

MC MULLEN COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2024



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**MC MULLEN COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2024**

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INTRODUCTORY SECTION

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MC MULLEN COUNTY, TEXAS

DIRECTORY OF OFFICIALS

DECEMBER 31, 2024

COMMISSIONERS COURT

James E. Teal	County Judge
Larry Garcia	Commissioner, Precinct No. 1
Murray Swaim	Commissioner, Precinct No. 2
Scotty McClaugherty	Commissioner, Precinct No. 3
Max Quintanilla	Commissioner, Precinct No. 4

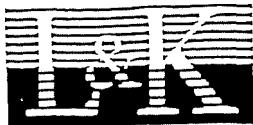
OTHER COUNTY OFFICIALS

Mattie Sadovsky	District/County Clerk
Bessie Guerrero	Tax Assessor/Collector
Jill Atkinson	Treasurer
Debora Garza	Justice of the Peace
Emmett Shelton	Sheriff
Kimberly Kreider-Dusek	County Attorney
Martin Soward	Constable

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FINANCIAL SECTION

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Lovvorn & Kieschnick, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge
and County Commissioners
McMullen County, Texas

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of McMullen County, Texas, as of December 31, 2024, and the respective changes in financial position 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 McMullen 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of employer contributions, on pages 5-12 and 47-52 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 McMullen County, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025 on our consideration of McMullen County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 McMullen County, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering McMullen County, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

Lovvorn & Kieschnick, LLP

Lovvorn & Kieschnick, LLP

December 9, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MC MULLEN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

This discussion and analysis of McMullen County, Texas' (County) financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2024. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

Net Position The assets and deferred outflows of resources of McMullen County, Texas exceeded its liabilities and deferred inflows of resources at December 31, 2024 by \$68,050,877 (presented as "net position"). Of this amount \$25,748,012 was reported as "unrestricted net position." Unrestricted net position represents the amount not restricted by parties outside the County.

Changes in Net Position The County's total net position increased by \$7,212,025 (a 12% increase) in fiscal year 2024. The County only had governmental activities during the 2024 year.

Long-term Liabilities During 2018, the County issued \$9,000,000 Tax Notes, Series 2018 for various construction and renovation projects and for acquisition of certain equipment. The Tax Notes carry an interest rate of 3.01% and mature February 15, 2025.

Fund Highlights: Governmental Funds – Fund Balances As of the close of fiscal year 2024, the County's governmental funds reported a combined ending fund balance of \$24,493,733 which was a decrease of \$5,330,303 in comparison with the prior year. At the end of the year, unassigned fund balance for the general fund was \$12,356,948 equal to 48% of total general fund expenditures including transfers to other funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The 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 required supplementary information in addition to the basic financial statements.

The Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the County's finances in a manner similar to private sector business. They present the financial picture of the County from an

economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the County (including infrastructure), deferred outflows of resources, as well as all liabilities (including long-term debt) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables and receivables.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Increases or decreases in net position contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net position changed during the most recent fiscal year using full accrual basis of accounting. 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 result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Fund financial statements. 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. The 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 the 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. Unlike the government-wide financial statements, however, governmental funds 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 the County's near-term financing requirements.

Because the focus of 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, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintains fifteen individual governmental funds (excluding fiduciary funds): twelve special revenue funds, one debt service fund, one construction fund, and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Road and Bridge Fund, and the Capital Projects Fund, which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, 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 County adopts an annual appropriated budget as a management control device during the year for the General Fund, and for the Road and Bridge Fund. The Required Supplementary Information includes a budgetary comparison schedule (original versus final) for the General Fund and the Road and Bridge Fund to demonstrate compliance with budget.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the basic 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning general fund and major special revenue budgetary schedules and pension plan funding progress.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Of the County's total assets of \$89,506,061 the largest components are: 1) cash and cash equivalents of \$26,663,334 or 30%, 2) capital assets net of accumulated depreciation of \$42,853,562 or 48%, and 3) receivables which largely represent the unavailable taxes for FY2024 of \$19,940,798 or 22%. The receivables are offset by deferred inflows of resources: unearned 2024 tax revenues and advanced tax collections, since the FY2024 tax revenue is not recognized until FY2025 even though the levy takes place in FY2024. Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations. Liabilities consist of current liabilities of \$991,912 and noncurrent liabilities of \$1,475,000.

(Continued)

The County's net position for fiscal years ended December 31, 2024 and 2023 are summarized as follows:

	Governmental Activities		Total Percentage Change 2024-2023
	2024	2023	
Current and other assets	46,652,499	51,125,797	-9%
Capital assets (net of depreciation)	42,853,562	32,019,040	34%
Total assets	89,506,061	83,144,837	8%
Deferred outflows of resources	1,256,803	1,484,189	-15%
Current and other liabilities	991,912	1,131,517	-12%
Long-term liabilities	1,475,000	3,228,518	-54%
Total liabilities	2,466,912	4,360,035	-43%
Deferred inflows of resources	20,245,075	19,430,099	4%
Net position:			
Net investment in capital assets	41,378,562	29,114,040	42%
Restricted	924,303	1,023,931	-10%
Unrestricted	25,748,012	30,700,901	-16%
Total net position	68,050,877	60,838,872	12%

Net Position – Net position may serve over time as a useful indicator of a County government's financial position. McMullen County, Texas' combined net position (government activities) totaled \$68,050,877 at the end of fiscal year 2024 compared to \$60,838,872 at the end of the previous year.

Of the County's total net position, (61%) reflects its investment in capital assets such as land, buildings, major improvements, equipment, and infrastructure (road and bridges), less any related debt used to acquire those assets that is still outstanding. McMullen County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the 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.

