	5,690,313	10.4%
2021	591,070	656,744	(65,674)	5,970,403	11.0%
2022	610,938	678,135	(67,197)	6,164,689	11.0%

**NOLAN COUNTY, TEXAS**  
**NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Net Pension Liability - Texas County & District Retirement System**

Assumptions

The following methods and assumptions were used to determine contribution rates:

<b>Valuation date</b>	Actuarially determined contributions rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
<b>Actuarial cost method</b>	Entry age
<b>Amortization method</b>	Level percentage of payroll, closed
<b>Remaining amortization period</b>	9.3 years (based on contribution rate calculated in 12/31/2021 valuation)
<b>Asset valuation method</b>	5-year smoothed market
<b>Inflation</b>	2.50%
<b>Salary increases</b>	Varies by age and service. 4.7%, average over career, including inflation
<b>Investment rate of return</b>	7.50%, net of administrative and investment expenses, including inflation
<b>Retirement Age</b>	Members who are eligible for service retirement age assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
<b>Mortality</b>	135% of the RP-2014 Healthy Annuitant Mortality Table for males and 120% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
<b>Changed in Assumptions and Methods Reflected in the Schedule of Employer Contributions. *</b>	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
<b>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</b>	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 under 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.

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

**NOLAN COUNTY, TEXAS**  
**SCHEDULE OF NET CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**YEARS ENDED DECEMBER 31**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Service cost	\$ 732,928	\$ 719,111	\$ 658,278	\$ 610,614	\$ 559,794	\$ 607,981	\$ 591,084	\$ 501,502	\$ 481,148
Interest (on the Total Pension Liability)	1,926,739	1,851,453	1,792,488	1,705,461	1,630,768	1,552,529	1,447,414	1,379,775	1,299,143
Effect of plan changes	-	-	-	-	-	-	-	(75,868)	-
Effect of assumption changes or inputs	-	(137,138)	1,263,837	-	-	135,863	9,215	221,937	-
Effect of economic/demographic (gains) losses	72,444	12,082	(178,671)	14,534	(78,355)	(137,976)	(36,740)	(147,149)	87,402
Benefit payments, including refunds of employee contributions	(1,500,521)	(1,438,080)	(1,293,125)	(1,314,181)	(1,170,408)	(1,119,160)	(982,435)	(1,015,794)	(894,249)
Net Change in Total Pension Liability	1,231,590	1,007,428	2,242,807	1,016,428	941,799	1,039,237	1,028,538	864,403	973,444
Total Pension Liability - Beginning	25,355,418	24,347,990	22,105,183	21,088,755	20,146,956	19,107,719	18,079,181	17,214,778	16,241,334
Total Pension Liability - Ending (a)	\$ <u>26,587,008</u>	\$ <u>25,355,418</u>	\$ <u>24,347,990</u>	\$ <u>22,105,183</u>	\$ <u>21,088,755</u>	\$ <u>20,146,956</u>	\$ <u>19,107,719</u>	\$ <u>18,079,181</u>	\$ <u>17,214,778</u>
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	\$ 678,135	\$ 656,744	\$ 589,515	\$ 564,394	\$ 514,986	\$ 477,157	\$ 515,270	\$ 481,147	\$ 440,451
Contributions - Employee	431,541	417,928	398,322	382,455	353,769	330,051	326,416	308,106	284,161
Net Investment Income	(1,554,040)	4,911,184	2,141,582	2,980,714	(354,092)	2,435,409	1,166,505	119,480	1,034,882
Benefit payments, including refunds of employee contributions	(1,500,521)	(1,438,080)	(1,293,125)	(1,314,181)	(1,170,408)	(1,119,160)	(1,019,175)	(1,015,794)	(894,249)
Administrative Expense	(14,701)	(14,650)	(16,500)	(15,802)	(14,577)	(12,520)	(12,687)	(11,365)	(11,850)
Other	(32,398)	(4,020)	(6,978)	(9,688)	(7,096)	(4,297)	(34,395)	79,880	13,866
Net Change in Plan Fiduciary Net Position	(1,991,984)	4,529,106	1,812,816	2,587,892	(677,418)	2,106,640	941,934	(38,546)	867,261
Plan Fiduciary Net Position - Beginning	27,078,286	22,549,180	20,736,364	18,148,472	18,825,890	16,719,250	15,777,316	15,815,862	14,948,601
Plan Fiduciary Net Position - Ending (b)	\$ <u>25,086,302</u>	\$ <u>27,078,286</u>	\$ <u>22,549,180</u>	\$ <u>20,736,364</u>	\$ <u>18,148,472</u>	\$ <u>18,825,890</u>	\$ <u>16,719,250</u>	\$ <u>15,777,316</u>	\$ <u>15,815,862</u>
Net Pension Liability - Ending (a)-(b)	\$ <u>1,500,706</u>	\$ <u>(1,722,868)</u>	\$ <u>1,798,810</u>	\$ <u>1,368,819</u>	\$ <u>2,940,283</u>	\$ <u>1,321,066</u>	\$ <u>2,388,469</u>	\$ <u>2,301,865</u>	\$ <u>1,398,916</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>									
	94.36%	106.79%	92.61%	93.81%	86.06%	93.44%	87.50%	87.27%	91.87%
Covered Employee Payroll	\$ 6,164,689	\$ 5,970,403	\$ 5,690,313	\$ 5,463,637	\$ 5,053,839	\$ 4,715,021	\$ 4,663,081	\$ 4,401,516	\$ 4,059,437
Net Pension Liability as a Percentage of Covered Employee Payroll	24.34%	-28.86%	31.61%	25.05%	58.18%	28.02%	51.22%	52.30%	34.46%

