



**STEPHENS COUNTY, TEXAS**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**December 31, 2024**

# STEPHENS COUNTY, TEXAS

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June 4, 2025

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

**INDEPENDENT AUDITOR'S REPORT**

**Report on the Financial Statements**

***Opinions***

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

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

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Stephens County, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund on page 40, Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Road and Bridge Fund on page 41, Schedule of Changes in Net Pension Liability and Related Ratios - Pension Plan on page 43, and Schedule of Contributions - Pension Plan on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of 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 to form opinions on the financial statements comprising the County's basic financial statements. The combining and individual nonmajor and fiduciary fund financial statements (as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is 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 June 4, 2025, on our consideration of the Stephens County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stephens County, Texas's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Condly and Company, L.L.P.".

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION –  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**STEPHENS COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2024

The purpose of management's discussion and analysis (MD&A) is to help County residents and other readers understand what the financial statements and notes in this financial report say about the County's financial health and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the County's finances for the fiscal year ended December 31, 2024. Please read it in conjunction with the County's financial statements, which begin on page 11.

If you have questions about this report or need additional financial information, contact the County Treasurer's office at Stephens County, Texas, 200 W. Walker Street, Breckenridge, Texas 76424.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The County's financial report contains basic financial statements. Those financial statements present the County's finances at both an overall and a detailed level. The *government-wide financial statements* (pages 11-12) cover the County's governmental activities.

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

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

- *Governmental fund financial statements* (pages 13-16) report all of the governmental activities. Fund financial statements report the County's operations in more detail than the government-wide statements by providing information about the County's most significant ("major") funds. For governmental activities, these statements tell how these services were financed in the short term and what remains for future spending.
- *Proprietary fund financial statements* (pages 17-19) report all of the business-type activities (enterprise funds).
- *Fiduciary fund financial statements* (pages 20-21) report resources for which the County acts as a trustee or custodian. The resources in those funds do not belong to the County and cannot be used to provide services, which is why they are not included in the government-wide financial statements.

The next section of this financial report contains *notes to financial statements* (pages 22-39), which delve deeper into the County's finances as reported in the financial statements. The information in the notes is as important to understanding the County's finances as the information in the financial statements. The County uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

## Types of Information in the Financial Statements

All of the County's financial statements, except for the governmental fund financial statements, use the *economic resources measurement focus and accrual basis of accounting*. In other words, they comprehensively report all types of financial statement elements:

- **Assets**—resources the County controls, from short-term assets like cash to long-term assets like roads and bridges
- **Liabilities**—amounts the County owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions
- **Deferred outflows of resources and deferred inflows of resources**—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related
- **Revenues and expenses**—inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as notes payable and lease liabilities, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from lease agreements or selling equipment, as well as principal and interest payments on debt.

Details about the measurement focuses and bases of accounting can be found in **Note 2** in the notes to financial statements, the summary of significant accounting policies, beginning on page 22.

## ANALYSIS OF THE COUNTY'S FINANCES

**Table 1: Stephens County Net Position**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2023	2024	2023	2024	2023	2024-2023
Current and other assets	\$ 10,029,607	\$ 10,584,808	\$ -	\$ 26,229	\$ 10,029,607	\$ 10,611,037	-5.5%
Capital assets, net	12,092,273	11,458,779	687,764	406,417	12,780,037	11,865,196	7.7%
<b>Total assets</b>	<b>22,121,880</b>	<b>22,043,587</b>	<b>687,764</b>	<b>432,646</b>	<b>22,809,644</b>	<b>22,476,233</b>	<b>1.5%</b>
<b>Deferred outflows of resources</b>	<b>1,261,039</b>	<b>1,614,718</b>	<b>-</b>	<b>28,261</b>	<b>1,261,039</b>	<b>1,642,979</b>	<b>-23.2%</b>
Long-term liabilities	4,262,477	5,057,603	101,204	-	4,363,681	5,057,603	-13.7%
Other liabilities	1,056,643	937,834	346,032	208,607	1,402,675	1,146,441	22.4%
<b>Total liabilities</b>	<b>5,319,120</b>	<b>5,995,437</b>	<b>447,236</b>	<b>208,607</b>	<b>5,766,356</b>	<b>6,204,044</b>	<b>-7.1%</b>
<b>Deferred inflows of resources</b>	<b>6,997,136</b>	<b>6,798,048</b>	<b>-</b>	<b>17,594</b>	<b>6,997,136</b>	<b>6,815,642</b>	<b>2.7%</b>
Net position							
Net investment in capital assets	7,042,249	5,622,883	488,304	406,417	7,530,553	6,029,300	24.9%
Restricted	593,460	659,640			593,460	659,640	-10.0%
Unrestricted	3,430,954	4,582,297	(247,776)	(171,711)	3,183,178	4,410,586	-27.8%
<b>Total net position</b>	<b>\$ 11,066,663</b>	<b>\$ 10,864,820</b>	<b>\$ 240,528</b>	<b>\$ 234,706</b>	<b>\$ 11,307,191</b>	<b>11,099,526</b>	<b>1.9%</b>

Table 1 shows that as of December 31, 2024, the County's total net position—assets and deferred outflows minus liabilities and deferred inflows—was approximately \$11 million, an increase of \$157 thousand compared with 2023. This increase is primarily due a prior period adjustments to reflect grant revenues not reported in the prior year as described in **Note 15** in the financial statements. The following sections of MD&A analyze the finances of the governmental activities.

## Governmental activities

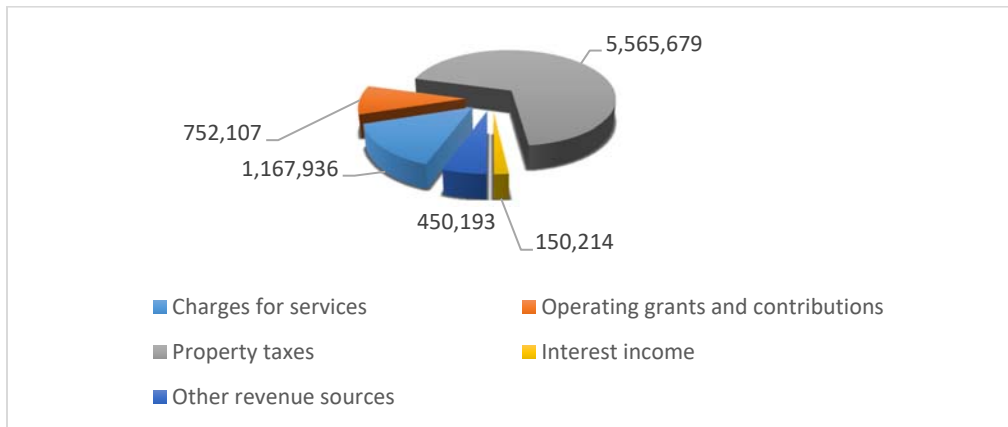
Table 2 shows that revenues exceeded expenses in the current year, resulting in an increase in net position. Various events contributed to this increase in net position; however, the four primary factors affecting the change in net position are as follows:

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

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

	Governmental Activities		Business-Tye Activities		Total		Total Percentage Change
	2024	2023	2024	2023	2024	2023	2024-2023
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 1,167,936	\$ 843,719	\$ 124,649	\$ 178,178	\$ 1,292,585	\$ 1,021,897	26.5%
Operating grants and contributions	752,107	469,314	7,497	85	759,604	469,399	61.8%
General revenues:							
Property taxes levied for general purposes	5,565,679	4,938,446			5,565,679	4,938,446	12.7%
Other taxes	16,017	19,306			16,017	19,306	-17.0%
Gain on sale of assets	100,540	158,865			100,540	158,865	-36.7%
Miscellaneous	307,931	344,967	100		308,031	344,967	-10.7%
Investment and royalty earnings	150,104	91,704			150,104	91,704	63.7%
<b>Total revenues</b>	<b>8,060,314</b>	<b>6,866,321</b>	<b>132,246</b>	<b>178,263</b>	<b>8,192,560</b>	<b>7,044,584</b>	<b>16.3%</b>
<b>Expenses:</b>							
General government	2,379,754	2,638,690			2,379,754	2,638,690	-9.8%
Health and welfare	80,455	106,448			80,455	106,448	-24.4%
Judicial and legal	627,419	475,222			627,419	475,222	32.0%
Public safety	2,564,107	2,345,598			2,564,107	2,345,598	9.3%
Public facilities	86,607	99,322			86,607	99,322	-12.8%
Culture and recreation government	142,436	97,597			142,436	97,597	45.9%
Road and bridge	1,947,695	1,487,330			1,947,695	1,487,330	31.0%
Airport			125,261	254,216	125,261	254,216	-50.7%
Interest on long-term debt	301,144	83,949	13,184		314,328	83,949	274.4%
<b>Total expenses</b>	<b>8,129,617</b>	<b>7,334,156</b>	<b>138,445</b>	<b>254,216</b>	<b>8,268,062</b>	<b>7,588,372</b>	<b>9.0%</b>
Transfers in (out)	25,706	(277,994)	(25,706)	60,000	-	(217,994)	-100.0%
<b>Change in net position</b>	<b>(43,597)</b>	<b>(745,829)</b>	<b>(31,905)</b>	<b>(15,953)</b>	<b>(75,502)</b>	<b>(761,782)</b>	<b>-90.1%</b>
Net position - beginning	10,864,820	11,549,765	234,706	175,659	11,099,526	11,725,424	-5.3%
Prior period adjustment	245,440	60,884	37,727	75,000	283,167	135,884	108.4%
Net position - beginning (as restated)	11,110,260	11,610,649	272,433	250,659	11,382,693	11,861,308	-4.0%
<b>Net position - ending</b>	<b>\$ 11,066,663</b>	<b>\$ 10,864,820</b>	<b>\$ 240,528</b>	<b>\$ 234,706</b>	<b>\$ 11,307,191</b>	<b>\$ 11,099,526</b>	<b>1.9%</b>

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



#### ***Growth in intergovernmental grant revenues***

There were notable increases in 2024 in operating grants and contributions. Operating grants and contributions, which account for 9.3 percent of overall revenues for governmental activities, increased 61.8 percent from 2023 to 2024 due to the Senate Bill 22, which increased revenues for the Sheriff and County attorney and were applied to salary increases for those departments.