Governmental activities increased the County's net position by \$7,212,005. The key components of this change are the following:

McMullen County, Texas' Changes in Net Position

	Governmental Activities		Total Percentage Change 2024-2023
	2024	2023	
Revenues:			
Net Program revenues:			
Charges for services	1,261,675	1,491,049	-15.38%
Operating grants and contributions	1,221,832	654,148	86.78%
Capital grants and contributions	-	-	0.00%
General revenues:			
Property taxes	19,835,995	19,582,231	1.30%
Investment earnings	1,651,484	1,505,852	9.67%
Miscellaneous	1,253,365	177,052	607.91%
Total revenues	25,224,351	23,410,332	7.75%
Expenses:			
General Administration	2,339,323	2,562,011	-8.69%
Judicial	995,903	838,795	18.73%
Elections	116,036	106,996	8.45%
Financial Administration	937,323	637,225	47.09%
Public Facilities	2,153,381	1,572,490	36.94%
Public Safety	3,061,238	2,978,470	2.78%
Environmental Protection	496,378	878,782	-43.52%
Public Transportation	5,846,335	6,027,366	-3.00%
Health and Welfare	163,022	186,602	-12.64%
Culture and Recreation	1,619,681	6,751	23891.72%
Conservation	233,948	200,659	16.59%
Interest and fiscal charges on debt	49,778	92,670	-46.28%
Total expenses	18,012,346	16,088,817	11.96%
Change in net position	7,212,005	7,321,515	-1.50%
Net position--beginning	60,838,872	53,517,357	13.68%
Net position--ending	68,050,877	60,838,872	11.85%

Program revenues and expenses are presented net of interfund eliminations.

Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Program revenues of \$2,483,507 equaled 14% of government expenses of \$18,012,346. As expected, general revenues (\$22,740,844) provided most of the required support and coverage for expenses.
- The largest category of expenses is Public Transportation (\$5,846,335), while this category provided about .2% (\$40,985) of total revenues of \$25,224,351.
- The next largest category of expenses is Public Safety (\$3,061,238) with \$1,747,066 in revenues, or about 7% of total revenues.
- General Administration expenses were \$2,339,323, with revenues of \$65,147 or about .3% of total revenues.
- Grant revenues and contributions comprised about 5% of revenues.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls have been the framework of the County's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's annual financing and budgeting 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, the County's governmental funds reported combined ending fund balances of \$24,493,733, a decrease of \$5,330,303 in comparison with the prior year. Approximately \$12,356,948 or 50% of the fund balance represents *unassigned fund balance*, which is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,356,948 while total fund balance reached \$12,496,064, a decrease of \$1,446,329 from the previous year. As a measure of the general fund's liquidity, we compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 48% of total fund expenditures and transfers out.

General Fund Budgetary Highlights (Non-GAAP Budgetary Basis)

For FY2024, actual expenditures were \$10,331,365 compared to the budget amount of \$14,205,073.

For FY2024, actual revenues were \$24,000,036 as compared to the budget amount of \$20,504,473.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2024 the County had \$54,856,289 invested in capital assets, including land, park and recreation facilities, buildings, roads, bridges and equipment. This amount represents a net increase (additions, deductions, and depreciation) of \$10,834,522, or 34% more than last year.

Capital Assets at Year-End

	Governmental Activities		Total Percentage Change 2024-2023
	2024	2023	
Land	1,885,269	1,778,406	6%
Buildings and Improvements	8,937,875	5,086,318	76%
Equipment and Vehicles	9,344,329	9,141,596	2%
Infrastructure	9,773,369	9,773,368	0%
Construction in Progress	24,915,445	17,411,661	43%
Subtotal	54,856,289	43,191,349	27%
Accumulated depreciation	12,002,727	11,172,309	7%
Capital assets, net	<u>42,853,562</u>	<u>32,019,040</u>	34%

Long-term Liabilities

On October 11, 2018, the County issued \$9,000,000 in Tax Notes, Series 2018 for the purpose of street and drainage improvements, various construction projects, various renovations, and for the acquisition of certain equipment. Outstanding debt on these obligations was \$1,475,000 at December 31, 2024. This was a decrease of \$1,430,000 or a 49% decrease compared to last year.

Long-term Obligations at Year-End

	Governmental Activities		
	2024	2023	Increase (Decrease)
Tax Notes, Series 2018	1,475,000	2,905,000	(1,430,000)
Compensated Absences	114,856	58,103	56,753
Net Pension Liability (Asset)	(48,369)	323,518	(371,887)
Totals	<u>1,541,487</u>	<u>3,286,621</u>	<u>(1,745,134)</u>

ECONOMIC CONDITION AND OUTLOOK

The County is in good financial condition as of December 31, 2024, and has adequate cash and cash equivalents to finance the 2025 County Budget. The position of the County has continued to be sound over the past year. Some of the factors which enabled the County to maintain this constant level were that all departments and agencies operated within the budget appropriations and Ad Valorem taxes were collected at a high percent.

Looking ahead, McMullen County, Texas will have to endure some years of careful operation and planning. Major improvements need to be made on county roads and public utilities due to the phenomenal increase in oil and gas activity within the county. Future budgets will present a challenge to maintain the County's record of financial stability and growth that has been routine for so long, until the taxes on increased valuations are collected.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the County Treasurer's Office at P.O. Box 37, Tilden, Texas 78072.

