

NOLAN COUNTY, TEXAS

FINANCIAL STATEMENTS

AND

**INDEPENDENT AUDITOR'S
REPORT**

YEAR ENDED

SEPTEMBER 30, 2025



Roberts & McGee CPA

NOLAN COUNTY, TEXAS
CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds to the Statement of Activities	15
Statement of Fiduciary Net Position.....	16
Schedule of Changes in Fiduciary Net Position	17
Notes to Financial Statements.....	18
Required Supplemental Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	37
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Farm to Market Fund	38
Schedule of Pension Contributions.....	39
Notes to Schedule of Pension Contributions	40
Schedule of Changes in Net Pension Liability and Related Ratios.....	41
Other Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds.....	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	47

Single Audit Section:

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	52
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance.....	54
Schedule of Expenditures of Federal Awards.....	56
Notes to Schedule of Expenditures of Federal Awards	57
Schedule of Findings and Questioned Costs.....	58
Summary Schedule of Prior Year Findings and Questioned Costs	60

ROBERTS & MCGEE, CPA, PLLC

104 PINE STREET, SUITE 408
ABILENE, TEXAS 79601
(325) 701-9502

Stacey L McGee, CPA
stacey.mcgee@rm-cpa.net

Cara Hilbrich, CPA
cara.hilbrich@rm-cpa.net

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Nolan County, Texas** (the County) as of and for the year ended September 30, 2025, 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, each major fund and the aggregate remaining fund information of the County as of September 30, 2025, and the respective changes in the financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-9), budgetary comparison information (pages 37-38) and pension information (pages 39-41) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 combining nonmajor fund financial statements and the schedule of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2025, on our consideration of Nolan County, Texas's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nolan County, Texas' internal control over financial reporting and compliance.


Roberts & McGee, CPA, PLLC

Abilene, Texas
December 20, 2025

NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

As management of Nolan County, we offer readers of Nolan County's financial statements this narrative overview and analysis of the financial activities of the Nolan County for the fiscal year ended September 30, 2025.

Financial Highlights

Government-Wide Financial Statements

- The assets of Nolan County exceeded its liabilities at the close of the most recent fiscal year by \$37,217,419 (net position). Of this amount, \$16,366,618 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. \$1,809,407 of the County's equity is restricted for debt service, capital improvement, and special revenue funds, and \$19,041,394 is invested in capital assets, net of related debt.
- The County's total debt outstanding at September 30, 2025 is \$1,666,172.
- The total net position (*equity*) of the County increased by \$1,799,967 during the 2025 fiscal year.

Fund Financial Statements

- As of the close of the current fiscal year, Nolan County's governmental funds reported combined ending fund balances of \$16,255,615. Approximately 65% of the total fund balance amount, \$10,625,324 is unassigned and available for spending at the government's discretion.
- The fund balance in the general fund reflects a decrease of \$4,025,741 from the prior year. This decrease is mostly attributed to the decision by the Commissioners to refund over \$4 million in outstanding debt.
- At the end of the current fiscal year, restricted and assigned fund balance for debt service, capital improvement and special revenue funds was \$5,630,291, which is a decrease of \$290,700 from the prior year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Fund Financial Statements

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

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

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

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

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

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

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

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 42-51 of this report.

NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Nolan County, assets exceeded liabilities by \$37,217,419 at the close of the most recent fiscal year.

Nolan County's net position reflect its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is outstanding of \$19,041,394. Nolan County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Nolan County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Nolan County's Net Position

	Governmental Activities	
	2025	2024
Current assets	\$ 16,156,335	\$ 20,156,854
Restricted assets	1,973,334	3,475,401
Capital assets	20,507,734	19,801,196
Net pension asset	558,735	
Deferred outflows of resources	2,217,468	2,809,212
Total assets and deferred outflows of resources	41,413,606	46,242,663
Current liabilities	816,435	2,049,409
Long-term liabilities	1,435,340	5,078,467
Net pension liability		399,560
Deferred inflows of resources	1,944,412	3,297,775
Total liabilities and deferred inflows of resources	4,196,187	10,825,211
Net investment in capital assets	19,041,394	13,521,528
Restricted	1,809,407	2,322,207
Unrestricted	16,366,618	19,573,717
Total net position	\$ 37,217,419	\$ 35,417,452

The government's net position increased by \$1,799,967 during the current fiscal year.

NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Nolan County's Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,378,535	\$ 1,514,241
Operating Grants and Contributions	825,672	834,183
Capital Grants and Contributions	1,244,623	621,139
General Revenues		
Property and Other Taxes	13,689,264	14,368,109
Investment Income	878,078	1,319,476
Gain (loss) on disposal of assets	38,643	(18,487)
Miscellaneous Income	582,970	850,944
Total Revenues	<u>18,637,785</u>	<u>19,489,605</u>
 Expenses		
General Government	2,832,744	3,413,154
Judicial	2,116,565	1,799,150
Legal	781,570	925,358
Financial Administration	661,991	622,269
Public Facilities	1,339,253	1,263,427
Public Safety	5,217,447	5,218,444
Farm to Market	2,389,300	2,194,284
Health and Welfare	1,048,962	990,301
Extension Service	163,901	191,024
Interest on Long-term Debt	49,457	214,326
Intergovernmental	236,628	114,282
Total expenditures	<u>16,837,818</u>	<u>16,946,019</u>
 Increase in Net Position	1,799,967	2,543,586
 Net Position - Beginning of Year	<u>35,417,452</u>	<u>32,873,866</u>
 Net Position - End of Year	<u>\$ 37,217,419</u>	<u>\$ 35,417,452</u>

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

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

Governmental funds. The focus of Nolan County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Nolan County's

**NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Nolan County's governmental funds reported combined ending fund balances of \$16,255,615. Approximately 65 percent of this total amount, \$10,625,324 constitutes unassigned fund balance in the general fund, which is available for spending at the government's discretion.

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

Fund Budgetary Highlights

The original budget for the General Fund reflects a deficit of \$4,176,556 which would draw upon the fund balance. Budget amendments were made during the year, but the overall deficit remained unchanged. The actual expenditures were \$497,815 less than the final budgeted amounts, and actual revenues were \$874,662 less than was budgeted. The other financing sources and uses were \$527,662 over budget. This resulted in a favorable budget variance of \$150,815.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Nolan County's investment in capital assets for its governmental activities as of September 30, 2025, amounts to \$20,507,734 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure.

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

	Governmental Activities	
	2025	2024
Land and Construction in progress	\$ 113,975	\$ 173,155
Buildings and improvements	17,401,072	16,730,119
Furniture and equipment	2,913,975	2,874,356
Intangible right of use asset	78,712	23,566
Total	\$ 20,507,734	\$ 19,801,196

Current year additions to capital outlays amounted to \$2,218,545, and \$173,421 of capital assets were disposed of. Depreciation and amortization expense was \$1,446,632 for the year ended September 30, 2025.

Debt Administration

Long Term Obligations. At the end of the 2025 fiscal year, Nolan County had approximately \$1.7 million in outstanding long-term obligations.

**NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

	Governmental Activities	
	2025	2024
Bonds payable	\$ 1,384,000	\$ 7,593,000
Long-term leases	82,340	26,609
Compensated absences	199,832	124,478
 Total	 \$ 1,666,172	 \$ 7,744,087

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The M&O tax rate for the 2025-26 fiscal year is \$0.3290923 as compared to the prior year rate of \$0.3467399 per \$100 valuation. This rate will increase property taxes approximately 1.5% for the 2025-2026 fiscal year.
- The Farm to Market M&O rate for the 2025-26 fiscal year is \$0.0709494 as compared to the prior year rate of \$0.0747566 per \$100 valuation.
- The County's 2025-2026 fiscal year general fund revenue budget is \$13,588,144 which is a decrease of \$597,313 or 4.2% from the prior budget.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

NOLAN COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government Governmental Activities
ASSETS:	
Cash and cash equivalents	\$ 14,869,847
Investments	6,957
Receivables (net of allowance for uncollectible)	1,279,531
Restricted assets:	
Cash and cash equivalents	1,971,954
Investments	1,380
Noncurrent assets:	
Net pension asset	558,735
Nondepreciable capital assets	113,975
Depreciable capital assets, net of depreciation	20,393,759
TOTAL ASSETS	39,196,138
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows - pensions	2,217,468
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	41,413,606
LIABILITIES:	
Accounts payable	150,647
Accrued wages payable	434,956
Noncurrent liabilities:	
Due within one year	230,832
Due in more than one year	1,435,340
TOTAL LIABILITIES	2,251,775
DEFERRED INFLOWS OF RESOURCES:	
Unearned grant revenue	210,972
Pension related	1,733,440
TOTAL DEFERRED INFLOWS OF RESOURCES	1,944,412
NET POSITION:	
Net investment in capital assets	19,041,394
Restricted for debt service	1,059,720
Restricted for other purposes	749,687
Unrestricted	16,366,618
TOTAL NET POSITION	\$ 37,217,419

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

NOLAN COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Function/Program	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 2,832,744	\$ 275,630	\$ 24,801	\$	\$ (2,532,313)
Judicial	2,116,565	318,727	220,997		(1,576,841)
Legal	781,570				(781,570)
Financial administration	661,991	46,574			(615,417)
Public facilities	1,339,253	6,432		1,195,673	(137,148)
Public safety	5,217,447	253,142	512,287	48,950	(4,403,068)
Farm to market	2,389,300	478,030	65,142		(1,846,128)
Health and welfare	1,048,962		2,445		(1,046,517)
Extension service	163,901				(163,901)
Intergovernmental	236,628				(236,628)
Debt interest and other	49,457				(49,457)
Total Governmental Activities	16,837,818	1,378,535	825,672	1,244,623	(13,388,988)
Total Primary Government	\$ 16,837,818	\$ 1,378,535	\$ 825,672	\$ 1,244,623	(13,388,988)

General revenues:

Property taxes, levied for general purposes	9,618,570
Property taxes, levied for farm to market	2,008,088
Property taxes, levied for debt service	8,702
Hotel/Motel tax	543,389
Other taxes	1,510,515
Gain (loss) on disposal of assets	38,643
Other revenue	582,970
Investment earnings	878,078
Total general revenues	15,188,955
Change in net position	1,799,967
Net position - beginning of year (restated)	35,417,452
Net position - end of year	\$ 37,217,419

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

NOLAN COUNTY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Farm to Market Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	11,062,583	3,807,264	\$ -	\$ 14,869,847
Investments	4,139	2,818		6,957
Taxes receivable (net of allowance)	312,020	62,884		374,904
Other receivables (net of allowance)	742,577	35,080	126,970	904,627
Restricted assets				
Cash and cash equivalents			1,971,954	1,971,954
Investments			1,380	1,380
TOTAL ASSETS	<u>\$ 12,121,319</u>	<u>\$ 3,908,046</u>	<u>\$ 2,100,304</u>	<u>\$ 18,129,669</u>
LIABILITIES				
Accounts payable	111,416	38,874	\$ 357	150,647
Accrued wages payable	369,984	44,840	20,132	434,956
TOTAL LIABILITIES	<u>481,400</u>	<u>83,714</u>	<u>20,489</u>	<u>585,603</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	312,020	62,884		374,904
Unavailable revenue - fines and fees	702,575			702,575
Unavailable revenue - grants	-		210,972	210,972
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,014,595</u>	<u>62,884</u>	<u>210,972</u>	<u>1,288,451</u>
FUND BLANCE				
Restricted fund balance				
Enabling legislation			749,687	749,687
Retirement of long term debt			1,059,720	1,059,720
Assigned fund balances				
Farm to market		3,761,448		3,761,448
Other purposes			59,436	59,436
Unassigned fund balance	10,625,324			10,625,324
TOTAL FUND BALANCE	<u>10,625,324</u>	<u>3,761,448</u>	<u>1,868,843</u>	<u>16,255,615</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 12,121,319</u>	<u>\$ 3,908,046</u>	<u>\$ 2,100,304</u>	<u>\$ 18,129,669</u>

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

NOLAN COUNTY, TEXAS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds \$ 16,255,615

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position. 20,507,734

Certain assets, such as property taxes receivables, grants and fees, are not available to pay for current-period expenditures and are therefore deferred inflows in the governmental funds. Deferred inflows of resources recognized in the government-wide financial statements result in a net increase in net position. 1,077,479

Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. The net effect is a decrease in net position related to bonds payable (\$1,384,000), compensated absences (\$199,832), and long-term lease liability (\$82,340). (1,666,172)

Included in the items related to assets is the recognition of the County's deferred outflows of resources \$2,217,468, net pension asset \$558,735 and deferred inflow of resources (\$1,733,440). The net effect is to increase net position. 1,042,763

Net Position of Governmental Activities \$ 37,217,419

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

NOLAN COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Farm to Market Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	9,598,579	2,008,088	\$ 8,702	\$ 11,615,369
Hotel/Motel taxes			543,389	543,389
Other taxes	1,510,515			1,510,515
Licenses and permits	48,409	351,950		400,359
Intergovernmental	288,664	65,142	1,716,489	2,070,295
Fines and fees	791,859	126,080	188,037	1,105,976
Investment earnings	593,446	186,007	98,625	878,078
Rents and royalties	77,173			77,173
Other revenue	402,150	107,019	100,646	609,815
	<u>13,310,795</u>	<u>2,844,286</u>	<u>2,655,888</u>	<u>18,810,969</u>
EXPENDITURES:				
Current:				
General government	2,406,096		325,109	2,731,205
Judicial	2,025,511		200,103	2,225,614
Legal	708,468		123,312	831,780
Financial administration	711,062			711,062
Public facilities	1,069,162		14,801	1,083,963
Public safety	4,475,548		362,352	4,837,900
Farm to market		2,147,768		2,147,768
Health and welfare	1,052,862			1,052,862
Extension service	163,901			163,901
Intergovernmental	253,983			253,983
Debt service				
Debt principal	4,677,367		207,000	4,884,367
Interest expense	10,874		44,625	55,499
Capital outlay	302,864	483,476	1,432,205	2,218,545
Total Expenditures	<u>17,857,698</u>	<u>2,631,244</u>	<u>2,709,507</u>	<u>23,198,449</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(4,546,903)	213,042	(53,619)	(4,387,480)
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	450,123	-	(450,123)	
Proceeds from the issuance of leases	71,039			71,039
Total Other Financing Sources (Uses)	<u>521,162</u>		<u>(450,123)</u>	<u>71,039</u>
CHANGE IN FUND BALANCE	(4,025,741)	213,042	(503,742)	(4,316,441)
FUND BALANCE - BEGINNING	15,154,942	3,587,100	2,212,510	20,954,552
Adjustment to beginning fund balance	<u>(503,877)</u>	<u>(38,694)</u>	<u>160,075</u>	<u>(382,496)</u>
FUND BALANCE - ENDING	<u>10,625,324</u>	<u>\$ 3,761,448</u>	<u>\$ 1,868,843</u>	<u>\$ 16,255,615</u>

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

NOLAN COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net Change in Fund Balances - Governmental Funds \$ (4,316,441)

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

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays net of disposals is to increase net position. 2,218,545

Depreciation and amortization expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation and amortization. The net effect of current year depreciation and amortization expense is to decrease net position. (1,446,632)

Proceeds from the sale of capital assets is recorded as other financing sources in the fund financial statements but only the gain or loss from those proceeds is recorded in the government wide financial statement. The net effect of the net book value of these assets is a decrease in net position. (65,375)