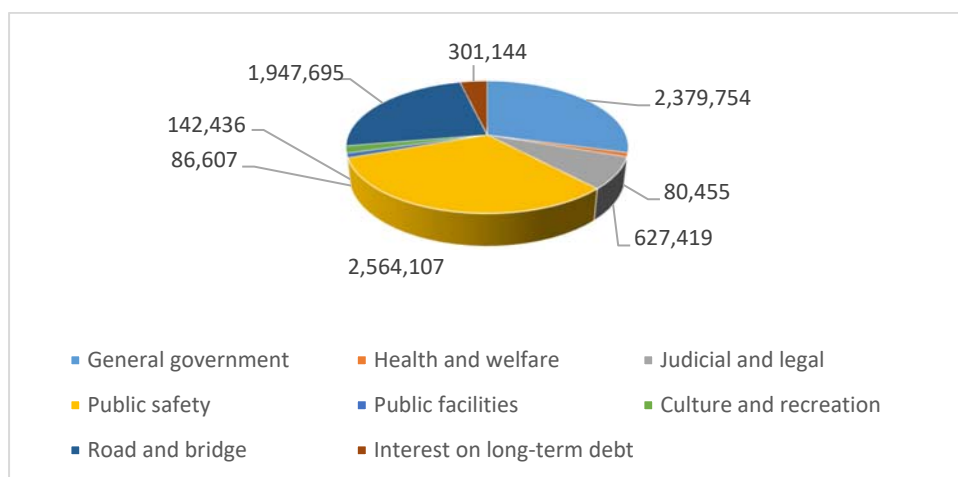
#### ***Increases in revenues due to economic growth***

The strength of the County and national economies has resulted in the growth of several of the County's most significant revenue sources. Property taxes, which are 69.1 percent of the County's governmental activities revenue sources, rose 12.7 percent as a result of a 16 percent increase in net taxable values with a slight decrease in the ad valorem tax rate for the 2024 fiscal year.

Lastly, earnings on the County's investments and royalties collected, which were 1.9 percent of the governmental activities' revenues, rose 63.7 percent from the prior year as local economic growth extended throughout all of 2024, leading to more cash inflows from these activities.

#### ***Growth in expenses***

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



The increases in revenue were accompanied by an increase in the County's costs of providing services. Governmental activities expenses rose 9.5 percent overall. Most notably, road and bridge expenses increased 31 percent in 2024 (see Table 2). As a result, road and bridge expenses represented 24.4 percent of total expenses; by contrast, they were just 20.3 percent of expenses in 2023. The increase in 2024 was primarily related to an increase in road materials for road repairs.

### ***Other changes in net position***

While revenues and expenditures increased over the prior year as discussed above, the County operated within the constraints of the budgeted amounts for the fiscal year. Total governmental activities expenses exceeded total revenues in 2024 by \$43,597.

### **Governmental funds**

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

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

	General Fund		Road and Bridge Fund		Capital Projects Fund	
	2024	2023	2024	2023	2024	2023
<b>Total Revenues</b>	\$ 6,047,061	\$ 5,029,633	\$ 1,732,676	\$ 1,133,291	\$ 1,454	\$ -
<b>Total Expenditures</b>	6,659,513	6,554,853	1,388,011	1,025,119	1,900,034	2,446,354
<b>Excess (deficiency) of revenues over expenditures</b>	(612,452)	(1,525,220)	344,665	108,172	(1,898,580)	(2,446,354)
<b>Other Financing Sources (Uses)</b>						
In-kind contributions	106,460	36,760				
Insurance proceeds		88,473		34,620		
Bond proceeds						5,340,000
Sale of fixed assets	29,157	34,238	71,383	128,184		
Transfers in	238,482	3,418,576	296,434	184,388	160,677	
Transfers out	(29,157)	(3,006,294)	(352,202)	(266,493)	(310,423)	(60,000)
<b>Total other financing sources (uses)</b>	344,942	571,753	15,615	80,699	(149,746)	5,280,000
Net change in fund balances	(267,510)	(953,467)	360,280	188,871	(2,048,326)	2,833,646
<b>Fund balances - beginning of period</b>	(1,327,021)	(373,554)	1,013,958	825,087	2,848,106	14,460
<b>Prior period adjustment</b>			245,440			
<b>Fund balances - beginning of period (restated)</b>			1,259,398			
<b>Fund balances - end of period</b>	<u>\$ (1,594,531)</u>	<u>\$ (1,327,021)</u>	<u>\$ 1,619,678</u>	<u>\$ 1,013,958</u>	<u>\$ 799,780</u>	<u>\$ 2,848,106</u>

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

## **General fund**

The fund balance of the County's general fund decreased by 20.2 percent. This decrease in fund balance is based on a number of factors, most notably the 2023 bond payment totaling \$879 thousand. Overall, revenues from licenses and fees, grants, and interest increased as noted in Table 2. Excluding interfund transfers netting to a gain of \$209 thousand, the general fund would have shown a decrease of \$477 thousand, or 36 percent.

## **Road and bridge fund**

The road and bridge fund balance increased by 59.7 percent. This increase is primarily attributable to a prior period adjustment of \$245 thousand, the 35.5 percent increase in license and fees, and the 41.8 percent increase in property taxes over 2023. Grant revenues also increased 383.9 percent, while overall expenditures were only up 35.4 percent over 2023.

## **Capital projects fund**

The fund balance for the County's capital projects fund decreased by 71.9 percent. This decrease was expected as the bond revenues of \$5.2 million were recorded in 2023. The timing of the expenditures will vary, and the fund balance will be transferred to the general fund once all bond proceeds have been spent.

## **Business-type activities and enterprise fund**

The total net position of the County's business-type activities (which are also reported as a major enterprise fund) increased in 2024, though more modestly than that of the governmental activities. Business-type activities net position increased \$5,822 or 2 percent to \$240,528 from the prior year. The increase reflects the previously noted transfer of \$11,189 from governmental activities. These results represent an improvement over 2023, when the change in net position was a decrease of \$15,953.

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

The discussion thus far has only touched upon certain significant transactions and events during 2024 with respect to capital assets and long-term debt. Overall, the carrying value of capital assets (original cost minus accumulated depreciation) increased 7.7 percent over 2023. However, that relatively small change does not completely capture the substantial amount of capital investment activity that occurred in 2024.

Significant capital investments during the year related to \$1.5 million in vehicles and equipment for the Road and Bridge fund. The County also purchased a video system and purchased vehicles for the sheriff's department totaling \$334 thousand.

Total bonds and notes payable outstanding decreased 10.8 percent to \$5.7 million in 2024. The most prominent aspect of that change was a note payable totaling \$307,500 for the purchase of the Breckenridge Aviation Museum, less \$108 thousand for payments in 2024. There were no bonds issued during the period, but principal payments totaling \$818 thousand were made during 2024.

Right-of-use leases increased by 24.7 percent due to the purchase of the Spectrum phone system, which will be paid out over three years. Subscription-based information technology arrangements (SBITAs) increased 35.1 percent due to a new agreement with Net Data for software totaling \$48 thousand less payments of \$21 thousand for other software within the County.

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

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

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

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

The County received a \$500,000 grant from the United States Department of Agriculture Community Development Block Grant to improve road conditions in economically disadvantaged areas of the incorporated areas of Breckenridge/Stephens County.

***Recent economic reports***

As of 2023, Stephens County experienced modest population growth and notable economic improvement. Median household income rose by over 22 percent to \$54,695, while the poverty rate fell to 13.5 percent. Property values also increased by nearly 8 percent. Employment remained relatively stable, with over 3,800 employed countywide. Key industries include construction, manufacturing, and oil and gas extraction, the latter offering the highest average wages.

Agriculture continues to be a cornerstone of the local economy, generating over \$15 million in livestock receipts and nearly \$2 million from crops and related activities such as hunting. Local and regional agencies, including the Texas Department of Agriculture and WCTEDD, continue to support economic development through grant funding and strategic planning initiatives. These indicators reflect a stable financial outlook and a diversified economic base for Stephens County.

As of 2024, Stephens County's economy remains stable with a GDP of \$473.9 million and steady employment of nearly 3,840 jobs. Agriculture continues to play a central role, generating over \$22 million in receipts, primarily from livestock. While there was a slight GDP decline from 2022, the county has maintained a diversified economic base supported by ongoing infrastructure investments and state-funded development programs like the Texas CDBG.

***Adoption of the State budget***

SB22 grants were approved for FY25-26.

***Pension plan changes***

Stephens County Commissioner's Court approved a retiree pension raise, which will be funded by the surplus already funded to the pension plan.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STEPHENS COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
December 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 3,676,287	\$	\$ 3,676,287
Property taxes receivable	4,161,974		4,161,974
Allowance for uncollectible taxes	(255,289)		(255,289)
Leases receivable	7,132		7,132
Other accounts receivable	213,583		213,583
Noncurrent Assets:			
Net pension asset	2,225,920		2,225,920
Capital Assets:			
ROU Assets	354,449		354,449
Less: ROU accumulated amortization	(169,051)		(169,051)
Land	24,015	14,302	38,317
Buildings and improvements	10,348,311	369,504	10,717,815
Infrastructure	25,110,531	986,055	26,096,586
Furniture and equipment	8,509,496	16,300	8,525,796
Less: accumulated depreciation	(32,085,478)	(698,397)	(32,783,875)
TOTAL ASSETS	22,121,880	687,764	22,809,644
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources related to pensions	1,261,039		1,261,039
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,261,039	-	1,261,039
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	33,729		33,729
Accrued interest payable	110,548	9,329	119,877
Other liabilities	125	238,447	238,572
Certificates of obligation payable	700,000		700,000
ROU leases payable	18,323		18,323
ROU SBITAs payable	69,224		69,224
Accrued compensated absences	124,694		124,694
Note payable		98,256	98,256
Noncurrent Liabilities:			
Certificates of obligation payable	4,220,000		4,220,000
ROU leases payable	8,495		8,495
ROU SBITAs payable	33,982		33,982
Notes payable		101,204	101,204
TOTAL LIABILITIES	5,319,120	447,236	5,766,356
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unearned revenue - property taxes	6,195,705		6,195,705
Deferred inflows of resources related to leases	7,132		7,132
Deferred inflows of resources related to pensions	794,299		794,299
TOTAL DEFERRED INFLOWS OF RESOURCES	6,997,136	-	6,997,136
<b>NET POSITION:</b>			
Net investment in capital assets	7,042,249	488,304	7,530,553
Restricted for:			
Debt service	593,460		593,460
Unrestricted	3,430,954	(247,776)	3,183,178
TOTAL NET POSITION	\$ 11,066,663	\$ 240,528	\$ 11,307,191