BASIC FINANCIAL STATEMENTS

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MC MULLEN COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2024

Exhibit 1

ASSETS

Cash and Cash Equivalents	26,663,334
Receivables	
Taxes Receivable, Net	15,605,384
Grant Receivable	3,383,554
Due from Others	231,794
Fines Receivable, Net	720,066
Capital Assets	
Land	1,885,269
Buildings and Improvements	8,937,875
Equipment and Vehicles	9,344,329
Infrastructure	9,773,369
Construction In Progress	24,915,445
Less Accumulated Depreciation	(12,002,727)
Net Pension Asset	48,369
TOTAL ASSETS	89,506,061

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflow Related to Pensions	1,256,803
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,256,803

LIABILITIES

Accounts Payable	739,107
Accrued Interest	16,649
Accrued Wages	121,300
Compensated Absences	114,856
Noncurrent Liabilities	
Due Within One Year	1,475,000
Due in More Than One Year	-
TOTAL LIABILITIES	2,466,912

DEFERRED INFLOWS OF RESOURCES

Deferred Revenues - Property Taxes	15,266,524
Advanced Tax Collections	4,924,542
Deferred Inflow Related to Pensions	54,009
TOTAL DEFERRED INFLOWS OF RESOURCES	20,245,075

NET POSITION

Net Investment In Capital Assets	41,378,562
Restricted For	
Law Enforcement	203,976
Judicial	2,917
Landfill	139,116
Security	9,757
Abandoned Vehicles	270,987
Court Technology	28,499
Records Management	59,799
Elections	18,468
Calhoun Water & Sewer	79,827
Tilden Water & Sewer	110,957
Unrestricted	25,748,012
TOTAL NET POSITION	68,050,877

The accompanying notes are an integral part of this statement

**MC MULLEN COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Administration	2,339,323	65,147	-	-
Judicial	995,903	472,823	-	-
Elections	116,036	-	3,566	-
Financial Administration	937,323	153,782	-	-
Public Facilities	2,153,381	-	-	-
Public Safety	3,061,238	569,785	1,177,281	-
Environmental Protection	496,378	138	-	-
Public Transportation	5,846,335	-	40,985	-
Health and Welfare	163,022	-	-	-
Culture and Recreation	1,619,681	-	-	-
Conservation	233,948	-	-	-
Interest and Fiscal Charges on Debt	49,778	-	-	-
Total Governmental Activities	18,012,346	1,261,675	1,221,832	-

General Revenues
 Property Taxes
 Investment Earnings
 Miscellaneous
 Total General Revenues

Change in Net Position
 Net Position-Beginning
 Net Position-Ending

The accompanying notes are an integral part of this statement.

Exhibit 2

Net (Expense)
Revenue and
Changes in Net Position

Governmental
Activities

(2,274,176)
(523,080)
(112,470)
(783,541)
(2,153,381)
(1,314,172)
(496,240)
(5,805,350)
(163,022)
(1,619,681)
(233,948)
(49,778)

(15,528,839)

19,835,995
1,651,484
1,253,365
22,740,844

7,212,005
60,838,872
68,050,877

MC MULLEN COUNTY, TEXAS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2024

	GENERAL FUND	ROAD AND BRIDGE FUND
ASSETS		
Cash and Cash Equivalents	13,183,668	11,598,297
Receivables		
Taxes Receivable, Net	15,604,787	-
Grant Receivable	3,383,554	-
Due From County Officials	200,000	3,904
Due From Other Funds	1,000,000	-
TOTAL ASSETS	33,372,009	11,602,201
LIABILITIES		
Accounts Payable	245,000	239,720
Accrued Wages	101,616	19,684
Due to Other Funds	-	1,000,000
Total Liabilities	346,616	1,259,404
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Property Taxes	338,263	-
Deferred Revenues - Property Taxes	15,266,524	-
Advanced Tax Collections	4,924,542	-
Total Deferred Inflows of Resources	20,529,329	-
FUND BALANCES		
Restricted	139,116	-
Committed	-	10,342,797
Unassigned	12,356,948	-
Total Fund Balances	12,496,064	10,342,797
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	33,372,009	11,602,201

The accompanying notes are an integral part of this statement.

Exhibit 3

CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
934,695	946,674	26,663,334
-	597	15,605,384
-	-	3,383,554
-	27,890	231,794
-	-	1,000,000
934,695	975,161	46,884,066
85,469	168,918	739,107
-	-	121,300
-	-	1,000,000
85,469	168,918	1,860,407
-	597	338,860
-	-	15,266,524
-	-	4,924,542
-	597	20,529,926
-	785,187	924,303
849,226	20,459	11,212,482
-	-	12,356,948
849,226	805,646	24,493,733
934,695	975,161	46,884,066

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MC MULLEN COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
DECEMBER 31, 2024

Exhibit 3-R

Total fund balance - total governmental funds	24,493,733
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	42,853,560
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	338,860
Accrued interest on bonds	(16,649)
Other long-term liabilities which are not due in the current period are not reported in the funds	(114,856)
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,475,000)
Fines receivable, net of allowances for uncollectibles	720,066
Recognition of County's proportionate share of the net pension asset (liability) is not reported in the funds.	48,369
Deferred resource outflows related to pension are not reported in the funds.	1,256,803
Deferred resource inflows related to pension are not reported in the funds.	(54,009)
Net position of governmental activities - statement of net position	<u><u>68,050,877</u></u>

The accompanying notes are an integral part of this statement.