Long term debt principal payments are expenditures in the fund financial statements, but they should be shown as decreases in long term debt in the government-wide financial statements. The net effect of recording the current year principal payments is to increase net position. 4,813,328

Certain expenditures for pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the District's pension expense must be recognized. These cause the change in net position to increase. The net effect is an increase in net position. 735,213

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting:

Decrease in unavailable revenue - property taxes	19,991
Decrease in unavailable fines and fees	(127,800)
Decrease in accrued interest payable	6,042
Increase in compensated absences	(36,904)
	(36,904)

Change in Net Position of Governmental Activities \$ 1,799,967

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

NOLAN COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

ASSETS	Custodial Funds
Cash and cash equivalents	\$ <u>5,403,424</u>
Total Assets	\$ <u><u>5,403,424</u></u>
LIABILITIES	
Accounts payable	\$ 58,649
Due to Others	<u>161,280</u>
Total Liabilities	<u><u>219,929</u></u>
NET POSITION	
Restricted for individuals, organizations and other governments	<u>5,183,495</u>
TOTAL NET POSITION	\$ <u><u>5,183,495</u></u>

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

NOLAN COUNTY, TEXAS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

		Custodial Funds
ADDITIONS		
Tax and fee collections for other governments	\$	7,142,845
Bond collections		364,513
Restitution collections		75,133
Inmate funds		278,687
Interest Income		19,599
Change in CD's held by District Court		2,236
Other collections		94,605
Total Additions		7,977,618
DEDUCTIONS		
Payments of tax and fees to others		3,595,206
Distribution of fees		11,770
Restitutions payments		74,913
Inmate funds		260,835
Distribution of bond payments		387,533
Funds held/distributed from forfeiture funds		96,290
Other deductions		35,696
Total Deductions		4,462,243
Change in net position		3,515,375
Net Position - beginning		1,571,468
Adjustment to beginning net position		96,652
Net Position - ending	\$	5,183,495

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

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Basis of Presentation

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

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

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

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

The county reports the following major governmental funds:

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

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

Governmental Funds:

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

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

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

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

Fiduciary Funds:

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

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

Measurement Focus and Basis of Accounting

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

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

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

C: Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

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

Property Taxes

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

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

Capital Assets

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

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

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

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

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Receivables and Payables

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

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

Compensated Absences

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

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

Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements

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

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

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Balance

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

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). The County had no nonspendable funds at September 30, 2025.

Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resources providers, or through enabling legislation. The County reported the following restricted fund balances at September 30, 2025:

Debt Service	\$	1,059,720
Records Management		202,213
Courthouse Security		89,387
Courthouse Technology		106,618
Forfeiture Funds		223,251
Juvenile Case Management		71,149
Election Contract Fund		2,090
Grant funds		45,511
Gifted Funds for Public Safety		9,468
	\$	1,809,407

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

Assigned – This classification includes amounts that are constrained by the County Commissioners’ intent to be used for a specific purpose but does not meet the criteria to be classified as restricted or committed. This intent can be expressed by the Commissioners or through the Commissioners delegating this responsibility to management through the budgetary process. The county reported the following assigned fund balances at September 30,2025:

Assigned Fund Balance:		
Jury Fund	\$	31,188
Law Library Fund		12,732
Hot Check Fund		15,516
Farm to Market Fund		3,761,448
	\$	3,820,884

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

Fund Balance Spending Policy

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

Minimum Fund Balance Policy

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

Interfund Activity

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

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

Use of Estimates

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

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Long-Term Debt

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

Pensions

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

Budgetary Information

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

Fair Value Measurements

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

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

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

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

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

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

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

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

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2: DEPOSITIS AND INVESTMENTS

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust within the County’s agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The County’s deposits as of September 30, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the County’s bank in the County’s name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the area of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy.

The policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the county to invest in (1) obligations of the US Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase, (6) bankers acceptance, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act with local policies.

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

Investments held by the County at September 30, 2025 consisted of the following:

Type of Investment	Fair Value	Credit Rating	Maturities Less Than One Year
TexPool-Investments	\$ 6,957	AAAm	\$ 6,957
TexPool-Restricted Investments	1,380	AAAm	1,380
Total Investments	<u>\$ 8,337</u>		<u>\$ 8,337</u>

In compliance with the Public Funds Investment Act, the county adopted a deposit and investment policy that addresses the following risks:

Custodial credit risk: Deposits. This is the risk that in the event of bank failure, the county’s deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2025 were covered by depository insurance or by pledged collateral held by the County’s agent bank in the County’s name.

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2: DEPOSTIS AND INVESTMENTS – continued

Custodial credit risk: Investments. This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possessions of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The County’s securities are all in securities backed by the United States of America and are not exposed to custodial credit risk.

Other credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPools’ investment policy allows the portfolio’s investment managers to only invest in obligations of the U.S. Governments, its agencies’ repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. As of September 30, 2024, TexPool’s investments credit quality rating was AAAM (Standard & Poor’s).

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

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

NOTE 3: RECEIVABLES

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

	General Fund	Farm to Market Fund	Nonmajor Governmental Funds	Total
Receivables				
Taxes	\$ 558,883	\$ 106,383	\$	\$ 665,266
Other	742,578	35,080	126,970	904,628
Total Gross Receivables	<u>1,301,461</u>	<u>141,463</u>	<u>126,970</u>	<u>1,569,894</u>
Less: Allowance for Uncollectible				
Taxes	<u>(246,864)</u>	<u>(43,499)</u>	<u></u>	<u>(290,363)</u>
Net Receivables	<u>\$ 1,054,597</u>	<u>\$ 97,964</u>	<u>\$ 126,970</u>	<u>\$ 1,279,531</u>

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

Governmental Activities	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
Capital assets not being depreciated				
Land	\$ 113,975	\$ -	\$ -	\$ 113,975
Construction in progress	59,180	1,489,868	(1,549,048)	-
Total capital assets not being depreciated	<u>173,155</u>	<u>1,489,868</u>	<u>(1,549,048)</u>	<u>113,975</u>
Capital assets being depreciated and amortized				
Buildings and improvements	27,242,289	1,549,048		28,791,337
Furniture and equipment	10,024,606	657,638	(162,113)	10,520,131
Intangible right of use asset	87,251	71,039	(11,308)	146,982
Total capital assets being depreciated and amortized	<u>37,354,146</u>	<u>2,277,725</u>	<u>(173,421)</u>	<u>39,458,450</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(10,512,170)	(878,095)		(11,390,265)
Furniture and equipment	(7,150,250)	(552,644)	96,738	(7,606,156)
Intangible right of use asset	(63,685)	(15,893)	11,308	(68,270)
Total accumulated depreciation and amortization	<u>(17,726,105)</u>	<u>(1,446,632)</u>	<u>108,046</u>	<u>(19,064,691)</u>
Governmental activities capital assets	<u>\$ 19,801,196</u>	<u>\$ 2,320,961</u>	<u>\$ (1,614,423)</u>	<u>\$ 20,507,734</u>

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

Governmental Activities:	
General government	\$ 129,439
Public facilities	302,413
Public safety	682,492
Farm to Market	332,288
	<u>\$ 1,446,632</u>

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5: LONG-TERM OBLIGATIONS

A summary of changes in long-term obligations at September 30, 2025 is as follows:

	Balance Oct. 1, 2024	Additions	Retirements	Balance Sept. 30, 2025	Due Within One Year
Governmental Activities:					
General obligations bonds	\$6,252,000		\$(4,868,000)	\$ 1,384,000	\$ 214,000
Long-term leases	27,668	71,039	(16,367)	82,340	16,832
Other Long-term Liabilities					
Compensated absences	162,928	36,904		199,832	
Total long-term obligation	<u>\$6,442,596</u>	<u>\$ 107,943</u>	<u>\$(4,884,367)</u>	<u>\$ 1,666,172</u>	<u>\$ 230,832</u>

A: Bonds Payable

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

During the year ended September 30 2022, the County issued refunding bonds of \$7,070,000 General Obligation Refunding Bond Series 2021 for the purposes of refunding \$4,285,000, General Obligation Bonds 2012 series and \$2,595,000, General Obligation Bonds Series 2013. These bonds were paid off during the year ended September 30, 2025.