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

**STEPHENS COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2024

Function/Program Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary Government:						
Governmental Activities:						
General government	\$ 2,379,754	\$ 304,288	\$ 430,938	\$ (1,644,528)	\$	\$ (1,644,528)
Health and welfare	80,455	87		(80,368)		(80,368)
Judicial and legal	627,419	110,534	42,000	(474,885)		(474,885)
Public safety	2,564,107	118,631		(2,445,476)		(2,445,476)
Public facilities	86,607			(86,607)		(86,607)
Culture and recreation	142,436			(142,436)		(142,436)
Road maintenance	1,947,695	634,396	279,169	(1,034,130)		(1,034,130)
Interest on long-term debt	301,144			(301,144)		(301,144)
Total governmental activities	8,129,617	1,167,936	752,107	(6,209,574)	-	(6,209,574)
Business-type Activities:						
Airport		124,649	7,597		132,246	132,246
Depreciation expense	34,953				(34,953)	(34,953)
Operating expense	103,492				(103,492)	(103,492)
Total business-type activities	138,445	124,649	7,597	-	(6,199)	(6,199)
Total primary government	\$ 8,268,062	\$ 1,292,585	\$ 759,704	(6,209,574)	(6,199)	(6,215,773)
General Revenues and Transfers:						
Taxes:						
Property taxes levied for general purposes				5,565,679		5,565,679
Other taxes				16,017		16,017
Investment and royalty earnings				150,104		150,104
Gain on sale of assets				100,540		100,540
Miscellaneous				307,931		307,931
Transfers in (out)				25,706	(25,706)	-
Total General Revenues and Transfers				6,165,977	(25,706)	6,140,271
Change in Net Position				(43,597)	(31,905)	(75,502)
Net Position - Beginning				10,864,820	234,706	11,099,526
Prior period adjustment				245,440	37,727	283,167
Net Position- Beginning (as restated)				11,110,260	272,433	11,382,693
Net Position - Ending				\$ 11,066,663	\$ 240,528	\$ 11,307,191

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

## FUND FINANCIAL STATEMENTS

**STEPHENS COUNTY, TEXAS**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
December 31, 2024

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Capital Projects Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 680,517	\$ 1,460,757	\$ 799,780	\$ 735,233	\$ 3,676,287
Property taxes receivable	4,161,974				4,161,974
Allowance for uncollectible taxes	(255,289)				(255,289)
Accounts receivable	<u>37,037</u>	<u>169,710</u>		<u>6,836</u>	<u>213,583</u>
<b>Total Assets</b>	<b>\$ <u>4,624,239</u></b>	<b>\$ <u>1,630,467</u></b>	<b>\$ <u>799,780</u></b>	<b>\$ <u>742,069</u></b>	<b>\$ <u>7,796,555</u></b>
<b>Liabilities:</b>					
Accounts payable	\$ 22,940	\$ 10,789			\$ 33,729
Accrued expenses	<u>125</u>				<u>125</u>
<b>Total Liabilities</b>	<u>23,065</u>	<u>10,789</u>	<u>-</u>	<u>-</u>	<u>33,854</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - property taxes	<u>6,195,705</u>				<u>6,195,705</u>
<b>Total Deferred Inflows of Resources</b>	<u>6,195,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,195,705</u>
<b>Fund balances:</b>					
Restricted	593,460				593,460
Committed			799,780	742,069	1,541,849
Assigned		1,619,678			1,619,678
Unassigned	<u>(2,187,991)</u>				<u>(2,187,991)</u>
<b>Total Fund Balance</b>	<u>(1,594,531)</u>	<u>1,619,678</u>	<u>799,780</u>	<u>742,069</u>	<u>1,566,996</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ <u>4,624,239</u></b>	<b>\$ <u>1,630,467</u></b>	<b>\$ <u>799,780</u></b>	<b>\$ <u>742,069</u></b>	<b>\$ <u>7,796,555</u></b>

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

**STEPHENS COUNTY, TEXAS**  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
December 31, 2024

Fund Balances - Total governmental funds	\$	1,566,996
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	\$ 44,346,802	
Less accumulated depreciation	<u>(32,254,529)</u>	12,092,273

Lease receivables for governmental activities are not reported in the governmental funds.	7,132
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Deferred outflows of resources related to pensions are not reported in the governmental funds.	1,261,039
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Debt obligations are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued interest payable	(110,548)	
Accrued compensated absences	(124,694)	
ROU leases	(26,818)	
ROU SBITAs	(103,206)	
Certificates of obligation	<u>(4,920,000)</u>	(5,285,266)

Net pension asset is not reported in the governmental funds.	2,225,920
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Deferred inflows of resources are not reported in the governmental funds.

Pensions	(794,299)	
Leases	<u>(7,132)</u>	<u>(801,431)</u>

Net position of governmental activities	\$	<u><u>11,066,663</u></u>
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*The accompanying notes are an integral part of the financial statements.*

**STEPHENS COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2024

	General Fund	Road and Bridge Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 4,755,461	\$ 780,906	\$	\$	\$ 5,536,367
License and fees	377,313	634,396		156,227	1,167,936
Other taxes	16,017				16,017
State and federal grants and contracts	472,938	279,169			752,107
Interest	96,036				96,036
Royalties	54,068				54,068
Other	275,228	38,205	1,454	7,488	322,375
<b>Total Revenues</b>	<b>6,047,061</b>	<b>1,732,676</b>	<b>1,454</b>	<b>163,715</b>	<b>7,944,906</b>
<b>EXPENDITURES:</b>					
Current:					
General government	2,348,552			596	2,349,148
Health and welfare	87,240				87,240
Judicial and legal	674,695			5,632	680,327
Public safety	2,265,248			73,766	2,339,014
Public facilities	92,326		1,584		93,910
Culture and recreation	103,467				103,467
Road maintenance		1,388,011			1,388,011
Capital outlay			1,898,450		1,898,450
Debt Service:					
Principal retired	818,000				818,000
Interest	268,585				268,585
Other	1,400				1,400
<b>Total Expenditures</b>	<b>6,659,513</b>	<b>1,388,011</b>	<b>1,900,034</b>	<b>79,994</b>	<b>10,027,552</b>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<b>(612,452)</b>	<b>344,665</b>	<b>(1,898,580)</b>	<b>83,721</b>	<b>(2,082,646)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
In-kind contribution	106,460				106,460
Transfers in	238,482	296,434	160,677		695,593
Transfers out	(29,157)	(352,202)	(310,423)	(15,000)	(706,782)
Sale of capital assets	29,157	71,383			100,540
<b>Total Other Financing Sources (Uses)</b>	<b>344,942</b>	<b>15,615</b>	<b>(149,746)</b>	<b>(15,000)</b>	<b>195,811</b>
<b>Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Financing Uses</b>	<b>(267,510)</b>	<b>360,280</b>	<b>(2,048,326)</b>	<b>68,721</b>	<b>(1,886,835)</b>
<b>Fund Balance, Beginning of Year</b>	<b>(1,327,021)</b>	<b>1,013,958</b>	<b>2,848,106</b>	<b>673,348</b>	<b>3,208,391</b>
<b>Prior period adjustment</b>		<b>245,440</b>			<b>245,440</b>
<b>Fund Balance, Beginning of Year (as restated)</b>	<b>(1,327,021)</b>	<b>1,259,398</b>	<b>2,848,106</b>	<b>673,348</b>	<b>3,453,831</b>
<b>Fund Balance, End of Year</b>	<b>\$ (1,594,531)</b>	<b>\$ 1,619,678</b>	<b>\$ 799,780</b>	<b>\$ 742,069</b>	<b>\$ 1,566,996</b>

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

**STEPHENS COUNTY, TEXAS**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2024

Net change in fund balances - total governmental funds \$ (1,886,835)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate these expenditures over their estimated useful lives.

Capital asset purchases capitalized	\$ 2,035,269	
Depreciation expense	<u>(1,341,406)</u>	693,863

Governmental funds report lease payments as expenditures, but lease payments are shown decreases in lease liabilities and decreases in capital assets in governmental activities. (4,365)

Governmental funds report lease proceeds as revenues, but lease receipts are shown decreases in the lease receivable. (14,444)

Note payable obligations provide current financial resources to governmental funds, but the obligation increases liabilities in the statement of net position. Repayment of notes or bond principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. Bond discounts and premiums are amortized over the life of the bond for the statement of activities and expensed in the fund statements. In-kind payments are made on behalf of the County but not paid from County funds.