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

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE FUND</u>
REVENUES		
Taxes	19,846,630	74,915
Licenses and Permits	-	-
Intergovernmental	1,177,281	40,985
Fees	468,387	-
Fines and Forfeitures	540,516	-
Interest Income	784,847	649,893
Contributions	-	-
Other	1,182,375	13,597
Total Revenues	<u>24,000,036</u>	<u>779,390</u>
EXPENDITURES		
Current		
General Administration	2,064,974	-
Judicial	1,007,931	-
Elections	105,186	-
Financial Administration	937,323	-
Public Facilities	864,840	-
Public Safety	4,377,896	-
Environmental Protection	617,536	-
Public Transportation	-	8,443,834
Culture and Recreation	11,350	-
Health and Welfare	148,526	-
Conservation	195,803	-
Debt Service		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>10,331,365</u>	<u>8,443,834</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>13,668,671</u>	 <u>(7,664,444)</u>
 OTHER FINANCING SOURCES (USES)		
Transfers In	55,000	7,000,000
Transfers Out	(15,170,000)	-
Total Other Financing Sources (Uses)	<u>(15,115,000)</u>	<u>7,000,000</u>
 Net Change in Fund Balances	 (1,446,329)	 (664,444)
Fund Balances at Beginning of Year	13,942,393	11,007,241
Fund Balances at End of Year	<u>12,496,064</u>	<u>10,342,797</u>

The accompanying notes are an integral part of this statement.

Exhibit 4

CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
-	2,152	19,923,697
-	-	-
-	3,566	1,221,832
-	225,024	693,411
-	27,748	568,264
188,592	28,152	1,651,484
-	-	-
-	57,393	1,253,365
<u>188,592</u>	<u>344,035</u>	<u>25,312,053</u>
866,783	-	2,931,757
-	-	1,007,931
-	-	105,186
-	-	937,323
234,009	1,468,796	2,567,645
316,519	69,280	4,763,695
-	-	617,536
1,651,469	-	10,095,303
5,726,237	-	5,737,587
-	-	148,526
38,145	-	233,948
-	1,430,000	1,430,000
-	65,919	65,919
<u>8,833,162</u>	<u>3,033,995</u>	<u>30,642,356</u>
<u>(8,644,570)</u>	<u>(2,689,960)</u>	<u>(5,330,303)</u>
5,520,000	2,650,000	15,225,000
-	(55,000)	(15,225,000)
<u>5,520,000</u>	<u>2,595,000</u>	<u>-</u>
(3,124,570)	(94,960)	(5,330,303)
<u>3,973,796</u>	<u>900,606</u>	<u>29,824,036</u>
<u>849,226</u>	<u>805,646</u>	<u>24,493,733</u>

MC MULLEN COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
 THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2024

Exhibit 4-R

Net change in fund balance - total governmental funds	(5,330,303)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the SOA.	11,927,041
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,092,524)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(87,702)
Change in fines receivable	(2,482)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,430,000
(Increase) decrease in accrued interest from beginning of period to end of period	16,141
The (increase) decrease in compensated absences liability does not require the use of current financial resources but is recorded as a decrease in expenses in the statement of activities.	(56,754)
Some pension expenses do not require the use of current financial resources and are therefore not reported as expenditures in the funds.	408,588
Change in net assets of governmental activities - statement of activities	<u><u>7,212,005</u></u>

The accompanying notes are an integral part of this statement.

MC MULLEN COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2024

Exhibit 5

ASSETS

Cash and Cash Equivalents	13,322,056
Due From Other Funds	-
Due From Other Governments	-
 Total Assets	<u>13,322,056</u>

LIABILITIES

Accounts Payable	-
Due to Others	-
 Total Liabilities	<u>-</u>

NET POSITION

Restricted for individuals or organizations	<u>13,322,056</u>
 Total Net Position	<u>13,322,056</u>

The accompanying notes are an integral part of this statement.

**MC MULLEN COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR DECEMBER 31, 2024**

Exhibit 6

ADDITIONS

Contributions:	
From other governments	250,000
From individuals	1,931,025
Investment interest	98,070
Taxes and fees collected for other governments	52,071,617
Miscellaneous	-
 Total Additions	 <u>54,350,712</u>

DEDUCTIONS

Recipient payments	53,240,173
Administrative expenses	-
Public safety	184,262
 Total Deductions	 <u>53,424,435</u>
Net increase (decrease) in fiduciary net position	926,277
 Net position - beginning	 <u>12,395,779</u>
Net position - ending	 <u>13,322,056</u>

The accompanying notes are an integral part of this statement.

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

McMullen County, Texas (the County) was organized in 1873. The County operates using a commission form of government under the statutes and the Constitution of the State of Texas. The County (government) provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

The financial statements of McMullen County, Texas have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements include all the funds and account groups of the County. There are no component units applicable to the County. Therefore, the primary government (McMullen County) is the same as the reporting entity. The County is not a component unit of any other entity.

B. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the County. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The County had no business-type activities in 2024.

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

Fund Financial Statements

The County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The County had no proprietary activities in 2024.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The County has presented the following major governmental funds:

General Fund –

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, judicial, public welfare, health services and capital acquisition.

Road and Bridge Fund –

The Road and Bridge Fund is a special revenue fund that accounts for current funds used for the purpose of constructing and maintaining roads and bridges.

Capital Projects Fund –

Capital Projects Fund is used to account for various construction and renovation projects and also acquisition of certain equipment paid for by tax note proceeds.

Additionally, the County reports the following fund types:

Fiduciary Fund Types

Custodial Funds –

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

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred inflows of resources. Property taxes which were levied in September, 2024, and became due October 1, 2024 have been assessed to finance the budget of the fiscal year beginning January 1, 2025 and, accordingly, have been reflected as taxes receivable, and deferred inflows of resources: deferred revenues-property taxes, and advanced tax collections in the fund financial statements at December 31, 2024.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

D. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances outstanding at year end are either canceled or appropriations are provided for in the subsequent year's budget.