OTHER SUPPLEMENTARY INFORMATION

**NOLAN COUNTY, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2023**

	Jury Fund	Law Library Fund	Hot Check Fund	D.A.R.E Fund	County Records Management	County Clerk Records Management	District Clerk Records Management
<b>ASSETS</b>							
Cash and cash equivalents	\$ 41,166	\$ 7,523	\$ 15,119	\$ 79	\$	\$	\$
Taxes receivable (net of allowance)							
Other receivables (net of allowance)		35					
Restricted assets							
Cash and equivalents					31,976	275,104	59,027
Investments							
<b>Total Assets</b>	<b>\$ <u>41,166</u></b>	<b>\$ <u>7,558</u></b>	<b>\$ <u>15,119</u></b>	<b>\$ <u>79</u></b>	<b>\$ <u>31,976</u></b>	<b>\$ <u>275,104</u></b>	<b>\$ <u>59,027</u></b>
<b>LIABILITIES</b>							
Accounts payable	\$	\$	\$ 6	\$	\$	\$ 49	\$
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes							
Unavailable revenue - grants							
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Restricted fund balances					31,976	275,055	59,027
Assigned fund balance	41,166	7,558	15,113	79			
Unassigned fund balances							
<b>Total Fund Balance</b>	<b><u>41,166</u></b>	<b><u>7,558</u></b>	<b><u>15,113</u></b>	<b><u>79</u></b>	<b><u>31,976</u></b>	<b><u>275,055</u></b>	<b><u>59,027</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>41,166</u></b>	<b>\$ <u>7,558</u></b>	<b>\$ <u>15,119</u></b>	<b>\$ <u>79</u></b>	<b>\$ <u>31,976</u></b>	<b>\$ <u>275,104</u></b>	<b>\$ <u>59,027</u></b>