Principal payments on bonds payable	715,000
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The change in net pension liability / asset and the related deferred outflows and inflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as an expenditure in the governmental funds. 584,585

Governmental funds report property taxes that are not available as deferred inflows of resources but governmental activities report property taxes when they are assessed. 29,312

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Adjustments to accrued compensated absences payable	(124,694)	
Adjustments to accrued interest payable	<u>(36,019)</u>	

Change in net position of governmental activities \$ (43,597)

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

**STEPHENS COUNTY, TEXAS**  
STATEMENT OF NET POSITION -  
PROPRIETARY FUNDS  
December 31, 2024

	Stephens County Airport Fund
ASSETS:	
Noncurrent assets:	
Capital assets:	
Property, plant and equipment	\$ 1,386,161
Less: accumulated depreciation	<u>(698,397)</u>
Total Noncurrent Assets	<u>687,764</u>
TOTAL ASSETS	<u>687,764</u>
LIABILITIES:	
Current liabilities:	
Accrued interest payable	9,329
Note payable - current	98,256
Other liabilities	<u>238,447</u>
Total Current Liabilities	<u>346,032</u>
Noncurrent liabilities:	
Note payable	<u>101,204</u>
Total Non-Current Liabilities	<u>101,204</u>
TOTAL LIABILITIES	<u>447,236</u>
NET POSITION:	
Net investment in capital assets	488,304
Unrestricted	<u>(247,776)</u>
TOTAL NET POSITION	<u>\$ 240,528</u>

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

**STEPHENS COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**

For the Year Ended December 31, 2024

	Stephens County Airport Fund
OPERATING REVENUES:	
Hangar rental	\$ 50,015
Fuel sales	74,634
State and federal grants and contracts	<u>7,497</u>
Total Operating Revenues	<u>132,146</u>
OPERATING EXPENSES:	
Wages and benefits	18,842
Repairs and maintenance	31,920
Fuel	27,257
Depreciation	34,953
Other	<u>12,289</u>
Total Operating Expenses	<u>125,261</u>
Operating Income	<u>6,885</u>
NON-OPERATING REVENUES (EXPENSES) :	
Miscellaneous income	100
Interest expense	(13,184)
Transfer in	11,189
Transfers out	<u>(36,895)</u>
Total Non-Operating Expenses	<u>(38,790)</u>
Change in Net Position	(31,905)
Net Position - Beginning	<u>234,706</u>
Prior period adjustment	37,727
Net Positions - Beginning (restated)	<u>272,433</u>
Net Position - Ending	<u><u>\$ 240,528</u></u>

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

**STEPHENS COUNTY, TEXAS**  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2024

	Stephens County Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 171,315
Cash paid to employees	(18,842)
Cash paid to suppliers	(71,466)
	<hr/>
Net Cash Provided by Operating Activities	81,007
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(316,300)
	<hr/>
Net Cash Used in Investing Activities	(316,300)
	<hr/>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Cash overdraft	29,840
Note payable proceeds	307,500
Payment on note payable	(108,040)
Miscellaneous receipts	5,993
	<hr/>
Net Cash Provided by Capital and Related Financing Activities	235,293
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	-
	<hr/>
Cash and Cash Equivalents at Beginning of Year	-
	<hr/>
Cash and Cash Equivalents at End of Year	\$ -
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Income	\$ 6,885
Adjustments Not Affecting Cash:	
Depreciation and amortization	34,953
Increase in other liabilities	29,840
Increase in accrued interest payable	9,329
	<hr/>
Net Cash Provided by Operating Activities	\$ 81,007
	<hr/> <hr/>

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

**STEPHENS COUNTY, TEXAS**  
STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
December 31, 2024

	<u>Total Custodial Funds</u>
ASSETS:	
Cash and cash equivalents	\$ <u>875,196</u>
Total Assets	<u>875,196</u>
NET POSITION:	
Restricted net position	\$ <u><u>875,196</u></u>

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

**STEPHENS COUNTY, TEXAS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
For the Year Ended December 31, 2024

	<u>Total Custodial Funds</u>
ADDITIONS:	
Private contributions	\$ 22,921,671
Interest income	5,083
Transfer in from general	<u>54,126</u>
Total Additions	<u>22,980,880</u>
DEDUCTIONS:	
Administrative expenses	22,143,438
Recipient payments	996
Transfer to general	<u>1,229,358</u>
Total Deductions	<u>23,373,792</u>
Net Change	<u>(392,912)</u>
Net Position - Beginning of Year	<u>1,268,108</u>
Net Position - End of Year	<u><u>\$ 875,196</u></u>

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

## NOTES TO THE FINANCIAL STATEMENTS

**STEPHENS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

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**NOTE 1:     REPORTING ENTITY**

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution. Stephens County (the "County") operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting policies of the County conform to generally accepted accounting principles ("GAAP") applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants Audit and Accounting Guide entitled *State and Local Governments*.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the County is financially accountable. The County has also considered all other potential organizations for which the nature and significance of their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include 1) appointing a majority of an organization's governing body, 2) the ability of the County to impose its will on that organization, or 3) the potential for that organization to provide specific benefits to or impose specific financial burdens on the County. Based on these criteria, no other organizations or agencies should be included in these basic financial statements.

**NOTE 2:     GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Government-Wide Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

**STEPHENS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

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Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the County. The following special revenue funds are reported as major funds:

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

**Capital Projects Fund**

The capital projects fund accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction, and remodeling of facilities, and procurement of equipment necessary for providing adequate services within the County. The capital projects fund is considered a major fund.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

*Non-spendable*, 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).

*Restricted* fund balance category includes amounts that can be spent for only the specific purposes stipulated by the constitution, external resources providers, or through enabling legislation.

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Commissioners' Court (the County's highest level of decision-making authority).

*Assigned* fund balance classification includes amounts intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed.

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

**STEPHENS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

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**Restricted Fund Balance**

The County's restricted fund balance as of December 31, 2024, which relates to the use of external resources and resources created by enabling legislation for the purpose of the legislation, is comprised of the interest and sinking accounts restricted for debt totaling \$593,460.

**Assigned Fund Balance**

The County's management has the authority to assign funds in accordance with various internal programs. The County's assigned fund balance as of December 31, 2024 is comprised of the Road and Bridge fund totaling \$1,619,678.

**Committed Fund Balance**

The County's committed fund balance is the portion of the fund balance that may only be established and modified by a formal action of the Commissioners' Court. The County's committed fund balance as of December 31, 2024, is comprised of the following:

Commitment	Amount
Capital projects	\$ 799,780
Other nonmajor commitments	742,069
Total Committed Fund Balance	\$ <u>1,541,849</u>

**Order of Fund Balance Spending Policy**

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

**Minimum Fund Balance Policy**

The County does not utilize a minimum fund balance policy.

**Proprietary Funds**

**Enterprise Funds**

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurements similar to the private sector.

*Stephens County Airport Fund* – operating revenue results from hangar charges and the sale of fuel.

**Fiduciary Funds**

The County reports the following fiduciary fund types:

*Custodial Funds* – accounts for assets the County holds on behalf of others as their agent. They are custodial in nature (assets equal liabilities), and the County is responsible for administering or disbursing the funds in accordance with legal requirements, agreements, or court orders.

**STEPHENS COUNTY, TEXAS**  
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**Measurement Focus/Basis of Accounting**

In the government-wide financial statements, both governmental and business-type activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. 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 are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based on the expenditures recorded and the availability criteria. On the other hand, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

**Budget**

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

The County Treasurer submits an annual budget to the County Commissioners in accordance with the County Charter. In September, the County Commissioners adopted annual fiscal year budgets for specified County funds. Budgets for the general fund are adopted on a basis consistent with U.S. generally accepted accounting principles.

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

**Cash and Cash Equivalents**

Cash and cash equivalents reflected in the financial statements include petty cash, cash in banks, and state investment pools. Petty cash amounts are maintained in various County offices for the purposes of collections of payments made to the County.

For the purpose of reporting cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

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**Property Tax Calendar**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

**Capital Assets**

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

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 and an estimated life for more the 2 years is used to report capital assets.

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

Asset Class	Estimated Useful Lives
Buildings	10-40
Building improvements	10-40
Vehicles	5
Equipment	10
Technology equipment	5
Infrastructure	40

**Fund Financial Statements**

In the fund financial statements, capital assets from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**Long-Term Debt**

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

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

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**Equity Classification**

**Government-Wide Statements**

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

*Net invested in capital assets* – consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

*Restricted net position* – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position as of December 31, 2024, represents funds restricted for debt service.

*Unrestricted net position* – all other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

It is the County’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Fund Financial Statements**

Governmental fund equity is classified as fund balance.

**Recent Accounting Pronouncements**

*Adopted*

**GASB Statement No. 100**

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, which enhances accounting and financial reporting requirements and accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The County adopted this statement during the year ended December 31, 2024.

**GASB Statement No. 101**

In June 2022, the GASB issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The County adopted this statement during the year ended December 31, 2024.

**GASB Statement No. 103**

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements, which improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government’s accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The county early adopted this standard in fiscal year 2024 .

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*Not Adopted*

**GASB Statement No. 102**

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures, which provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

**GASB Statement No. 104**

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

The County will fully analyze the impact of this new Statement prior to the effective date.

**Use of Estimates**

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

**Subsequent Events**

Management has evaluated subsequent events through June 4, 2025, the date the financial statements were available to be issued.

**NOTE 3: LEGAL COMPLIANCE - BUDGETS**

The County's budgetary process requires that expending agencies of the County submit appropriation requests by mid-May of each year. After review by the budget officer and department heads, the requests are combined and submitted to the Commissioners' Court. In August, the proposed budget is filed with the County Clerk for public inspection at least fifteen days prior to hearings, which are open to the public. A final budget must be adopted prior to October 1. At the fund level, actual expenditures cannot exceed budgeted appropriations.

**NOTE 4: CASH AND INVESTMENTS**

Cash deposits at December 31, 2024, totaling \$3,176,787 (all funds), were in checking accounts during the year, which are allowable types of deposits. In addition to the \$250,000 insurance on accounts provided by Federal Deposit Insurance Corporation ("FDIC") regulations, securities in the amount of \$4,605,120 were pledged by the depository bank to secure all bank deposits and investments.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. On the date of the largest cash balance of the fiscal year, pledged securities were not sufficient to cover the total bank balance of \$9,547,314, of which \$1,872,845 was not covered. 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.

**STEPHENS COUNTY, TEXAS**  
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<b>Demand Deposit Accounts</b>	<b>Bank Balance</b>
Insured	\$ 250,000
Pledged securities	7,424,469
Uninsured and uncollateralized	1,872,845
Total Deposits	<u>\$ 9,547,314</u>

**Investments**

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

As of December 31, 2024, the County had no investments.

**Investment Policy**

The County has adopted the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Pools" ("Statement"). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost and that the changes in the fair value of investments be recognized as investment revenue. The Statement further provides that the County has the option of continuing to report certain investments at cost or amortized cost but must disclose its policy in that regard.

In accordance with the Statement, the County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report non-participating interest-earning investment contracts using the cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists that guarantees a higher value. The term "short-term" refers to investments that have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposits are examples of nonparticipating interest-earning investment contracts.

**Public Funds Investments Pools**

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to (1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its share.