The following are Certificates of Obligation bond issues outstanding at September 30, 2025:

	Interest Rate	Date of Issue	Date of Maturity	Bonds Outstanding
GO Refunding 2016	3%	2017	2031	1,384,000

Debt service requirements are as follows:

Year Ended September 30	Total Principal	Total Interest	Total Requirements
2026	\$ 214,000	\$ 38,310	\$ 252,310
2027	220,000	31,800	251,800
2028	227,000	25,095	252,095
2029	234,000	18,180	252,180
2030	241,000	11,055	252,055
2031	248,000	3,720	251,720
Total	<u>\$ 1,384,000</u>	<u>\$ 128,160</u>	<u>\$ 1,512,160</u>

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5: LONG-TERM OBLIGATIONS – continued

B: Long-term lease liabilities

Lease agreements under GASB 87 are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Imputed Interest Rate	Total Lease Liability	Balance at September 30, 2025
Copiers	8/15/2022	60 months	\$ 1,303	3.84%	71,039	\$ 67,801
Pitney Bowes Mail Machine	7/8/2024	20 quarters	\$ 1,090	6.00%	18,708	14,539
Total Liabilities for Leased Assets						<u>\$ 82,340</u>

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

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

Year Ending September 30	Principal	Interest
2026	\$ 16,832	\$ 3,165
2027	17,569	2,428
2028	18,340	1,656
2029	18,057	171
2030	11,542	185
	<u>\$ 82,340</u>	<u>\$ 7,605</u>

NOTE 6: RETIREMENT PLAN

Plan Description

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

Benefits Provided

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

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6: RETIREMENT PLAN – continued

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

Membership

County membership in the TCDRS plan at December 31, 2024 consisted of the following:

Inactive Employees Receiving Benefits		88
Inactive Employees Not Yet Receiving Benefits		79
		167
Current Employee's Accounts		167
Active Employee Accounts		128

Contributions

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

The rate the County contributed for the months of the accounting year in 2024 and 2025 were:

Contribution Rates and Amounts		
	2024	2025
Member	7.00%	7.00%
Employer	11.00%	11.00%
Member Contributions	\$ 151,234	\$ 396,480
Employer Contributions	\$ 237,653	\$ 623,040

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6: RETIREMENT PLAN - continued

Actuarial Assumptions

The total pension liability at December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

	Actuarially determined contributions rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Valuation Timing	
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level of payroll, closed
Remaining Amortization Period	6.9 years (based on contribution rate calculated in 12/31/24 valuation)
Asset Valuation Method	5 year smoothed market
Discount Rate	7.60%
Inflation	2.50%
Salary Increases	4.7% average
Investment Rate of Return	7.50%
Payroll Growth Rate	3.00%

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

Discount Rate

The discount rate used to measure the total pension asset was 7.60%. This discount rate used for the December 31, 2023 calculation the same as the prior year calculations.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

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

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

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6: RETIREMENT PLAN - continued

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future year, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by .10% to be gross of administrative expenses.

Long Term Expected Rate of Return

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

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

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

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus inflation)
US Equities	Dow Jones US Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities – Developed	MSCI World (net) Index Ex USA	5.00%	4.75%
International Equities – Emerging	MSCI EM Standard (net) index	6.00%	4.75%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REIT's Index + 33% FRSE EPRA/NAREIT	2.00%	4.10%

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6: RETIREMENT PLAN - continued

Asset Class	Benchmark	Target Allocation	Real Rate of Return
Master Limited Partnerships (MLP's)	Alerian MLP Index	2.00%	5.20%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.75%
Hedge Funds	HFR, Inc. Fund of Funds Composite Index	6.00%	3.25%

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

At September 30, 2025, the County reported a net pension asset of \$558,735 measured at December 31, 2024. For the year ended September 30, 2025 the County recognized pension expense of \$125,481.

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

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

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6: RETIREMENT PLAN – continued

Changes in the net pension liability/(asset) for the County year ended December 31, 2024 are as follows:

	Increases (Decreases)		Net Pension Liability/(Asset)
	Total Pension Liability (a)	Fiduciary Net Position (b)	
Changes in Net Pension Liability			
Balance at December 31, 2023	\$ 27,892,360	\$ 27,492,800	\$ 399,560
Changes for the year:			
Service Cost	855,303		855,303
Interest on total pension liability	2,124,939		2,124,939
Effect of plan changes			-
Effect of economic/demographic gains or losses	136,569		136,569
Effect of assumptions changes or inputs	-		-
Refunds of contributions	(135,961)	(135,961)	-
Benefit payments	(1,469,301)	(1,469,301)	-
Administrative expenses		(16,310)	16,310
Member contributions		507,047	(507,047)
Net investment income		2,796,030	(2,796,030)
Employer contributions		796,789	(796,789)
Other		(8,450)	8,450
Balance as of December 31, 2024	\$ 29,403,909	\$ 29,962,644	\$ (558,735)

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total Pension Liability	\$ 32,911,660	\$ 29,403,909	\$ 26,434,510
Fiduciary Net Position	29,962,644	29,962,644	29,962,644
Net Pension Liability/ (Asset)	\$ 2,949,016	\$ (558,735)	\$ (3,528,134)

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6: RETIREMENT PLAN – continued

At December 31, 2024, the County reported its share of the TCDRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Recourses	Deferred Inflows of Recourses
Differences between expected and actual economic experience	\$ 156,166	\$ -
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings	1,438,262	1,733,440
Contributions subsequent to the measurement date	623,040	
Total	\$ 2,217,468	\$ 1,733,440

\$623,040 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

	2025	\$	(168,925)
	2026		455,303
	2027		(281,641)
	2028		(143,749)
	2029		-
	Thereafter		-
		\$	(139,012)

NOTE 7: RISK MANAGEMENT

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

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

NOTE 8: FINANCIAL INSTRUMENTS

The County has estimated that the fair value of all financial instruments (none of which is held for trading purposes) at September 30, 2025, does not differ materially from their aggregate carrying values recorded in the accompanying statement of financial position. The estimate is based on the assumption that fair value approximates carrying values due to short initial maturities. Financial instruments consist of cash, accounts receivables, prepaid expenses, accounts payable, and payroll liabilities.

NOLAN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 9: COMMITMENTS AND CONTINGENCIES

Contingencies. The County participates in numerous grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds and any money received may be required and collectability of any related receivable at September 30, 2025 may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

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

NOTE 10: PRIOR PERIOD ADJUSTMENT

The County restated the prior year fund balance and net position by \$382,946 to record the amount of accrued wages not recorded on the prior year financial statements.