E. Investments

The County can legally invest in certificates of deposit, obligations of the U.S. Government and its Agencies or instrumentalities, State obligations, local government investment pools and certain money market funds.

The County has implemented GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." As a governmental entity other than an external investment pool, in accordance with GASB 31 the County's investments are stated at market value, except for money market investments with remaining maturity of one year or less when purchased and nonparticipating interest earning investment contracts.

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

F. Prepaid Items

Prepaid balances are for payments made by the County in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Inventories

The County records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. Inventory at year end is immaterial.

H. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are 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 one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as 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 "Internal Balances" line of the government-wide statement of net position.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on capital assets.

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	50	Years
Building Improvements	25	Years
System Infrastructure	50	Years
Vehicles	5	Years
Office Equipment	5	Years
Computer Equipment	5	Years

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

J. Compensated Absences

It is the County's policy to permit regular full-time employees to accumulate earned but unused vacation and sick pay benefits. A liability for unused vacation leave for regular full-time employees is calculated and reported in the government-wide financial statements. Full-time employees earn vacation monthly at 9 hours per monthly pay period. Full-time Sheriff Deputies receive 9.5 hours per month. Full-time employees who have worked for 10 or more years in a position are eligible to receive vacation at 12 hours per month, beginning on their anniversary date. Full-time Sheriff Deputies who have worked for 10 or more years in a position will receive 13 hours per month, beginning on their anniversary date. Vacation time not taken by the end of the calendar year is carried over to the next year, with a maximum carry-over of 80 hours. All regular full-time employees can accrue up to 480 hours of sick leave. There is no liability for unpaid accumulated sick leave, since the County does not have a policy to pay any amounts when employees separate from service with the County. Therefore, no liability for sick leave is reported in government-wide financial statements. Any accrual for purposes of the Governmental Activities, as provided for in GASB Statement No. 101, "Compensated Absences," would be nominal and immaterial.

K. Net Position and Fund Equity

In the government-wide financial statements, net position is reported in three categories: net position invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Net position invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal of related debt. Net position invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the County (such as creditors, grantors, contributors, laws, and regulations of other governments). All other net position is considered unrestricted.

In the fund financial statements, fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the Commissioners Court, the County's highest level of decision-making authority: Committed amounts cannot be used for any other purpose unless the Commissioners Court removes

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Commissioners Court. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners Court or by an official or body to which the Commissioners Court delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

L. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

M. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None Noted	Not Applicable

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None Reported	Not Applicable	Not Applicable

N. Recent Accounting Pronouncements

GASB Statement No. 99. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The County implemented this Statement in this Financial Report.

GASB Statement 100 Omnibus 2022. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The County implemented this Statement in this Financial Report.

GASB Statement 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The County implemented this Statement in this Financial Report.

GASB Statement No. 102, "Certain Risk Disclosures." The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. GASB 102 will be implemented by the County in 2025 and the impact has not yet been determined.

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

GASB Statement No. 103, "Financial Reporting Model Improvements." The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. GASB 103 will be implemented by the County in 2026 and the impact has not yet been determined.

GASB Statement No. 104, "Disclosure of Certain Capital Assets." The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. GASB 104 will be implemented by the County in 2026 and the impact has not yet been determined.

2. CASH AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

A. Authorized Investments

The County is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

B. Deposits and Investments

Cash and Deposits are as follows:

MC MULLEN COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2024

Cash and Deposits

	<u>2024</u>
Bank Deposits	
Demand Deposits	15,249,376
Non-negotiable Certificate of Deposit	157,232
 Cash and Cash Equivalents	
Petty Cash on Hand	<u>5,925</u>
 Total Cash and Deposits	<u>15,412,533</u>

During the year ended December 31, 2024, deposits were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Reconciliation of Deposits and Investments

Type of Security	Market Value December 31, 2024
 Investments	
LOGIC	7,176,659
Negotiable Certificates of Deposit	16,598,836
Money Market	<u>797,362</u>
 Total Investments	24,572,857
Total Cash and Deposits	<u>15,412,533</u>
Total Deposits and Investments	<u>39,985,390</u>

As of December 31, 2024, the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 3	4 to 5
LOGIC	7,176,659	7,176,659	-	-
Certificates of Deposit	16,598,836	4,547,271	12,051,565	-
Money Market	797,362	797,362	-	-
Total Fair Value	<u>24,572,857</u>	<u>12,521,292</u>	<u>12,051,565</u>	<u>-</u>

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Interest Rate Risk – In accordance with state law and County policy, the County does not purchase any investments with maturities greater than 10 years.

Credit Risk – In accordance with state law and the County's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

Concentration of Credit Risk – The County does not place a limit on the amount the County may invest in any one issuer. The County does not have a concentration of credit risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a custodial credit risk.