The County's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one, which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**STEPHENS COUNTY, TEXAS**  
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**Investment Risks**

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. As of December 31, 2024, the County was not exposed to credit risk.

*Custodial credit risk* relates to deposits that are exposed to the risk that they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities, held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. As of December 31, 2024, the County was exposed to custodial credit risk.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of December 31, 2024, the County was not exposed to a concentration of credit risk.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. As of December 31, 2024, the County was not exposed to interest rate risk.

*Foreign currency risk* is the risk that exchange rates will adversely affect the fair value of an investment. As of December 31, 2024, the County was not exposed to foreign currency risk.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2024, follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Non-depreciable assets:				
Land	\$ 24,015	\$ -	\$ -	\$ 24,015
Depreciable assets:				
Buildings and improvements	10,258,124	90,187	-	10,348,311
Infrastructure	25,110,531	-	-	25,110,531
Furniture and equipment	6,909,787	1,858,081	(258,372)	8,509,496
Right of use assets- leases	45,615	23,983	-	69,598
Right of use assets- SBITAs	171,763	117,262	(4,174)	284,851
Total at historical cost	42,495,820	2,089,513	(262,546)	44,322,787
Less accumulated depreciation for:				
Buildings and improvements	(3,414,664)	(270,552)	-	(3,685,216)
Infrastructure – roads and bridges	(23,528,744)	(574,363)	-	(24,103,107)
Furniture and equipment	(4,059,036)	(496,491)	258,372	(4,297,155)
Right of use assets- leases	(24,130)	(18,994)	-	(43,124)
Right of use assets- SBITAs	(34,482)	(95,619)	4,174	(125,927)
Total accumulated depreciation	(31,061,056)	(1,456,019)	262,546	(32,254,529)
Governmental activity capital assets, net	\$ 11,458,779	\$ 633,494	\$ -	\$ 12,092,273

**STEPHENS COUNTY, TEXAS**  
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	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Non-depreciable assets:				
Land	\$ 14,302	\$ -	\$ -	\$ 14,302
Depreciable assets:				
Buildings and improvements	69,504	300,000	-	369,504
Infrastructure	986,055	-	-	986,055
Furniture and equipment	-	16,300	-	16,300
Total at historical cost	1,069,861	316,300	-	1,386,161
Less accumulated depreciation for:				
Buildings and improvements	(39,971)	(5,487)	-	(45,458)
Infrastructure	(623,473)	(28,586)	-	(652,059)
Furniture and equipment	-	(880)	-	(880)
Total accumulated depreciation	(663,444)	(34,953)	-	(698,397)
Business-type activity capital assets, net	\$ 406,417	\$ 281,347	\$ -	\$ 687,764

Depreciation and amortization expense was charged to functions as follows:

General government	\$ 283,089
Public recreation	48,407
Public safety	456,895
Road and bridge	667,628
Airport	34,953
	<u>\$ 1,490,972</u>

**NOTE 6: LONG-TERM OBLIGATIONS**

Long-term obligations consisted of the following as of December 31, 2024:

Governmental activities:

Certificates of obligation:

Certification of Obligation (series 2023) bearing interest at 6.175% due incrementally on February 15 of each year until February 2030.	4,720,000
Tax note (series 2019) bearing interest at 2.35% due incrementally on February 15 and August 15 of each year until February 15, 2026.	<u>200,000</u>
Total certificates of obligation	<u>\$ 4,920,000</u>

**STEPHENS COUNTY, TEXAS**  
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Business-type activities:

Long term debt:

Sales agreement with Breckenridge Aviation Museum bearing interest of 3% due annually on the second monday of October of each year until October 2026.

199,460

Total long term debt

\$ 199,460

Changes in long-term obligations for the year ended December 31, 2024, are as follows:

	January 1, 2024	Increases	Decreases	December 31, 2024	Amount Due Within One Year
Note payable	\$ -	\$ 307,500	\$ (108,040)	\$ 199,460	\$ 98,256
ROU leases	21,499	23,183	(17,864)	26,818	18,323
ROU SBITAs	76,397	48,028	(21,219)	103,206	69,224
Certificates of obligation	5,738,000	-	(818,000)	4,920,000	700,000
Total	<u>\$ 5,835,896</u>	<u>\$ 378,711</u>	<u>\$ (965,123)</u>	<u>\$ 5,249,484</u>	<u>\$ 885,803</u>

Interest expense on long-term obligations during the year ended December 31, 2024 totaled \$278,640.

Long-term debt arising from cash transactions and payable from governmental fund resources consisted of the following at December 31, 2023:

Leases payable:

The County has multiple copier leases with Hilliard Office Solutions, payable in monthly installments ranging from \$70 to \$600 including interest of 0.05% secured by equipment, and final payments due between August 31, 2025 and October 16, 2026.

\$ 12,425

The County has a phone system lease agreement with Spectrum Voip, payable in monthly installments of \$800 including interest of 0.05% secured by equipment, and final payment due June 1, 2026.

14,393

Total finance leases payable

\$ 26,818

Maturities of the leases payable are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total Requirement
2025	\$ 18,323	\$ 9	\$ 18,332
2026	<u>8,495</u>	<u>1</u>	<u>8,496</u>
	<u>\$ 26,818</u>	<u>\$ 10</u>	<u>\$ 26,828</u>

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Subscription-based information technology arrangements (SBITAs) payable:

The County entered into an arrangement with Tyler Technologies for \$152,002 dated October 1, 2023 for software, payable in payments due quarterly every year with an interest rate of 3.98%, final payment due December 31, 2027. \$ 49,986

The County entered into an agreement with Hyper-Reach for \$15,588 dated October 1, 2023 for emergency notification services, payable in annual payments due October 1 of every year with an interest rate of 4.86%, final payment due October 1, 2025. 5,192

The County entered into an agreement with Net Data for \$48,027 dated January 1, 2024 for software, payable in annual payments due January 1 of every year with an interest rate of 5.22%, final payment due January 1, 2025. 48,028

Total SBITAs payable \$ 103,206

Maturities of the SBITAs payable are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total Requirement
2025	\$ 69,224	\$ 4,584	\$ 73,808
2026	16,653	1,110	17,763
2027	<u>17,329</u>	<u>435</u>	<u>17,764</u>
	\$ <u>103,206</u>	\$ <u>6,129</u>	\$ <u>109,335</u>

Maturities of the certificates of obligation are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total Requirement
2025	\$ 700,000	\$ 276,460	\$ 976,460
2026	745,000	235,671	980,671
2027	790,000	190,190	980,190
2028	840,000	139,864	979,864
2029+	<u>1,845,000</u>	<u>115,627</u>	<u>1,960,627</u>
	\$ <u>4,920,000</u>	\$ <u>957,812</u>	\$ <u>5,877,812</u>

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**NOTE 7: LEASE RECEIVABLE**

The County leases a building and land with interests rates equal to the market rate at the time of the lease renewals. The County recognizes lease revenues of \$14,088 in the current fiscal year. Leases payments receivable from leases where the County is the lessor include the following:

Fiscal Year Ending December 31,	Principal	Interest	Total Requirement
2025	\$ 7,132	\$ 356	\$ 7,488
	<u>\$ 7,132</u>	<u>\$ 356</u>	<u>\$ 7,488</u>

**NOTE 8: FEDERAL/STATE SOURCE REVENUES**

The majority of the federal grant funds received are for the U.S. Department of the Treasury related to coronavirus relief and community development block grants from the U.S. Department of Housing and Urban Development. State grant funds received and recorded in the general fund are primarily for salary supplements and additional law enforcement personnel. These grant funds have been awarded and accounted for by the County.

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. See **NOTE 10** below for a description of deferred outflows of resources related to pension plans as of December 31, 2024.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. See **NOTE 10** below for a description of deferred inflows of resources related to pension plans as of December 31, 2024. Unavailable property taxes are also included as a deferred inflow on the fund statements as of December 31, 2024.

**NOTE 10: PENSION PLANS**

Pension Plan Description

The County provides pension, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system serving over participating counties and districts throughout Texas. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034, or by calling (800) 823-7782. TCDRS's ACFR is also available online at [www.tcdrs.org](http://www.tcdrs.org).

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

**STEPHENS COUNTY, TEXAS**  
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Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plan are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan.

**Benefits Provided**

At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit. Employees receive a month of service for each month that they make a deposit into their account. Members can retire at ages 60 and above with 10 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer. Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options.

As of the most recent measurement date, which was December 31, 2023, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	30
Active employees	61
Total participants	<u>127</u>

**Funding Policy**

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer, based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 12.0% for fiscal year 2023. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The annual pension cost for the TCDRS plan for its employees was \$281,037, and the actual contributions were \$281,037 for the year ended December 31, 2024.

**Net Pension Asset**

The net pension asset (NPA) is the difference between the total pension liability (TPL) and the plan's fiduciary net position. The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service. The fiduciary net position is determined on the same basis as the pension plans. The County's NPA was measured as of December 31, 2023, and the TPL used to calculate the NPA was determined by an actuarial valuation as of that date.

Total pension liability	\$ 14,697,939
Fiduciary net position	<u>(16,923,859)</u>
Net pension asset	<u>\$ (2,225,920)</u>

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**Actuarial Assumptions**

The demographic assumptions used in the December 31, 2023 valuation were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2023. All economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting, and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2023. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	
Overall payroll growth	4.70%	
Investment rate of return	7.50%	This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB Statement No. 68

Salary increases were based on a service-related table. Regarding mortality rates, for depositing members - 135% of the Pub-2010 General Employee Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employee Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010; for service retirees, beneficiaries, and non-depositing members – 135% of the PUB-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010; for disabled retirees – 160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The valuation assumption for the long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon. The most recent analysis was performed in March 2021.