	Governmental Activities	Total Governmental Funds
Net Position/Fund Balance at September 30, 2024	\$ 35,799,948	\$ 20,954,552
Adjustments:		
Record accrued wages payable	(382,496)	(382,496)
Restated Net Position at September 30, 2024	\$ 35,417,452	\$ 20,572,056

REQUIRED SUPPLEMENTARY INFORMATION

NOLAN COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2025

	Budget			Variance Favorable (Unfavorable)
	Original	Amended	Actual	
REVENUES:				
Property taxes	\$ 10,104,696	\$ 10,104,696	\$ 9,598,579	\$ (506,117)
Other taxes	1,525,237	1,525,237	1,510,515	(14,722)
Licenses and permits	59,300	59,300	48,409	(10,891)
Intergovernmental	224,533	273,483	288,664	15,181
Fines and fees	805,400	805,400	791,859	(13,541)
Investment earnings	600,000	600,000	593,446	(6,554)
Rent and royalties	74,720	74,720	77,173	2,453
Other revenue	742,621	742,621	402,150	(340,471)
Total Revenues	<u>14,136,507</u>	<u>14,185,457</u>	<u>13,310,795</u>	<u>(874,662)</u>
EXPENDITURES:				
Current:				
General government	2,910,408	2,568,043	2,406,096	161,947
Judicial	2,008,291	2,117,874	2,025,511	92,363
Legal	743,381	743,381	708,468	34,913
Financial administration	725,032	719,620	711,062	8,558
Public facilities	1,097,902	1,072,405	1,069,162	3,243
Public safety	4,722,509	4,685,887	4,475,548	210,339
Health and welfare	749,500	1,052,862	1,052,862	
Extension service	176,833	176,833	163,901	12,932
Intergovernmental	257,773	258,093	253,983	4,110
Capital outlay	245,000	290,581	302,864	(12,283)
Debt Service	4,669,934	4,669,934	4,688,241	(18,307)
Total Expenditures	<u>18,306,563</u>	<u>18,355,513</u>	<u>17,857,698</u>	<u>497,815</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(4,170,056)</u>	<u>(4,170,056)</u>	<u>(4,546,903)</u>	<u>(376,847)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	(6,500)	(6,500)	450,123	456,623
Proceeds from the issuance of bonds/leases			71,039	71,039
Total Other Financing Sources (Uses)	<u>(6,500)</u>	<u>(6,500)</u>	<u>521,162</u>	<u>527,662</u>
CHANGE IN FUND BALANCE	<u>(4,176,556)</u>	<u>(4,176,556)</u>	<u>(4,025,741)</u>	<u>150,815</u>
FUND BALANCE - BEGINNING OF YEAR	<u>14,651,065</u>	<u>14,651,065</u>	<u>14,651,065</u>	
FUND BALANCE - END OF YEAR	<u>\$ 10,474,509</u>	<u>\$ 10,474,509</u>	<u>\$ 10,625,324</u>	<u>\$ 150,815</u>

NOLAN COUNTY, TEXAS
FARM TO MARKET FUND
BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2025

	<u>Budget</u>			Variance
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 2,093,813	\$ 2,093,813	\$ 2,008,088	\$ (85,725)
Licenses and permits	350,000	350,000	351,950	1,950
Intergovernmental revenue and grants	61,000	61,000	65,142	4,142
Fines and fees	126,000	126,000	126,080	80
Investment earnings	<u>150,000</u>	<u>150,000</u>	<u>186,007</u>	<u>36,007</u>
Total Revenues	<u>2,780,813</u>	<u>2,780,813</u>	<u>2,737,267</u>	<u>(43,546)</u>
EXPENDITURES:				
Current				
Farm to market	2,509,808	2,479,808	2,147,768	332,040
Capital outlay	<u>400,000</u>	<u>468,698</u>	<u>483,476</u>	<u>(14,778)</u>
Total Expenditures	<u>2,909,808</u>	<u>2,948,506</u>	<u>2,631,244</u>	<u>317,262</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(128,995)	(167,693)	106,023	273,716
OTHER FINANCING SOURCES (USES):				
Transfers in (out)			-	-
Other revenue	<u>-</u>	<u>(38,698)</u>	<u>107,019</u>	<u>145,717</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(38,698)</u>	<u>107,019</u>	<u>145,717</u>
CHANGE IN FUND BALANCE	(128,995)	(206,391)	213,042	419,433
FUND BALANCE - BEGINNING OF YEAR	<u>3,548,406</u>	<u>3,548,406</u>	<u>3,548,406</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,419,411</u>	<u>\$ 3,342,015</u>	<u>\$ 3,761,448</u>	<u>\$ 419,433</u>

NOLAN COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR FISCAL YEAR 2025

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a Percentage of Covered Payroll
2015	\$ 481,086	\$ 481,147	\$ (61)	\$ 4,401,516	10.9%
2016	515,270	515,270	-	4,663,081	11.0%
2017	477,157	477,157	-	4,715,021	10.1%
2018	514,986	514,986	-	5,053,839	10.2%
2019	564,394	564,394	-	5,463,637	10.3%
2020	589,515	589,515	-	5,690,313	10.4%
2021	591,070	656,744	(65,674)	5,970,403	11.0%
2022	610,938	678,135	(67,197)	6,164,869	11.0%
2023	579,336	732,494	(153,158)	6,659,038	11.0%
2024	640,328	796,789	(156,461)	7,243,531	11.0%

NOLAN COUNTY, TEXAS
NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net Pension Liability - Texas County & District Retirement System

Assumptions

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

Valuation date	Actuarially determined contributions rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	6.9 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7%, average over career, including inflation
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement age assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the RP-2014 Healthy Annuitant Mortality Table for males and 120% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changed in Assumptions and Methods Reflected in the Schedule of Employer Contributions. *	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected 2019: New Inflation, mortality and other assumptions were reflected 2022: New investment return and inflation assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits under after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule. 2024: No changes in plan provisions were reflected in the Schedule.

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

	2024	2023	2022	2021	2010	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 855,303	\$ 739,445	\$ 732,928	\$ 719,111	\$ 658,278	\$ 610,614	\$ 559,794	\$ 607,981	\$ 591,084	\$ 501,502
Interest (on the Total Pension Liability)	2,124,939	2,019,912	1,926,739	1,851,453	1,792,488	1,705,461	1,630,768	1,552,529	1,447,414	1,379,775
Effect of plan changes	-	-	-	-	-	-	-	-	-	(75,868)
Effect of assumption changes or inputs	-	-	-	(137,138)	1,263,837	-	-	135,863	9,215	221,937
Effect of economic/demographic (gains)losses	136,569	71,258	72,444	12,082	(178,671)	14,534	(78,355)	(137,976)	(36,740)	(147,149)
Benefit payments, including refunds of employee contributions	(1,605,262)	(1,525,264)	(1,500,521)	(1,438,080)	(1,293,125)	(1,314,181)	(1,170,408)	(1,119,160)	(982,435)	(1,015,794)
Net Change in Total Pension Liability	1,511,549	1,305,351	1,231,590	1,007,428	2,242,807	1,016,428	941,799	1,039,237	1,028,538	864,403
Total Pension Liability - Beginning	27,892,360	26,587,008	25,355,418	24,347,990	22,105,183	21,088,755	20,146,956	19,107,719	18,079,181	17,214,778
Total Pension Liability - Ending (a)	\$ <u>29,403,909</u>	\$ <u>27,892,359</u>	\$ <u>26,587,008</u>	\$ <u>25,355,418</u>	\$ <u>24,347,990</u>	\$ <u>22,105,183</u>	\$ <u>21,088,755</u>	\$ <u>20,146,956</u>	\$ <u>19,107,719</u>	\$ <u>18,079,181</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 796,789	\$ 732,494	\$ 678,135	\$ 656,744	\$ 589,515	\$ 564,394	\$ 514,986	\$ 477,157	\$ 515,270	\$ 481,147
Contributions - Employee	507,047	466,133	431,541	417,928	398,322	382,455	353,769	330,051	326,416	308,106
Net Investment Income	2,796,030	2,753,779	(1,554,040)	4,911,184	2,141,582	2,980,714	(354,092)	2,435,409	1,166,505	119,480
Benefit payments, including refunds of employee contributions	(1,605,262)	(1,525,264)	(1,500,521)	(1,438,080)	(1,293,125)	(1,314,181)	(1,170,408)	(1,119,160)	(1,019,175)	(1,015,794)
Administrative Expense	(16,310)	(14,356)	(14,701)	(14,650)	(16,500)	(15,802)	(14,577)	(12,520)	(12,687)	(11,365)
Other	(8,450)	(6,289)	(32,398)	(4,020)	(6,978)	(9,688)	(7,096)	(4,297)	(34,395)	79,880
Net Change in Plan Fiduciary Net Position	2,469,844	2,406,497	(1,991,984)	4,529,106	1,812,816	2,587,892	(677,418)	2,106,640	941,934	(38,546)
Plan Fiduciary Net Position - Beginning	27,492,800	25,086,302	27,078,286	22,549,180	20,736,364	18,148,472	18,825,890	16,719,250	15,777,316	15,815,862
Plan Fiduciary Net Position - Ending (b)	\$ <u>29,962,644</u>	\$ <u>27,492,799</u>	\$ <u>25,086,302</u>	\$ <u>27,078,286</u>	\$ <u>22,549,180</u>	\$ <u>20,736,364</u>	\$ <u>18,148,472</u>	\$ <u>18,825,890</u>	\$ <u>16,719,250</u>	\$ <u>15,777,316</u>
Net Pension Liability - Ending (a)-(b)	\$ <u>(558,735)</u>	\$ <u>399,560</u>	\$ <u>1,500,706</u>	\$ <u>(1,722,868)</u>	\$ <u>1,798,810</u>	\$ <u>1,368,819</u>	\$ <u>2,940,283</u>	\$ <u>1,321,066</u>	\$ <u>2,388,469</u>	\$ <u>2,301,865</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.90%	98.57%	94.36%	106.79%	92.61%	93.81%	86.06%	93.44%	87.50%	87.27%
Covered Employee Payroll	\$ 7,243,531	\$ 6,659,038	\$ 6,164,869	\$ 5,970,403	\$ 5,690,313	\$ 5,463,637	\$ 5,053,839	\$ 4,714,021	\$ 4,663,081	\$ 4,401,516