**NOLAN COUNTY, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2023**

	<u>Courthouse Security Fund</u>	<u>County Technology Fund</u>	<u>District Attorney Forfeiture Fund</u>	<u>District Attorney Federal Forfeiture Fund</u>	<u>Sheriff Forfeiture Fund</u>	<u>Sheriff Federal Forfeiture Fund</u>	<u>Gifted Bank Shares</u>
<b>ASSETS</b>							
Cash and cash investments	\$	\$	\$	\$	\$	\$	\$
Taxes receivable (net of allowance)							
Other receivables (net of allowance)							
Restricted assets							
Cash and equivalents	82,454	102,283	787	246	24,284	20	139,211
Investments							
Total Assets	\$ <u>82,454</u>	\$ <u>102,283</u>	\$ <u>787</u>	\$ <u>246</u>	\$ <u>24,284</u>	\$ <u>20</u>	\$ <u>139,211</u>
<b>LIABILITIES</b>							
Accounts payable	\$ <u>423</u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>
Total Liabilities	<u>423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes							
Unavailable revenue - grants							
Total Deferred Inflows of Recourses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Restricted fund balances	82,031	102,283	787	246	24,284	20	139,211
Assigned fund balance							
Unassigned fund balances							
Total Fund Balance	<u>82,031</u>	<u>102,283</u>	<u>787</u>	<u>246</u>	<u>24,284</u>	<u>20</u>	<u>139,211</u>
Total Liabilities and Fund Balance	\$ <u>82,454</u>	\$ <u>102,283</u>	\$ <u>787</u>	\$ <u>246</u>	\$ <u>24,284</u>	\$ <u>20</u>	\$ <u>139,211</u>

**NOLAN COUNTY, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2023**

	<u>American Rescue Plan Fund</u>	<u>Debt Service Fund</u>	<u>Coliseum Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>					
Cash and cash investments	\$	\$	\$	\$	\$ 63,887
Taxes receivable (net of allowance)		32,595			32,595
Other receivables (net of allowance)		2,238	130,806		133,079
Restricted assets					
Cash and equivalents	1,937,148	391,529	827,099		3,871,168
Investments			1,252		1,252
Total Assets	<u>\$ 1,937,148</u>	<u>\$ 426,362</u>	<u>\$ 959,157</u>	<u>\$ -</u>	<u>\$ 4,101,981</u>
<b>LIABILITIES</b>					
Accounts payable	\$	\$	\$	\$	\$ 478
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>478</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes		32,595			32,595
Unavailable revenue - grants	1,816,812				1,816,812
Total Deferred Inflows of Resources	<u>1,816,812</u>	<u>32,595</u>	<u>-</u>	<u>-</u>	<u>1,849,407</u>
<b>FUND BALANCES</b>					
Restricted fund balances	120,336	393,767	959,157	-	2,188,180
Assigned fund balance					63,916
Unassigned fund balances					-
Total Fund Balance	<u>120,336</u>	<u>393,767</u>	<u>959,157</u>	<u>-</u>	<u>2,252,096</u>
Total Liabilities and Fund Balance	<u>\$ 1,937,148</u>	<u>\$ 426,362</u>	<u>\$ 959,157</u>	<u>\$ -</u>	<u>\$ 4,101,981</u>