**STEPHENS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

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

Asset Class	Target Allocation	Geometric Real Rate of Return (expected minus inflation)
US equities	11.50%	4.75%
Private equity	25.00%	7.75%
Global equities	2.50%	4.75%
International equities - developed	5.00%	4.75%
International equities - emerging	6.00%	4.75%
Investment-grade bonds	3.00%	2.35%
Strategic credit	9.00%	3.65%
Direct lending	16.00%	7.25%
Distressed debt	4.00%	6.90%
REIT equities	2.00%	4.10%
Master limited partnerships	2.00%	5.20%
Private real estate partnerships	6.00%	5.70%
Hedge funds	6.00%	3.25%

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

**Schedule of Changes in the Net Pension Liability**

Changes in the County's net pension liability presented below is calculated on the same basis as the plan.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Liability) Asset (a)-(b)
Balances as of December 31, 2022	\$ 14,147,180	\$ 15,672,044	\$ (1,524,864)
Changes for the year:			
Service cost	321,342	-	321,342
Interest on total pension liability	1,066,553	-	1,066,553
Effect of economic / demographic gains or losses	48,947	-	48,947
Effect of assumption changes or inputs	-	-	-
Refund of contributions	(33,672)	(33,672)	-
Benefit payments	(852,411)	(852,411)	-
Administrative expenses	-	(8,837)	8,837
Member contributions	-	163,939	(163,939)
Net investment income	-	1,718,005	(1,718,005)
Employer contributions	-	281,037	(281,037)
Other	-	(16,246)	16,246
Balances as of December 31, 2023	\$ 14,697,939	\$ 16,923,859	\$ (2,225,920)

**STEPHENS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease <u>(6.60%)</u>	Current Rate <u>(7.60%)</u>	1% Increase <u>(8.60%)</u>
Total pension liability	\$ 16,271,575	\$ 14,697,939	\$ 13,352,217
Fiduciary net position	<u>16,923,859</u>	<u>16,923,859</u>	<u>16,923,859</u>
Net pension liability (asset)	\$ <u>(652,284)</u>	\$ <u>(2,225,920)</u>	\$ <u>(3,571,642)</u>

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

For the year ended December 31, 2024, the County recognized total pension income of \$199,675.

As of December 31, 2024, the County reported on the statement of net position deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (12,103)	\$ -
Difference between projected and actual investment earnings	(720,743)	896,618
Changes in assumptions and other Inputs	(61,453)	33,336
Contributions made subsequent to measurement date	-	331,085
Total	\$ <u>(794,299)</u>	\$ <u>1,261,039</u>

Deferred outflows of resources related to contributions after the measurement date of \$331,085 will be recognized as an increase in the net pension asset for the year ending December 31, 2024. Remaining net deferred outflows (inflows) of resources related to pensions totaling \$135,655 will be recognized in pension expense (income) for the years ending December 31, 2025, 2026, and 2027 in the amounts of (\$116,490), \$351,219, and (\$99,074), respectively.

**NOTE 11: RISK MANAGEMENT AND UNCERTAINTIES**

The County's risks of significant losses from auto and property damage and general, law enforcement, and public official liability are covered by participation in the Texas Association of Counties (TAC) Risk Management Pool. Coverage with TAC is handled like commercial insurance by both parties. There have been no significant reductions in insurance coverage for the current year.

**STEPHENS COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024

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**NOTE 12: INTERFUND TRANSACTIONS**

Transfers:

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Capital project fund	\$ 29,157
Road and bridge fund	General fund	220,682
Capital projects fund	General fund	2,800
Capital projects fund	Road and bridge fund	296,434
Capital projects fund	Airport fund	11,189
Other nonmajor funds	General fund	15,000
Road and bridge fund	Capital projects fund	131,520
Airport fund	Governmental fund	36,895
		<u>\$ 743,677</u>

**NOTE 13: TAX ABATEMENTS**

Stephens County negotiates property tax abatement agreements with local businesses on an individual basis. All agreements are negotiated under state law (Chapter 312 of the Texas Tax Code, "Property Redevelopment and Tax Abatement Act"), which allows the County to abate property taxes to any business located inside or outside Stephens County to promote the development/redevelopment of certain contiguous geographic areas within its jurisdiction. Stephens County may grant abatements of up to 100 percent of annual property tax values.

As of December 31, 2024, Stephens County had no tax abatement agreements.

**NOTE 14: DEFICIT FUND EQUITY**

The general fund ended with a deficit balance of (\$1,594,531) as of December 31, 2024. Transfers from the other funds could potentially be made available to reduce or eliminate the general fund deficit balance.

**NOTE 15: PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment totaling \$37,727 was recorded to reflect grant funds not previously reported by the County in the airport fund.

A prior period adjustment totaling \$245,440 was recorded to relect grants funds not previously reported by the County in the road and bridge fund.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**STEPHENS COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended December 31, 2024

	Budgeted Amounts		Variance with Original Budget over (under) Final Budget	Actual Amount (Budgetary Basis)	Variance with Final Budget over (under) Actual Amounts
	Original	Final			
Beginning Budgetary Fund Balance	\$ 503,255	\$ (106,788)	\$ (610,043)	\$ (1,327,021)	\$ (1,220,233)
Resources (Inflows):					
Taxes:					
Property tax	4,697,315	4,697,315	-	4,755,461	58,146
Other tax	14,000	14,000	-	16,017	2,017
Total taxes	4,711,315	4,711,315		4,771,478	60,163
Grant Revenue	517,200	517,200	-	472,938	(44,262)
License and fees	254,900	254,900	-	377,313	122,413
Miscellaneous:					
Interest income	17,400	17,400	-	96,036	78,636
Royalty income	80,000	80,000	-	54,068	(25,932)
Miscellaneous	178,000	178,000	-	304,385	126,385
Total miscellaneous	275,400	275,400		454,489	179,089
Transfers In	234,000	234,000	-	238,482	4,482
Amounts available for appropriation	5,992,815	5,992,815	-	6,314,700	321,885
Charges to Appropriations (Outflows):					
General government	2,603,475	2,603,475	-	2,914,052	(310,577)
County judge	135,426	135,426	-	137,225	(1,799)
County clerk	100,556	100,556	-	96,409	4,147
Veteran service office	17,094	17,094	-	17,950	(856)
District clerk	99,116	99,116	-	105,011	(5,895)
Justice of the peace	90,250	90,250	-	90,609	(359)
Elections	60,144	76,299	(16,155)	94,479	(18,180)
County attorney	282,208	282,208	-	285,008	(2,800)
Treasurer	93,432	93,432	-	88,644	4,788
Tax collector	94,762	94,762	-	101,015	(6,253)
Building maintenance	85,200	85,200	-	92,326	(7,126)
Constable	119,710	119,710	-	96,868	22,842
Sheriff	1,849,342	1,849,342	-	1,900,491	(51,149)
Juvenile probation	79,780	79,780	-	119,995	(40,215)
Mental health	47,880	47,880	-	62,240	(14,360)
County agents	75,100	75,100	-	77,959	(2,859)
Jury	21,275	21,275	-	34,263	(12,988)
District judge	40,405	40,405	-	50,409	(10,004)
Court reporter	39,185	39,185	-	67,557	(28,372)
District attorney	107,725	107,725	-	120,543	(12,818)
Transfers Out	-	-		29,157	(29,157)
Total charges to appropriations	6,042,065	6,058,220	(16,155)	6,582,210	(523,990)
Ending Budgetary Fund Balance	\$ 454,005	\$ (172,193)	\$ (593,888)	\$ (1,594,531)	\$ (1,422,338)

**RECONCILIATION TO GAAP BASIS**

Total Fund Balance GAAP basis \$ (1,594,531)

**STEPHENS COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ROAD AND BRIDGE FUND**  
For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Variance with Original Budget over (under) Final Budget</u>	<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>			
Beginning Budgetary Fund Balance	\$ 1,046,257	\$ 865,283	\$ (180,974)	\$ 1,013,958	\$ 148,675
Prior period adjustment				245,440	245,440
Beginning Budgetary Fund Balance (as restated)	1,046,257	865,283	(180,974)	1,259,398	394,115
Resources (Inflows):					
Property taxes	1,025,024	1,025,024	-	780,906	(244,118)
License and fees	483,200	483,200	-	634,396	151,196
Grants	-	-	-	279,169	279,169
Miscellaneous revenue	20,000	20,000	-	109,588	89,588
Transfers In	36,500	36,500	-	296,434	259,934
Total available for appropriation	1,564,724	1,564,724	(180,974)	2,100,493	535,769
Charges to Appropriations (Outflows):					
Combined precincts	1,549,924	1,549,924	-	1,388,011	161,913
Transfers Out	-	-	-	352,202	(352,202)
Total charges to appropriations	1,549,924	1,549,924	-	1,740,213	(190,289)
Ending Budgetary Fund Balance	\$ <u>1,061,057</u>	\$ <u>880,083</u>	\$ <u>(180,974)</u>	\$ <u>1,619,678</u>	\$ <u>739,595</u>

**RECONCILIATION TO GAAP BASIS**

Total Fund Balance GAAP basis \$ 1,619,678

**STEPHENS COUNTY, TEXAS**  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
For the Year Ended December 31, 2024

**Note A - Basis of Accounting**

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

**Note B - Actual Budget Results**

	<u>General Fund over (under)</u>	<u>Road and Bridge Fund over (under)</u>
<b>BUDGETARY REVENUES</b>		
Differences - final budget to actual:		
The County actual amounts are high than the final budget due to proceeds received from the sale of capital assets.	\$ 29,157	\$ 71,383
<b>BUDGETARY EXPENDITURES</b>		
Differences - final budget to actual:		
General fund expenditures were over budget due to an increase in the interest paid in the current year.	\$ 259,309	\$ -
Road and bridge expenditures were over budget due to a increase in the road materials across multiple precincts.	-	262,000
Differences - original budget to actual:		
Elections expenses increase due to the hiring of new elections administrator and additional costs associated with training elections workers.	\$ 16,155	\$ -