C. Fair Value Measurements

McMullen County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

McMullen County has the following recurring fair value measurements as of August 31:

Investment Type	12/31/2024	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of Deposit	16,598,836	-	16,598,836	-
Total Fair Value	16,598,836	-	16,598,836	-

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

3. CAPITAL ASSETS

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

	<u>Balance January 1</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance December 31</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	1,778,406	106,863	-	1,885,269
Construction in Progress	17,411,661	11,355,341	3,851,557	24,915,445
Total capital assets, not being depreciated	19,190,067	11,462,204	3,851,557	26,800,714
Capital assets, being depreciated:				
Buildings and Improvements	5,086,317	3,851,558	-	8,937,875
Machinery, Equipment and Vehicles	9,141,598	464,838	(262,107)	9,344,329
Infrastructure	9,773,369	-	-	9,773,369
Total capital assets, being depreciated	24,001,285	4,316,396	(262,107)	28,055,574
Less accumulated depreciation for:				
Buildings and Improvements	(1,103,086)	(186,329)	-	(1,289,415)
Machinery, Equipment and Vehicles	(7,512,844)	(715,638)	262,107	(7,966,375)
Infrastructure	(2,556,381)	(190,557)	-	(2,746,939)
Total accumulated depreciation	(11,172,309)	(1,092,524)	262,107	(12,002,727)
Total capital assets, being depreciated, net	12,828,976	3,223,872	-	16,052,847
Governmental activities capital assets, net	32,019,042	14,686,076	3,851,557	42,853,562

Depreciation expense was charged to functions/programs of the County for the 2024 year as follows:

Governmental Activities:

General Administration	98,780
Elections	10,850
Public Facilities	192,599
Public Safety	477,271
Environmental Protection	198,463
Public Transportation	99,141
Health and Welfare	14,496
Culture and Recreation	924
Conservation - Agriculture	-
Total Depreciation Expense	1,092,524

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

4. LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2024 was as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 1/1/24	Additions	Reductions	Amounts Outstanding 12/31/24	Amounts Due Within One Year
Governmental Activities:							
Tax Notes, Series 2018	3.010%	9,000,000	2,905,000	-	1,430,000	1,475,000	1,475,000
Other Liabilities:							
Compensated Absences			58,103	114,856	58,103	114,856	114,856
Net Pension Liability (Asset)			323,518	1,795,245	2,167,132	(48,369)	-
Total Governmental Activities:							
Long-term Liabilities			<u>3,286,621</u>	<u>1,910,101</u>	<u>3,655,235</u>	<u>1,541,487</u>	<u>1,589,856</u>

Tax Note debt will be paid as follows:

Semi-annually, the General Fund will transfer funds to the Debt Service Fund, which will then make the debt payments that are due. Compensated absences are paid by the General Fund and the Road and Bridge Fund. The net pension liability will be paid by the General Fund.

The annual requirements for notes for years subsequent to December 31, 2024, are as follows:

Year Ending December 31	Governmental Activities		
	Tax Notes, Series 2018		
	Principal	Interest	Total
2025	1,475,000	22,199	1,497,199
TOTALS	1,475,000	22,199	1,497,199

Defeased Debt Outstanding –

The County had no defeased debt outstanding at December 31, 2024.

5. PROPERTY TAXES

Levy and Collection –

Taxes levied by the County are levied and collected through the offices of the McMullen County Tax Assessor-Collector. Ad valorem taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. On February 1, unpaid taxes become subject to penalty and interest charges.

The County's taxes on real property are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes.

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title to the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years after the time such taxes become delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid. A lien on such property becomes enforceable as of January 1.

Taxes Receivable and Advance Tax Collections –

In the Governmental Funds, Current and Delinquent Taxes Receivable have been reported as Taxes Receivable in the assets section of the various balance sheets where applicable and offset in the deferred inflows of resources section. The Taxes Receivable is shown net of allowances for uncollectible accounts.

The “Unavailable Revenues-Property Taxes” consists of taxes levied in prior years, but not collected or available for operations at December 31, 2024. The “Deferred Revenues-Property Taxes” consists of taxes levied in 2024 and budgeted for 2025 operations, but not collected at December 31, 2024. The “Advance Tax Collections” consist of taxes levied and collected in 2024 but are budgeted for 2025 operations.

The County begins to collect taxes in October, levied for the subsequent year's budget. These advance tax collections are recognized in the deferred inflows of resources section of the various balance sheets where applicable in both the governmental funds and the government-wide statements.

Appraisal District –

The appraisal of property within the County is the responsibility of the county-wide appraisal district. The McMullen Central Appraisal District (the District) is required under the Property Tax Code to assess all property within the District on the basis of one hundred (100) percent of its market value and is prohibited from applying any assessment ratios. The District, which began its appraisal and equalization functions in 1982, is governed by a Board of Directors elected by the governing bodies of certain taxing entities in the District. The Board of Directors appoints a Chief Appraiser to act as chief administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

The County may challenge appraised values established by the District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the “effective tax rate” (excluding tax rates for bonds and other contractual obligations adjusted for new improvements) exceeds the rate for the previous year by more than eight (8) percent, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than eight (8) percent above the tax rate for the previous year. This legislation also provides that, if mandated by the qualified voters in the District, the collection function must be placed with the District.

MC MULLEN COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2024

Tax Rate –

The effective tax rate for the 2023 levy year was \$0.48 per \$100 assessed valuation. This tax roll was used for fiscal year 2024 operations. The 2024 tax roll is to be used for 2025 operations and its tax rate is \$0.48 per \$100 valuation.