**NOLAN COUNTY, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Jury Fund	Law Library Fund	Hot Check Fund	D.A.R.E Fund	County Records Management	County Clerk Records Management	District Clerk Records Management	Courthouse Security Fund	County Technology Fund	District Attorney Forfeiture Fund
REVENUES:										
Property taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Hotel/Motel taxes										
Intergovernmental										
Fines and Fees	3,138	9,883	3,027		1,593	56,915	11,258	18,690	7,714	
Investment earnings	1,481					11,006				449
Other revenue	9,273									
<b>Total Revenues</b>	<b>13,892</b>	<b>9,883</b>	<b>3,027</b>		<b>1,593</b>	<b>67,921</b>	<b>11,258</b>	<b>18,690</b>	<b>7,714</b>	<b>449</b>
EXPENDITURES:										
Current:										
General government						3,239				
Judicial	13,130	13,301								
Legal			2,271							25,428
Public facilities							9,711	4,836		
Public safety										
Intergovernmental										
Debt service										
Debt principal										
Interest expense										
Capital outlay										
<b>Total Expenditures</b>	<b>13,130</b>	<b>13,301</b>	<b>2,271</b>			<b>3,239</b>	<b>9,711</b>	<b>4,836</b>	<b>25,428</b>	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	762	(3,418)	756		1,593	64,682	11,258	8,979	2,878	(24,979)
OTHER FINANCING SOURCES (USES):										
Transfers in (out)	10,000	6,500								-
Total Other Financing Sources (Uses)	10,000	6,500								
NET CHANGE IN FUND BALANCE	10,762	3,082	756		1,593	64,682	11,258	8,979	2,878	(24,979)
FUND BALANCE - BEGINNING	30,404	4,476	14,357	79	30,383	210,373	47,769	73,052	99,405	25,766
FUND BALANCE - ENDING	\$ 41,166	\$ 7,558	\$ 15,113	\$ 79	\$ 31,976	\$ 275,055	\$ 59,027	\$ 82,031	\$ 102,283	\$ 787

**NOLAN COUNTY, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	District Attorney Federal Forfeiture Fund	Sheriff Forfeiture Fund	Sheriff Federal Forfeiture Fund	Capital Projects Fund	Debt Service Fund	American Rescue Plan Fund	Coliseum Debt Service Fund	Gifted Bank Shares	Total Nonmajor Special Revenue Funds
<b>REVENUES:</b>									
Property taxes	\$	\$	\$	\$	\$ 1,179,334	\$	\$	\$	\$ 1,179,334
Hotel/Motel taxes							505,329		505,329
Intergovernmental						831,618			831,618
Fines and Fees									112,218
Investment earnings	11	469			20,280	108,805	35,916		178,417
Other miscellaneous		20,042							29,315
<b>Total Revenues</b>	<b>11</b>	<b>20,511</b>	<b>-</b>	<b>-</b>	<b>1,199,614</b>	<b>940,423</b>	<b>541,245</b>	<b>-</b>	<b>2,836,231</b>
<b>EXPENDITURES:</b>									
<b>Current:</b>									
General government						117,094			120,333
Judicial									26,431
Legal								42,862	70,561
Public facilities									14,547
Public safety		410							410
Intergovernmental							284,194		284,194
<b>Debt service</b>									
Debt principal					1,124,000		195,000		1,319,000
Interest expense					73,575		56,685		130,260
Capital outlay				1,603		714,524	69,500	33,006	818,633
<b>Total Expenditures</b>		<b>410</b>		<b>1,603</b>	<b>1,197,575</b>	<b>831,618</b>	<b>605,379</b>	<b>75,868</b>	<b>2,784,369</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>11</b>	<b>20,101</b>		<b>(1,603)</b>	<b>2,039</b>	<b>108,805</b>	<b>(64,134)</b>	<b>(75,868)</b>	<b>51,862</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in (out)									16,500
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	16,500
<b>NET CHANGE IN FUND BALANCE</b>	<b>11</b>	<b>20,101</b>		<b>(1,603)</b>	<b>2,039</b>	<b>108,805</b>	<b>(64,134)</b>	<b>(75,868)</b>	<b>68,362</b>
<b>FUND BALANCE - BEGINNING</b>	<b>235</b>	<b>4,183</b>	<b>20</b>	<b>1,603</b>	<b>391,728</b>	<b>11,531</b>	<b>1,023,291</b>	<b>215,079</b>	<b>2,183,734</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 246</b>	<b>\$ 24,284</b>	<b>\$ 20</b>	<b>\$ -</b>	<b>\$ 393,767</b>	<b>\$ 120,336</b>	<b>\$ 959,157</b>	<b>\$ 139,211</b>	<b>\$ 2,252,096</b>

SINGLE AUDIT SECTION

# ROBERTS & MCGEE, CPA

104 PINE STREET, SUITE 710  
ABILENE, TEXAS 79601  
(325) 701-9502

Becky Roberts, CPA  
becky.roberts@rm-cpa.net  
Cell: 325-665-5239

Stacey McGee, CPA  
stacey.mcgee@rm-cpa.net  
Cell: 325-201-7244

---

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable County Judge and  
Members of the Commissioner Court of  
Nolan County, Texas

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nolan County, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 7, 2023.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nolan County, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinions on the effectiveness of Nolan County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the County's 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 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 any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nolan County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## **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.