**STEPHENS COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS - PENSION PLAN**  
For the Last Ten Fiscal Years \*

	Measurement Date 12/31/2023	Measurement Date 12/31/2022	Measurement Date 12/31/2021	Measurement Date 12/31/2020	Measurement Date 12/31/2019	Measurement Date 12/31/2018	Measurement Date 12/31/2017	Measurement Date 12/31/2016
Total Pension Liability:								
Service cost	\$ 321,342	\$ 273,381	\$ 276,698	\$ 276,076	\$ 251,174	\$ 267,918	\$ 282,282	\$ 284,960
Interest on total pension liability	1,066,553	1,048,139	1,024,324	1,008,554	979,988	990,468	954,773	902,308
Effect of plan changes	-	-	-	-	-	-	-	-
Effect of assumption or plan changes	-	-	(88,890)	638,707	51,843	(525,337)	(162,451)	11,204
Effect of economic / demographic (gains) or losses	48,947	(225,658)	44,268	37,396	-	-	104,739	-
Benefit payments / refunds of contributions	(886,084)	(916,428)	(962,190)	(907,149)	(1,001,490)	(695,839)	(751,679)	(637,209)
Net change in total pension liability	550,758	179,434	294,210	1,053,584	281,515	37,210	427,664	561,263
Total pension liability, beginning	14,147,181	13,967,747	13,673,537	12,619,953	12,338,438	12,301,228	11,873,564	11,312,301
Total pension liability, ending (a)	14,697,939	14,147,181	13,967,747	13,673,537	12,619,953	12,338,438	12,301,228	11,873,564
Fiduciary Net Position:								
Employer contributions	281,037	282,754	242,299	256,012	250,913	254,009	253,328	266,134
Member contributions	163,939	164,940	141,342	149,340	146,366	148,170	147,774	155,241
Investment income net of investment expenses	1,718,005	(966,445)	3,145,420	1,417,511	2,026,759	(243,464)	1,683,590	806,459
Benefit payments / refunds of contributions	(886,084)	(916,428)	(962,190)	(907,149)	(1,001,490)	(695,839)	(751,679)	(637,209)
Administrative expenses	(8,837)	(9,184)	(9,288)	(10,700)	(10,464)	(9,910)	(8,574)	(8,758)
Other	(16,245)	(51,646)	(12,364)	(13,489)	(18,774)	(7,454)	(4,779)	83,280
Net change in fiduciary net position	1,251,815	(1,496,009)	2,545,219	891,525	1,393,310	(554,488)	1,319,660	665,147
Fiduciary net position, beginning	15,672,044	17,168,053	14,622,834	13,731,309	12,337,999	12,892,487	11,572,827	10,907,680
Fiduciary net position, ending (b)	16,923,859	15,672,044	17,168,053	14,622,834	13,731,309	12,337,999	12,892,487	11,572,827
Net pension liability (asset), ending ((a) - (b))	\$ (2,225,920)	\$ (1,524,863)	\$ (3,200,306)	\$ (949,297)	\$ (1,111,356)	\$ 439	\$ (591,259)	\$ 300,737
Fiduciary net position as a % of total pension liability	115.14%	110.78%	122.91%	106.94%	108.81%	100.00%	104.81%	97.47%
Pensionable covered payroll	\$ 2,341,979	\$ 2,356,291	\$ 2,019,166	\$ 2,133,432	\$ 2,090,937	\$ 2,116,713	\$ 2,111,060	\$ 2,217,727
Net pension liability / (asset) as a % of covered payroll	-95.04%	-64.71%	-158.50%	-44.50%	-53.15%	0.02%	-28.01%	13.56%

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

**STEPHENS COUNTY, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS - PENSION PLAN**  
For the Last Ten Fiscal Years

Period Ending December 31, (Measurement Date)	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 220,660	\$ 278,142	\$ (57,482)	\$ 2,317,852	12.00%
2015	199,919	283,909	(83,990)	2,365,911	12.00%
2016	176,975	266,134	(89,159)	2,217,727	12.00%
2017	162,340	253,328	(90,988)	2,111,060	12.00%
2018	155,578	254,009	(98,431)	2,116,713	12.00%
2019	136,120	250,913	(114,793)	2,090,937	12.00%
2020	99,845	256,012	(156,167)	2,133,432	12.00%
2021	87,632	242,299	(154,667)	2,019,166	12.00%
2022	145,148	282,754	(137,606)	2,356,285	12.00%
2023	109,370	281,037	(171,667)	2,341,979	12.00%

**Notes to Schedule of Contributions:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/23 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service with a 4.7% average over career including inflation
Investment Rate of Return	7.50%, net of administrative investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% pf the Pub-2010 General Retirees Table for males and 102% of the Pub-2010 General Retirees Table for females both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions were reflected. 2022: New inflation, return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected in the Schedule 2019: No changes in plan provisions were reflected in the Schedule 2020: No changes in plan provisions were reflected in the Schedule 2021: No changes in plan provisions were reflected in the Schedule 2022: No changes in plan provisions were reflected in the Schedule 2023: No changes in plan provisions were reflected in the Schedule

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

SUPPLEMENTARY INFORMATION – COMBINING FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS

**STEPHENS COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2024

	Court Facility Fee	Language Access	CO Dispute Resolution	CT Initiated Guardianship	Public Probate Admin	JP Time Payment	DC Time Payment	Law Library	Courthouse Security	CO Time Payment	District Clerk	CO Records Management
<b>ASSETS</b>												
Cash and cash equivalents	\$ 10,805	\$ 2,087	\$ 9,861	\$ 2,960	\$ 1,450	\$ 446	\$ 1,119	\$ 19,807	\$ 45,666	\$ 6,129	\$ 5,337	\$ 310,952
Other assets												3,317
Total Assets	<u>\$ 10,805</u>	<u>\$ 2,087</u>	<u>\$ 9,861</u>	<u>\$ 2,960</u>	<u>\$ 1,450</u>	<u>\$ 446</u>	<u>\$ 1,119</u>	<u>\$ 19,807</u>	<u>\$ 45,666</u>	<u>\$ 6,129</u>	<u>\$ 5,337</u>	<u>\$ 314,269</u>
<b>FUND BALANCE</b>												
Fund Balances:												
Restricted	<u>\$ 10,805</u>	<u>\$ 2,087</u>	<u>\$ 9,861</u>	<u>\$ 2,960</u>	<u>\$ 1,450</u>	<u>\$ 446</u>	<u>\$ 1,119</u>	<u>\$ 19,807</u>	<u>\$ 45,666</u>	<u>\$ 6,129</u>	<u>\$ 5,337</u>	<u>\$ 314,269</u>
Total Fund Balance	<u>10,805</u>	<u>2,087</u>	<u>9,861</u>	<u>2,960</u>	<u>1,450</u>	<u>446</u>	<u>1,119</u>	<u>19,807</u>	<u>45,666</u>	<u>6,129</u>	<u>5,337</u>	<u>314,269</u>
Total Liabilities and Fund Balance	<u>\$ 10,805</u>	<u>\$ 2,087</u>	<u>\$ 9,861</u>	<u>\$ 2,960</u>	<u>\$ 1,450</u>	<u>\$ 446</u>	<u>\$ 1,119</u>	<u>\$ 19,807</u>	<u>\$ 45,666</u>	<u>\$ 6,129</u>	<u>\$ 5,337</u>	<u>\$ 314,269</u>

**STEPHENS COUNTY, TEXAS**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
December 31, 2024

	CO Clerk Rec Management	Dist Clerk Record Management	JP Court Tech	Court Reporter SVC	CO Family Protection	Veterans War Memorial	CO & DIST CT Tech	CO CT Records Preserv	Land Lease	State & Civil Fees	Total Nonmajor Governmental Funds
<b>ASSETS</b>											
Cash and cash equivalents	\$ 197,480	\$ 1,872	\$ 10,723	\$ 26,712	\$ 9,599	\$ (4,620)	\$ 28,463	\$ 1,639	\$ 20,167	\$ 26,577	\$ 735,231
Other assets	3,519										6,836
Total Assets	<u>\$ 200,999</u>	<u>\$ 1,872</u>	<u>\$ 10,723</u>	<u>\$ 26,712</u>	<u>\$ 9,599</u>	<u>\$ (4,620)</u>	<u>\$ 28,463</u>	<u>\$ 1,639</u>	<u>\$ 20,167</u>	<u>\$ 26,577</u>	<u>\$ 742,067</u>
<b>FUND BALANCE</b>											
Fund Balances:											
Restricted	<u>\$ 200,999</u>	<u>\$ 1,872</u>	<u>\$ 10,723</u>	<u>\$ 26,712</u>	<u>\$ 9,599</u>	<u>\$ (4,620)</u>	<u>\$ 28,463</u>	<u>\$ 1,639</u>	<u>\$ 20,167</u>	<u>\$ 26,577</u>	<u>\$ 742,067</u>
Total Fund Balance	<u>200,999</u>	<u>1,872</u>	<u>10,723</u>	<u>26,712</u>	<u>9,599</u>	<u>(4,620)</u>	<u>28,463</u>	<u>1,639</u>	<u>20,167</u>	<u>26,577</u>	<u>742,067</u>
Total Liabilities and Fund Balance	<u>\$ 200,999</u>	<u>\$ 1,872</u>	<u>\$ 10,723</u>	<u>\$ 26,712</u>	<u>\$ 9,599</u>	<u>\$ (4,620)</u>	<u>\$ 28,463</u>	<u>\$ 1,639</u>	<u>\$ 20,167</u>	<u>\$ 26,577</u>	<u>\$ 742,067</u>