6. RECEIVABLES

Receivables for the County's individual major funds and nonmajor funds are as follows:

	Property Taxes	Grants	County Officials	Total
Governmental activities:				
General Fund	15,604,787	3,383,554	200,000	19,188,341
Road and Bridge Fund	-	-	3,904	3,904
Nonmajor Funds	597	-	27,890	28,487
Totals	<u>15,605,384</u>	<u>3,383,554</u>	<u>231,794</u>	<u>19,220,732</u>

7. DEFERRED INFLOW OF RESOURCES

Deferred inflow of resources at year end consisted of the following:

Description	General Fund	Nonmajor Governmental Funds	Total
Unavailable Revenue - Property Taxes	338,263	597	338,860
Deferred Revenues - Property Taxes	15,266,524	-	15,266,524
Advanced Tax Collections	4,924,542	-	4,924,542
Total Deferred Inflow of Resources	<u>20,529,329</u>	<u>597</u>	<u>20,529,926</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund receivables and payables:

Balances due to and due from other funds at December 31, 2024, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Road and Bridge Fund	<u>1,000,000</u>	Temporary Loan

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

B. Transfers To and From Other Funds:

Transfers to and from other funds at August 31, 2024, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Road and Bridge Fund	7,000,000	Supplement Fund Operations
General Fund	Capital Projects Fund	5,520,000	Supplement Fund Operations
General Fund	Nonmajor Governmental Funds	2,650,000	Supplement Fund Operations
Nonmajor Governmental Funds	General Fund	55,000	Reimbursements
	Total	<u>15,225,000</u>	

9. PENSION PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its eligible employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system which consists of 826 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues an Annual Comprehensive Financial Report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted and may be amended by the governing body of the County within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 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 80 or more. Members are vested after eight years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum and who are not eligible to retire are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employees' deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer 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 deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Membership Information

Members	Dec. 31, 2022	Dec. 31, 2023
Number of inactive employees entitled but not yet receiving benefits:	27	29
Number of active employees:	62	64
Average monthly salary*:	\$3,953	\$4,189
Average age*:	53.97	53.22
Average length of service in years*:	13.58	13.71
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	43	44
Average monthly benefit:	\$1,038	\$1,106

**Averages reported for all active and inactive employees.*

Funding Policy

The County has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed at the rate of 15.00% of covered payroll for the months of the calendar year in 2024.

The deposit rate payable by all employee members for the calendar year 2024 is 7% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The TCDRS board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

1. Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
2. Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.
3. Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Actuarial Methods and Assumptions

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis, as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percentage of pay) ⁽¹⁾
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	Varies by age and service.
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for McMullen County are not considered to be substantively automatic under GASB 68. Therefore, an annual 100% CPI cost-of-living adjustment is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	
Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

⁽¹⁾Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that the replacement life entry age cost method is used for the funding actuarial valuation, which differs from the GASB-required approach in that it assumes that the current benefit provisions always applied.

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' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

MC MULLEN COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2024

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (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 ⁽³⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

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

⁽²⁾Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

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

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

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

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Depletion of Plan Assets/GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments.

The funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act are such that a depletion is not projected to occur. To illustrate this, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Since the fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. For GASB 68 this long-term assumed rate of return is net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60% which reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

MC MULLEN COUNTY, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2024

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2022	13,434,188	13,110,670	323,518
Changes for the year:			
Service cost	586,979	-	586,979
Interest on total pension liability ⁽¹⁾	1,043,707	-	1,043,707
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	156,894	-	156,894
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(37,337)	(37,337)	-
Benefit payments	(549,780)	(549,780)	-
Administrative expenses	-	(7,667)	7,667
Member contributions	-	226,998	(226,998)
Net investment income	-	1,442,126	(1,442,126)
Employer contributions	-	486,426	(486,426)
Other ⁽³⁾	-	11,582	(11,582)
Balances as of December 31, 2023	<u>14,634,650</u>	<u>14,683,018</u>	<u>(48,369)</u>

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

⁽²⁾ No Plan Changes Valued.

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

Sensitivity Analysis

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

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	16,624,092	14,634,649	12,982,905
Fiduciary net position	14,683,018	14,683,018	14,683,018
Net pension liability / (asset)	<u>1,941,074</u>	<u>(48,369)</u>	<u>(1,700,113)</u>

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Pension Expense / (Income)

	<u>January 1, 2023 to December 31, 2023</u>
Service cost	586,979
Interest on total pension liability ⁽¹⁾	1,043,707
Effect of plan changes	-
Administrative expenses	7,667
Member contributions	(226,998)
Expected investment return net of investment expenses	(1,001,269)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	119,226
Recognition of assumption changes or inputs	110,804
Recognition of investment gains or losses	(185,144)
Other ⁽²⁾	<u>(11,582)</u>
 Pension expense / (income)	 <u>443,390</u>

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

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

Deferred Inflows / Outflows of Resources

As of December 31, 2023 the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	-	254,590
Changes of assumptions	54,009	-
Net difference between projected and actual earnings	-	103,189
Contributions made subsequent to measurement date ⁽³⁾	N/A	899,024
 Total	 <u>54,009</u>	 <u>1,256,803</u>

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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

Year ended December 31:	
2024	20,441
2025	12,069
2026	328,052
2027	(56,792)
2028	-
Thereafter ⁽⁴⁾	-

⁽³⁾Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of this report.

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

10. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has utilized the purchase of commercial insurance to cover any potential losses. Except for minimal deductibles, the County has transferred risk of loss to commercial issuers. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlement amounts have not exceeded insurance coverage for the year ended December 31, 2024 or the three prior years.

11. COMMITMENTS AND CONTINGENT LIABILITIES

In the opinion of County Attorney and management, there is no pending or threatened litigation against the County that would have a material effect on the County's financial position or operations.