OTHER SUPPLEMENTARY INFORMATION

NOLAN COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2025

	Jury Fund	Law Library Fund	Hot Check Fund	Gifted Bank Shares - Sheriff Fund	Gifted Bank Shares - DA Fund	American Rescue Plan Fund
ASSETS						
Cash and cash equivalents	\$	\$	\$	\$	\$	\$
Taxes receivable (net of allowance)						
Other receivables (net of allowance)						
Restricted assets						
Cash and equivalents	31,188	12,732	15,516	5,308	4,160	
Investments						
Total Assets	\$ <u>31,188</u>	\$ <u>12,732</u>	\$ <u>15,516</u>	\$ <u>5,308</u>	\$ <u>4,160</u>	\$ <u>-</u>
LIABILITIES						
Accounts payable	\$	\$	\$	\$	\$	\$
Accrued wages payable						
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - grants						
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted fund balances				5,308	4,160	-
Assigned fund balance	31,188	12,732	15,516			
Unassigned fund balances						
Total Fund Balance	<u>31,188</u>	<u>12,732</u>	<u>15,516</u>	<u>5,308</u>	<u>4,160</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>31,188</u>	\$ <u>12,732</u>	\$ <u>15,516</u>	\$ <u>5,308</u>	\$ <u>4,160</u>	\$ <u>-</u>

NOLAN COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2025

	<u>County Clerk Records Archive Fund</u>	<u>County Clerk Vital Archive Fund</u>	<u>D.A.R.E Fund</u>	<u>Sheriff SB 22 Fund</u>	<u>District Attorney SB 22 Fund</u>	<u>County Attorney SB 22 Fund</u>
ASSETS						
Cash and cash investments	\$	\$	\$	\$	\$	\$
Taxes receivable (net of allowance)						
Other receivables (net of allowance)						
Restricted assets						
Cash and equivalents	42,043	3,336		51,612	26,110	168,208
Investments	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 42,043</u>	<u>\$ 3,336</u>	<u>\$ -</u>	<u>\$ 51,612</u>	<u>\$ 26,110</u>	<u>\$ 168,208</u>
LIABILITIES						
Accounts payable	\$	\$ 42	\$	\$	\$	\$
Accrued wages payable	<u> </u>	<u> </u>	<u> </u>	<u>13,271</u>	<u>6,160</u>	<u>701</u>
Total Liabilities	<u>-</u>	<u>42</u>	<u>-</u>	<u>13,271</u>	<u>6,160</u>	<u>701</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - grants	<u> </u>	<u> </u>	<u> </u>	<u>31,377</u>	<u>18,549</u>	<u>161,046</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,377</u>	<u>18,549</u>	<u>161,046</u>
FUND BALANCES						
Restricted fund balances	42,043	3,294		6,964	1,401	6,461
Assigned fund balance			-			
Unassigned fund balances	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>42,043</u>	<u>3,294</u>	<u>-</u>	<u>6,964</u>	<u>1,401</u>	<u>6,461</u>
Total Liabilities and Fund Balance	<u>\$ 42,043</u>	<u>\$ 3,336</u>	<u>\$ -</u>	<u>\$ 51,612</u>	<u>\$ 26,110</u>	<u>\$ 168,208</u>

NOLAN COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2025

	Court Technology Fund	District Clerk Technology Fund	Justice of the Peace Technology Fund	Juvenile Case Management Fund	Election Contract Fund	County Records Management
ASSETS						
Cash and cash investments	\$	\$	\$	\$	\$	\$
Taxes receivable (net of allowance)						
Other receivables (net of allowance)						
Restricted assets						
Cash and equivalents	1,814	5,479	99,325	71,149	2,090	33,699
Investments	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,814</u>	<u>\$ 5,479</u>	<u>\$ 99,325</u>	<u>\$ 71,149</u>	<u>\$ 2,090</u>	<u>\$ 33,699</u>
LIABILITIES						
Accounts payable	\$	\$	\$	\$	\$	\$
Accrued wages payable						
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - grants						
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted fund balances	1,814	5,479	99,325	71,149	2,090	33,699
Assigned fund balance						
Unassigned fund balances	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>1,814</u>	<u>5,479</u>	<u>99,325</u>	<u>71,149</u>	<u>2,090</u>	<u>33,699</u>
Total Liabilities and Fund Balance	<u>\$ 1,814</u>	<u>\$ 5,479</u>	<u>\$ 99,325</u>	<u>\$ 71,149</u>	<u>\$ 2,090</u>	<u>\$ 33,699</u>

NOLAN COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2025

	County Clerk Records Management	District Clerk Records Management	Courthouse Security Fund	District Attorney Forfeiture Fund	District Attorney Federal Forfeiture Fund	Sheriff Forfeiture Fund
ASSETS						
Cash and cash investments	\$	\$	\$	\$	\$	\$
Taxes receivable (net of allowance)						
Other receivables (net of allowance)						
Restricted assets						
Cash and equivalents	40,582	82,595	89,702	208,158	270	14,803
Investments						
Total Assets	\$ 40,582	\$ 82,595	\$ 89,702	\$ 208,158	\$ 270	\$ 14,803
LIABILITIES						
Accounts payable	\$	\$	\$ 315	\$	\$	\$
Accrued wages payable						
Total Liabilities	-	-	315	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - grants						
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Restricted fund balances	40,582	82,595	89,387	208,158	270	14,803
Assigned fund balance						
Unassigned fund balances						
Total Fund Balance	40,582	82,595	89,387	208,158	270	14,803
Total Liabilities and Fund Balance	\$ 40,582	\$ 82,595	\$ 89,702	\$ 208,158	\$ 270	\$ 14,803