**STEPHENS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2024

	Court Facility Fee	Language Access	CO Dispute Resol	CT Initiated Guardianship	Public Probate Admin	JP Time Payment	DC Time Payment	Law Library	Courthouse Security	CO Time Payment	District Clerk	CO Records Management
REVENUES:												
Fines and forfeitures	\$ 4,070	\$ 1,120	\$ 3,903	\$ 1,100	\$ 550	\$ 39	\$ 45	\$ 7,123	\$ 5,113	\$ 339	\$ 1,391	\$ 31,166
Other revenue												
Total Revenues	<u>4,070</u>	<u>1,120</u>	<u>3,903</u>	<u>1,100</u>	<u>550</u>	<u>39</u>	<u>45</u>	<u>7,123</u>	<u>5,113</u>	<u>339</u>	<u>1,391</u>	<u>31,166</u>
EXPENDITURES:												
Current:												
General government								3,882				
Public safety									2,858			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,882</u>	<u>2,858</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) Revenues Over	<u>4,070</u>	<u>1,120</u>	<u>3,903</u>	<u>1,100</u>	<u>550</u>	<u>39</u>	<u>45</u>	<u>3,241</u>	<u>2,255</u>	<u>339</u>	<u>1,391</u>	<u>31,166</u>
OTHER FINANCING SOURCES (USES):												
Transfers in (out)												
Excess (Deficit) Revenues and Other Financing Sources (Uses) Over Expenditures and Financing Uses	<u>4,070</u>	<u>1,120</u>	<u>3,903</u>	<u>1,100</u>	<u>550</u>	<u>39</u>	<u>45</u>	<u>3,241</u>	<u>2,255</u>	<u>339</u>	<u>1,391</u>	<u>31,166</u>
Fund Balance, Beginning	<u>6,735</u>	<u>967</u>	<u>5,958</u>	<u>1,860</u>	<u>900</u>	<u>407</u>	<u>1,074</u>	<u>16,566</u>	<u>43,411</u>	<u>5,790</u>	<u>3,946</u>	<u>283,103</u>
Fund Balance, End of Year	<u>\$ 10,805</u>	<u>\$ 2,087</u>	<u>\$ 9,861</u>	<u>\$ 2,960</u>	<u>\$ 1,450</u>	<u>\$ 446</u>	<u>\$ 1,119</u>	<u>\$ 19,807</u>	<u>\$ 45,666</u>	<u>\$ 6,129</u>	<u>\$ 5,337</u>	<u>\$ 314,269</u>

**STEPHENS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
For the Year Ended December 31, 2024

	CO Clerk Rec Management	Dist Clerk Record Management	JP Court Tech	Court Reporter SVC	CO Family Protection	Veterans War Memorial	CO & DIST CT Tech	CO CT Records Presv	Land Lease	American Rescue Plan	State & Civil Fees	Total Nonmajor Governmental Funds
REVENUES:												
Fines and forfeitures	\$ 25,560	\$ 108	\$ 1,117	\$ 5,170	\$ 87	\$	\$ 671	\$	\$	\$	\$ 67,554	\$ 156,226
Other revenue									7,488			7,488
Total Revenues	25,560	108	1,117	5,170	87	-	671	-	7,488	-	67,554	163,714
EXPENDITURES:												
Current:												
General government		595				1,750						6,227
Public safety			217								70,691	73,766
Total Expenditures	-	595	217	-	-	1,750	-	-	-	-	70,691	79,993
Excess (Deficit) Revenues Over Expenditures	25,560	(487)	900	5,170	87	(1,750)	671	-	7,488	-	(3,137)	83,721
OTHER FINANCING SOURCES (USES):												
Transfers in (out)										(15,000)		(15,000)
Excess (Deficit) Revenues and Other Financing Sources (Uses) Over Expenditures and Financing Uses	25,560	(487)	900	5,170	87	(1,750)	671	-	7,488	(15,000)	(3,137)	68,721
Fund Balance, Beginning	175,439	2,359	9,823	21,542	9,512	(2,870)	27,792	1,639	12,679	15,000	29,714	673,346
Fund Balance, End of Year	\$ 200,999	\$ 1,872	\$ 10,723	\$ 26,712	\$ 9,599	\$ (4,620)	\$ 28,463	\$ 1,639	\$ 20,167	\$ -	\$ 26,577	\$ 742,067

SUPPLEMENTARY INFORMATION – COMBINING FINANCIAL STATEMENTS  
FIDUCIARY FUNDS

**STEPHENS COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION -**  
**CUSTODIAL FUNDS**  
December 31, 2024

	<u>Beer Fund</u>	<u>Property Tax Fund</u>	<u>District Clerk Fund</u>	<u>County Clerk Fund</u>	<u>Justice of the Peace Fund</u>	<u>Sheriff Inmate Fund</u>	<u>Extradition Fund</u>
ASSETS:							
Cash and cash equivalents	\$ <u>60</u>	\$ <u>118,286</u>	\$ <u>403,314</u>	\$ <u>9,525</u>	\$ <u>6,373</u>	\$ <u>1,484</u>	\$ <u>2,975</u>
Total Assets	<u>60</u>	<u>118,286</u>	<u>403,314</u>	<u>9,525</u>	<u>6,373</u>	<u>1,484</u>	<u>2,975</u>
NET POSITION:							
Restricted for agencies	\$ <u>60</u>	\$ <u>118,286</u>	\$ <u>403,314</u>	\$ <u>9,525</u>	\$ <u>6,373</u>	\$ <u>1,484</u>	\$ <u>2,975</u>

**STEPHENS COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION -**  
**CUSTODIAL FUNDS (CONTINUED)**  
December 31, 2024

	Jail Profit Fund	Unclaimed Property Fund	Sheriff Fed. Forfeiture Fund	Sheriff Lease Fund	Sheriff Forfeiture Account	Constable LEOSE Account	Total Custodial Funds
ASSETS:							
Cash and cash equivalents	\$ 17,606	\$ 305,205	\$ 1,006	\$ 3,207	\$ 1,262	\$ 4,893	\$ 875,196
Total Assets	<u>17,606</u>	<u>305,205</u>	<u>1,006</u>	<u>3,207</u>	<u>1,262</u>	<u>4,893</u>	<u>875,196</u>
NET POSITION:							
Restricted for agencies	\$ <u>17,606</u>	\$ <u>305,205</u>	\$ <u>1,006</u>	\$ <u>3,207</u>	\$ <u>1,262</u>	\$ <u>4,893</u>	\$ <u>875,196</u>

**STEPHENS COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -**  
**CUSTODIAL FUNDS**  
For the Year Ended December 31, 2024

	Beer Fund	Property Tax Fund	Votor Registration Fund	District Clerk Fund	County Clerk Fund	Justice of the Peace Fund	Sheriff Inmate Fund	Extradition Fund
ADDITIONS:								
Private contributions	\$ 3,195	\$ 20,878,764	\$	\$ 523,926	\$ 137,016	\$ 95,014	\$ 61,143	\$
Interest income		1,116		281	192	124		
Transfer in from general								
Total Additions	<u>3,195</u>	<u>20,879,880</u>	<u>-</u>	<u>524,207</u>	<u>137,208</u>	<u>95,138</u>	<u>61,143</u>	<u>-</u>
DEDUCTIONS								
Administrative expenses	3,135	21,391,670	6,936	404,511	137,179	90,941	61,613	
Recipient payments								
Transfer to general					192	124		
Total Deductions	<u>3,135</u>	<u>21,391,670</u>	<u>6,936</u>	<u>404,511</u>	<u>137,371</u>	<u>91,065</u>	<u>61,613</u>	<u>-</u>
Net increase (decrease) in fiduciary net position	60	(511,790)	(6,936)	119,696	(163)	4,073	(470)	-
Net position, beginning	<u>-</u>	<u>630,076</u>	<u>6,936</u>	<u>283,618</u>	<u>9,688</u>	<u>2,300</u>	<u>1,954</u>	<u>2,975</u>
Net position, ending	<u>\$ 60</u>	<u>\$ 118,286</u>	<u>\$ -</u>	<u>\$ 403,314</u>	<u>\$ 9,525</u>	<u>\$ 6,373</u>	<u>\$ 1,484</u>	<u>\$ 2,975</u>

**STEPHENS COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -**  
**CUSTODIAL FUNDS (CONTINUED)**  
For the Year Ended December 31, 2024

	Jail Profit Fund	Restitution Account J. Stueart	Unclaimed Property Fund	Sheriff Fed. Forfeiture Fund	Sheriff Lease Fund	Sheriff Forfeiture Account	Constable LEOSE Account	Total Custodial Funds
ADDITIONS:								
Private contributions	\$ 15,664	\$ 111	\$ 1,201,678	\$	\$ 3,373	\$	\$ 1,787	\$ 22,921,671
Interest income			3,260				110	5,083
Transfer in from general			54,126					54,126
Total Additions	15,664	111	1,259,064	-	3,373	-	1,897	22,980,880
DEDUCTIONS								
Administrative expenses	15,170		26,407		900	4,611	365	22,143,438
Recipient payments		996						996
Transfer to general			1,229,042					1,229,358
Total Deductions	15,170	996	1,255,449	-	900	4,611	365	23,373,792
Net increase (decrease) in fiduciary net position	494	(885)	3,615	-	2,473	(4,611)	1,532	(392,912)
Net position, beginning	17,112	885	301,590	1,006	734	5,873	3,361	1,268,108
Net position, ending	\$ 17,606	\$ -	\$ 305,205	\$ 1,006	\$ 3,207	\$ 1,262	\$ 4,893	\$ 875,196

## INTERNAL CONTROL SECTION

June 4, 2025

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

**Independent Auditor's Report**

Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Stephens County, Texas as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Stephens County, Texas' basic financial statements, and have issued our report thereon dated June 4, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Stephens County, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stephens County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Stephens County, Texas's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Stephens County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024-001.

## **Stephen's County, Texas's Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Stephens County, Texas'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.

A handwritten signature in dark ink that reads "Condley and Company, L.L.P." in a cursive, flowing script.

Certified Public Accountants

**STEPHENS COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
December 31, 2024

**SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

A. Type of Report Issued on the Financial Statements

The Independent Auditor's Report on the financial statements of Stephens County, Texas as of and for the year ended December 31, 2024, was an unmodified opinion.

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

The audit of the financial statements of Stephens County, Texas as of and for the year ended December 31, 2024, disclosed no material weakness in internal control.

C. Noncompliance Material to the Financial Statements

The audit disclosed one instance of noncompliance which is material to the financial statements of Stephens County, Texas as of and for the year ended December 31, 2024.

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

A. Compliance Findings

2024-001

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

*Condition:* During the 2024 audit of cash balances, instances of uncollateralized deposits were discovered as stated in **Note 4** of the Notes to Financial Statements. Upon inquiry of management and during the confirmation process, it was discovered that the County did not have sufficient pledged securities to cover all bank deposits.

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

*Cause:* A large deposit outside the normal course of business caused the cash balance on the date of the largest balance to exceed the pledged securities balance.

*Recommendation:* We recommend the County monitor cash balanced daily to ensure the bank is aware if a deposit could cause the daily balance to exceed the pledged amounts.

*Views of responsible official and planned corrective actions:*

The County will monitor daily cash balances to ensure deposits are in compliance with the County's investment policy and the Public Funds Investment Act.