*Roberts + McGee, CPA*

Roberts & McGee, CPA

Abilene, Texas  
December 7, 2023

# ROBERTS & MCGEE, CPA

104 PINE STREET, SUITE 710  
ABILENE, TEXAS 79601  
(325) 701-9502

Becky Roberts, CPA  
becky.roberts@rm-cpa.net  
Cell: 325-665-5239

Stacey McGee, CPA  
stacey.mcgee@rm-cpa.net  
Cell: 325-201-7244

---

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable County Judge and  
Members of the Commissioners Court of  
Nolan County, Texas

### **Report on Compliance for Each Major Federal Program**

We have audited the Nolan County, Texas' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Nolan County, Texas' major federal program for the year ended September 30, 2023. The Nolan County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Nolan County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Nolan County, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Nolan County, Texas's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Nolan County, Texas's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional commissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Nolan County, Texas's compliance with the requirements of each major federal program as a whole.



In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Nolan County, Texas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Nolan County, Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Nolan County, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

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

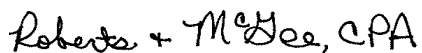
### **Report on Internal Control Over Compliance**

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

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

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

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

  
Roberts & McGee, CPA

Abilene, Texas  
December 7, 2023

**NOLAN COUNTY, TEXAS**

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass- through Grantor's Number	Federal Expenditures
<b><u>FEDERAL AWARDS</u></b>			
<b><u>U.S. Department of Treasury</u></b>			
Direct Program			
Coronavirus State and Local Recovery Funds	21.027	SLT-3761	\$ <u>831,918</u>
<b>Total U.S. Department of Treasury</b>			<u>831,918</u>
 <b>Total Federal Awards</b>			 \$ <u><u>831,918</u></u>

**NOLAN COUNTY, TEXAS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2023**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of the Nolan County, Texas for the year ended September 30, 2023. The County's reporting entity is defined in Note 1 of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included on the Schedule of Expenditures of Federal Awards. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance.) Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or change in net position of the County.

**SIGNIFICANT ACCOUNTING POLICIES**

Expenditures in the accompanying Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. The accrual basis of accounting is described in Note 1 of the financial statements. Cost reimbursement federal loans and grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

The format for the Schedule of Expenditures of Federal Awards has been prescribed by the Uniform Guidance. Such format includes revenue and expenditures recognized in the County's financial statements. Nolan County, Texas did not elect to use the 10 percent de minimis indirect cost rate.

**REVENUE RECONCILIATION**

Reconciliation of intergovernmental revenue and total federal awards:

Federal grant revenue	\$	831,618
State and local grant revenue		658,685
Total Federal Awards	\$	<u>1,490,303</u>

**NOLAN COUNTY, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2023**

**A. Summary of Auditor's Results**

1. Type of auditor's report issued on the on financial statements: Unmodified
2. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None
4. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified
6. Did the audit disclose findings which are required to be reported under Sec. 510(a): No
7. Federal major programs include:  
Assistance Listing #21.027 Coronavirus State and Local Fiscal Recovery Funds  
Federal Grantor: U.S. Department of Treasury
8. Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000
9. Auditee qualified as a low-risk auditee: No

**B. Findings Related to the Financial Statements**

None

**C. Findings and Questioned Costs Related to the Federal Award Programs**

None

**NOLAN COUNTY, TEXAS**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2023**

No Findings or Questioned Costs in Prior Year