NOLAN COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2025

	Sheriff Federal Forfeiture Fund	HAVA Cares Act Fund	Total Nonmajor Special Revenue Funds	Debt Service Fund	Coliseum Debt Service Fund	Total Debt Service Funds	Total Non- Major Governmental Funds
ASSETS							
Cash and cash investments	\$	\$	\$ -	\$	\$	\$ -	\$ -
Taxes receivable (net of allowance)			-			-	-
Other receivables (net of allowance)			-		126,970	126,970	126,970
Restricted assets						-	-
Cash and equivalents	20	30,685	1,040,584		931,370	931,370	1,971,954
Investments			-		1,380	1,380	1,380
Total Assets	<u>\$ 20</u>	<u>\$ 30,685</u>	<u>\$ 1,040,584</u>	<u>\$ -</u>	<u>\$ 1,059,720</u>	<u>\$ 1,059,720</u>	<u>\$ 2,100,304</u>
LIABILITIES							
Accounts payable	\$	\$	\$ 357	\$	\$	\$ -	\$ 357
Accrued wages payable			20,132				20,132
Total Liabilities	<u>-</u>	<u>-</u>	<u>20,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,489</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue - grants			210,972			-	210,972
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>210,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,972</u>
FUND BALANCES							
Restricted fund balances	20	30,685	749,687	-	1,059,720	1,059,720	1,809,407
Assigned fund balance			59,436			-	59,436
Unassigned fund balances			-			-	-
Total Fund Balance	<u>20</u>	<u>30,685</u>	<u>809,123</u>	<u>-</u>	<u>1,059,720</u>	<u>1,059,720</u>	<u>1,868,843</u>
Total Liabilities and Fund Balance	<u>\$ 20</u>	<u>\$ 30,685</u>	<u>\$ 1,040,584</u>	<u>\$ -</u>	<u>\$ 1,059,720</u>	<u>\$ 1,059,720</u>	<u>\$ 2,100,304</u>

NOLAN COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Jury Fund	Law Library Fund	Hot Check Fund	Gifted Bank Shares - Sheriff Fund	Gifted Bank Shares - DA Fund	American Rescue Plan Fund
REVENUES:						
Property taxes	\$	\$	\$	\$	\$	\$
Hotel/Motel taxes						
Intergovernmental	14,464					1,195,673
Fines and Fees	3,287	11,404	405			
Investment earnings	837					20,025
Other revenue	351			2,150		
Total Revenues	<u>18,939</u>	<u>11,404</u>	<u>405</u>	<u>2,150</u>	<u>-</u>	<u>1,215,698</u>
EXPENDITURES:						
Current:						
General government						
Judicial	25,480	15,174				
Legal			249		39,480	
Public facilities						
Public safety				18,559		
Debt service						
Debt principal						
Interest expense						
Capital outlay						1,423,819
Total Expenditures	<u>25,480</u>	<u>15,174</u>	<u>249</u>	<u>18,559</u>	<u>39,480</u>	<u>1,423,819</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(6,541)	(3,770)	156	(16,409)	(39,480)	(208,121)
OTHER FINANCING SOURCES (USES):						
Transfers in (out)		6,500				
Total Other Financing Sources (Uses)	<u>-</u>	<u>6,500</u>		<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(6,541)	2,730	156	(16,409)	(39,480)	(208,121)
FUND BALANCE - BEGINNING	37,729	10,002	15,360	21,717	43,640	208,121
Adjustment to beginning fund balance						
FUND BALANCE - ENDING	<u>\$ 31,188</u>	<u>\$ 12,732</u>	<u>\$ 15,516</u>	<u>\$ 5,308</u>	<u>\$ 4,160</u>	<u>\$ -</u>

NOLAN COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	County Clerk Records Archive Fund	County Clerk Vital Archive Fund	D.A.R.E Fund	Sheriff SB 22 Fund	District Attorney SB 22 Fund	County Attorney SB 22 Fund
REVENUES:						
Property taxes	\$	\$	\$	\$	\$	\$
Hotel/Motel taxes						
Intergovernmental				333,813	158,585	13,954
Fines and Fees	10,100	547				
Investment earnings	1,322			6,964	1,400	6,462
Other revenue						
Total Revenues	<u>11,422</u>	<u>547</u>		<u>340,777</u>	<u>159,985</u>	<u>20,416</u>
EXPENDITURES:						
Current:						
General government	59,380	287				
Judicial					157,774	
Legal						13,955
Public facilities						
Public safety			79	321,831		
Debt service						
Debt principal						
Interest expense						
Capital outlay						
Total Expenditures	<u>59,380</u>	<u>287</u>	<u>79</u>	<u>321,831</u>	<u>157,774</u>	<u>13,955</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(47,958)	260	(79)	18,946	2,211	6,461
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	90,001	3,034				
Total Other Financing Sources (Uses)	<u>90,001</u>	<u>3,034</u>		-	-	-
NET CHANGE IN FUND BALANCE	42,043	3,294	(79)	18,946	2,211	6,461
FUND BALANCE - BEGINNING			79	-	(172,867)	
Adjustment to beginning fund balance				(11,982)	172,057	
FUND BALANCE - ENDING	<u>\$ 42,043</u>	<u>\$ 3,294</u>	<u>\$ -</u>	<u>\$ 6,964</u>	<u>\$ 1,401</u>	<u>\$ 6,461</u>

NOLAN COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Court Technology Fund	District Clerk Technology Fund	Justice of the Peace Technology Fund	Juvenile Case Management Fund	Election Contract Fund	County Records Management
REVENUES:						
Property taxes	\$	\$	\$	\$	\$	\$
Hotel/Motel taxes						
Intergovernmental						
Fines and Fees	3,365	437	3,284	71,149	4,420	938
Investment earnings						
Other revenue						
Total Revenues	<u>3,365</u>	<u>437</u>	<u>3,284</u>	<u>71,149</u>	<u>4,420</u>	<u>938</u>
EXPENDITURES:						
Current:						
General government					2,330	
Judicial			1,675			
Legal						
Public facilities						
Public safety	1,644					
Debt service						
Debt principal						
Interest expense						
Capital outlay						
Total Expenditures	<u>1,644</u>	<u>-</u>	<u>1,675</u>	<u>-</u>	<u>2,330</u>	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,721	437	1,609	71,149	2,090	938
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	(102,757)	5,042	97,716			
Total Other Financing Sources (Uses)	<u>(102,757)</u>	<u>5,042</u>	<u>97,716</u>	<u>-</u>	<u>-</u>	
NET CHANGE IN FUND BALANCE	(101,036)	5,479	99,325	71,149	2,090	938
FUND BALANCE - BEGINNING	102,850					32,761
Adjustment to beginning fund balance						
FUND BALANCE - ENDING	<u>\$ 1,814</u>	<u>\$ 5,479</u>	<u>\$ 99,325</u>	<u>\$ 71,149</u>	<u>\$ 2,090</u>	<u>\$ 33,699</u>

NOLAN COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	County Clerk Records Management	District Clerk Records Management	Courthouse Security Fund	District Attorney Forfeiture Fund	District Attorney Federal Forfeiture Fund	Sheriff Forfeiture Fund
REVENUES:						
Property taxes	\$	\$	\$	\$	\$	\$
Hotel/Motel taxes						
Intergovernmental						
Fines and Fees	47,749	12,918	16,381			
Investment earnings	3,862			9,001	11	1,294
Other revenue				97,645		500
Total Revenues	51,611	12,918	16,381	106,646	11	1,794
EXPENDITURES:						
Current:						
General government	1,327					
Judicial						
Legal				69,628		
Public facilities			14,801			
Public safety						20,239
Debt service						
Debt principal						
Interest expense						
Capital outlay						8,386
Total Expenditures	1,327		14,801	69,628		28,625
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	50,284	12,918	1,580	37,018	11	(26,831)
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	(122,068)			-		
Total Other Financing Sources (Uses)	(122,068)			-	-	-
NET CHANGE IN FUND BALANCE	(71,784)	12,918	1,580	37,018	11	(26,831)
FUND BALANCE - BEGINNING, RESTATED	112,366	69,677	87,807	171,140	259	41,634
Adjustment to beginning fund balance						
FUND BALANCE - ENDING	\$ 40,582	\$ 82,595	\$ 89,387	\$ 208,158	\$ 270	\$ 14,803

NOLAN COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Sheriff Federal Forfeiture Fund	HAVA Cares Act Fund	Total Nonmajor Special Revenue Funds	Debt Service Fund	Coliseum Debt Service Fund	Total Debt Service Funds	Total Non- Major Governmental Funds
REVENUES:							
Property taxes	\$	\$	\$	\$ 8,702	\$	\$ 8,702	\$ 8,702
Hotel/Motel taxes					543,389	543,389	543,389
Intergovernmental			1,716,489				1,716,489
Fines and Fees		1,653	188,037				188,037
Investment earnings			51,178	9,654	37,793	47,447	98,625
Other miscellaneous			100,646				100,646
Total Revenues	<u>-</u>	<u>1,653</u>	<u>2,056,350</u>	<u>18,356</u>	<u>581,182</u>	<u>599,538</u>	<u>2,655,888</u>
EXPENDITURES:							
Current:							
General government			63,324		261,785	261,785	325,109
Judicial			200,103				200,103
Legal			123,312				123,312
Public facilities			14,801				14,801
Public safety			362,352				362,352
Debt service							
Debt principal					207,000	207,000	207,000
Interest expense					44,625	44,625	44,625
Capital outlay			1,432,205				1,432,205
Total Expenditures		<u>-</u>	<u>2,196,097</u>	<u>-</u>	<u>513,410</u>	<u>513,410</u>	<u>2,709,507</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES		1,653	(139,747)	18,356	67,772	86,128	(53,619)
OTHER FINANCING SOURCES (USES):							
Transfers in (out)		29,032	6,500	(456,623)		(456,623)	(450,123)
Total Other Financing Sources (Uses)	<u>-</u>	<u>29,032</u>	<u>6,500</u>	<u>(456,623)</u>	<u>-</u>	<u>(456,623)</u>	<u>(450,123)</u>
NET CHANGE IN FUND BALANCE		30,685	(133,247)	(438,267)	67,772	(370,495)	(503,742)
FUND BALANCE - BEGINNING	20		782,295	438,267	991,948	1,430,215	2,212,510
Adjustment to beginning fund balance			160,075			-	160,075
FUND BALANCE - ENDING	<u>\$ 20</u>	<u>\$ 30,685</u>	<u>\$ 809,123</u>	<u>\$ -</u>	<u>\$ 1,059,720</u>	<u>\$ 1,059,720</u>	<u>\$ 1,868,843</u>

SINGLE AUDIT SECTION

ROBERTS & MCGEE, CPA, PLLC

104 PINE STREET, SUITE 408
ABILENE, TEXAS 79601
(325) 701-9502

Stacey L McGee, CPA
stacey.mcgee@rm-cpa.net

Cara Hilbrich, CPA
cara.hilbrich@rm-cpa.net

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nolan County, Texas as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 20, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nolan County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Roberts & McGee, CPA, PLLC

Roberts & McGee, CPA, PLLC

Abilene, Texas
December 20, 2025

ROBERTS & MCGEE, CPA, PLLC

104 PINE STREET, SUITE 408
ABILENE, TEXAS 79601
(325) 701-9502

Stacey L McGee, CPA
stacey.mcgee@rm-cpa.net

Cara Hilbrich, CPA
cara.hilbrich@rm-cpa.net

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

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

Report on Compliance for Each Major Federal Program

We have audited the Nolan County, Texas' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Nolan County, Texas' major federal program for the year ended September 30, 2025. The Nolan County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Nolan County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.


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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Nolan County, Texas' response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Nolan County, Texas' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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


Roberts & McGee, CPA, PLLC

Abilene, Texas
December 20, 2025

**NOLAN COUNTY, TEXAS
SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
SEPTEMBER 30, 2025**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass- through Grantor's Number	Federal Expenditures
<u>FEDERAL AWARDS</u>			
<u>U.S. Department of Treasury</u>			
Direct Program			
Coronavirus State and Local Recovery Funds	21.027	SLT-3761	\$ <u>1,195,673</u>
Total U.S. Department of Treasury			<u>1,195,673</u>
<u>U.S. Department of Justice</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	5141101_2025 0611	<u>48,950</u>
Total U.S Department of the Treasury			<u>48,950</u>
Total Federal Awards			\$ <u><u>1,244,623</u></u>

NOLAN COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2025

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of the Nolan County, Texas for the year ended September 30, 2025. The County's reporting entity is defined in Note 1 of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included on the Schedule of Expenditures of Federal Awards. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance.) Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or change in net position of the County.

SIGNIFICANT ACCOUNTING POLICIES

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

The format for the Schedule of Expenditures of Federal Awards has been prescribed by the Uniform Guidance. Such format includes revenue and expenditures recognized in the County's financial statements. Nolan County, Texas did not elect to use the 15 percent de minimis indirect cost rate.

REVENUE RECONCILIATION

Reconciliation of intergovernmental revenue and total federal awards:

Federal grant revenue	\$	1,244,623
State and local grant revenue		<u>825,672</u>
Total Federal Awards	\$	<u><u>2,070,295</u></u>

NOLAN COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2025

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None Reported
Significant Deficiency(ies) identified	None Reported
Noncompliance material to the financial statements noted:	None Reported

Federal Awards

Internal Control over major federal programs:	
Material weakness(es) identified:	None Reported
Significant deficiency(ies) identified not considered to be material weaknesses	2025-001
Type of auditor's report on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR Section 200.516(a)?	None Reported

Identification of major programs:

Name of Federal Program or Cluster	<u>Federal Financial Assistance Listing</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs:	\$1,000,000
Auditee qualified as low-risk auditee:	No

Section II - Findings Related to the Financial Statements

None

Section III - Findings and Questioned Costs Related to the Federal Award Programs

2025-001

Condition: The County did not have a formally adopted, written policy or documented procedures governing its procurement processes.

Criteria: Federal and state laws, regulations (such as 2 CFR Part 200 for federal award recipients), and sound business practices require entities to maintain internal controls over procurement. Specifically, Government Accountability

NOLAN COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2025

Office (GAO) guidance and the Green Book, Standards for Internal Control in the Federal Government, emphasize the need for documenting internal controls, including those related to acquisition processes, to ensure that transactions are executed in accordance with management's directives and applicable laws.

Cause: Management did not prioritize the formal development and adoption of a procurement policy. This was primarily due to a lack of awareness regarding the internal control risks associated with undocumented procurement procedures and the assumption that existing informal practices were sufficient.

Effect: Without a written procurement policy, the entity is exposed to significant risks of fraud, waste, and abuse. This condition could lead to:

- Noncompliance with regulations: Inconsistent or undocumented procurement actions may not meet the requirements of federal or state grants, potentially leading to questioned costs or the return of funds.
- Inefficient use of resources: The absence of a competitive process, such as soliciting multiple bids, can result in higher costs for goods and services.
- Increased risk of fraud: Weak internal controls over purchasing increase the risk of fraudulent activities, such as collusion, kickbacks, or purchasing from unapproved vendors.
- Reduced accountability: The lack of documentation prevents a clear audit trail, making it difficult to hold staff accountable for procurement decisions.

Recommendation: We recommend that management immediately develop and formally adopt a comprehensive procurement policy and procedures manual. The manual should, at a minimum, include:

- Clear guidelines for soliciting bids and proposals, including requirements for full and open competition.
- Documentation standards for all procurement actions, including vendor selection rationale and price comparisons.
- Approval authority levels for different procurement thresholds.
- A process for monitoring compliance with the new policy.

Management's Response and Corrective Action Plan: Management will draft a policy related to its procurement and will take it to the county commissioners for approval.

**NOLAN COUNTY, TEXAS
SCHEDULE OF PRIOR YEAR FINDINGS
AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2025**

No findings or questioned costs in the prior year.