The County participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

MC MULLEN COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

12. FUND BALANCES

The following is a summary of Governmental fund balances of the County at December 31, 2024:

GENERAL FUND

Restricted:

Landfill	139,116
Unassigned	<u>12,356,948</u>

TOTAL GENERAL FUND BALANCE

12,496,064

ROAD AND BRIDGE FUND

Committed:

Highways, Streets and Bridges	<u>10,342,797</u>
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CAPITAL PROJECTS FUND

Committed:

Capital Improvements/Equipment	<u>849,226</u>
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OTHER GOVERNMENTAL FUNDS

Restricted:

Elections	18,468
Judicial	2,917
Abandoned Vehicles	270,987
Records Management	59,799
Security	9,757
Law Enforcement	203,976
Court Technology	28,499
Tilden Water & Sewer	110,957
Calliham Water & Sewer	<u>79,827</u>
	785,187

Committed:

Debt Service	<u>20,459</u>
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TOTAL OTHER GOVERNMENTAL FUND BALANCE

805,646

TOTAL GOVERNMENTAL FUND BALANCE

24,493,733

13. SUBSEQUENT EVENT

In January 2025, the County issued \$11,255,000 in Combination Tax and Revenue Certificates of Obligation, Series 2025, bearing interest at 4.770%. The debt will be repaid, semiannually, on February 15 and August 15, beginning February 15, 2025, with the final payment on February 15, 2034. The primary use of the proceeds will be for road infrastructure improvements.

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REQUIRED SUPPLEMENTARY INFORMATION

Major General and Special Revenue Funds Budgetary Comparisons

The following are the Major governmental funds of the County:

The General Fund is utilized to account for all County revenues and expenditures except those which are required by law to be classified in other funds and such other funds that are presented separately to facilitate proper accountability.

The Road and Bridge Special Revenue Fund is used to account for costs associated with the construction and maintenance of roads and bridges in the County. Revenues are derived primarily from vehicle registration charges, State Lateral Road Distribution funds, and interest.

NOTES

The Notes to Required Supplementary Information provide information on the County's budget process.

TCDRS PENSION PLAN

Schedule of Changes in Net Pension Liability and Related Ratios for McMullen County
Schedule of Employer Contributions for McMullen County

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	17,507,304	17,507,304	19,846,630	2,339,326
Licenses and Permits	-	-	-	-
Intergovernmental	1,256,866	1,134,169	1,177,281	43,112
Fees	408,000	408,000	468,387	60,387
Fines and Forfeitures	300,000	300,000	540,516	240,516
Interest Income	10,000	460,000	784,847	324,847
Other	1,000	695,000	1,182,375	487,375
Total Revenues	19,483,170	20,504,473	24,000,036	3,495,563
EXPENDITURES				
Current				
General Administration	3,239,099	2,717,162	2,064,974	652,188
Judicial	1,067,620	1,163,217	1,007,931	155,286
Elections	164,983	164,983	105,186	59,797
Financial Administration	893,373	1,006,416	937,323	69,093
Public Facilities	1,326,941	1,574,441	864,840	709,601
Public Safety	4,911,479	5,377,197	4,377,896	999,301
Environmental Protection	1,018,778	1,073,778	617,536	456,242
Public Transportation	-	-	-	-
Culture and Recreation	115,000	115,000	11,350	103,650
Health and Welfare	859,000	809,000	148,526	660,474
Conservation	194,379	203,879	195,803	8,076
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	13,790,652	14,205,073	10,331,365	3,873,708
Excess (Deficiency) of Revenues Over Expenditures	5,692,518	6,299,400	13,668,671	7,369,271
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	50,000	55,000	5,000
Transfers Out	(13,300,000)	(17,920,000)	(15,170,000)	2,750,000
Total Other Financing Sources (Uses)	(13,290,000)	(17,870,000)	(15,115,000)	2,755,000
Net Change in Fund Balance	(7,597,482)	(11,570,600)	(1,446,329)	10,124,271
Fund Balance, Beginning of Year			13,942,393	
Fund Balance, End of Year			12,496,064	

See accompanying notes to required supplementary information.

MC MULLEN COUNTY, TEXAS
 ROAD AND BRIDGE FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	-	-	74,915	74,915
Licenses and Permits	60,000	60,000	-	(60,000)
Intergovernmental	33,000	33,000	40,985	7,985
Interest Income	10,000	10,000	649,893	639,893
Other	-	-	13,597	13,597
Total Revenues	103,000	103,000	779,390	676,390
EXPENDITURES				
Current				
Public Transportation:				
Road and Bridge	7,222,625	11,724,305	8,443,834	3,280,471
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	7,222,625	11,724,305	8,443,834	3,280,471
Excess (Deficiency) of Revenues Over Expenditures	(7,119,625)	(11,621,305)	(7,664,444)	3,956,861
OTHER FINANCING SOURCES (USES)				
Transfers In	7,000,000	7,000,000	7,000,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	7,000,000	7,000,000	7,000,000	-
Net Change in Fund Balance	(119,625)	(4,621,305)	(664,444)	3,956,861
Fund Balance, Beginning of Year			11,007,241	
Fund Balance, End of Year			10,342,797	

See accompanying notes to required supplementary information.

MC MULLEN COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

BUDGETARY DATA

The original budget is adopted by the Commissioner's Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioner's Court. The final amended budget is used in this report. Unused appropriations lapse at the end of each year. The level of control for the detailed budgets is at the fund level.

The County Judge is, by statute, the Budget Officer of the County and usually requests and relies on the assistance of the County Treasurer to prepare the annual budget. After being furnished budget guidelines by the Commissioner's Court, the County Treasurer prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioner's Court.

The Commissioner's Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioner's Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Treasurer's estimate of revenues and available cash. The final budget can be legally amended by the Commissioner's Court to whatever extent the Court desires as long as the amended figures do not exceed the County Treasurer's estimate of revenues and available cash.

When the Budget has been adopted by the Commissioner's Court, the County Treasurer is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioner's Court advised of the condition of the various funds and accounts.

Budgets for all budgeted General and Special Revenue Funds are adopted in conformity with generally accepted accounting principles (GAAP). Budgets for the 2024 fiscal year were adopted for the General Fund and the Road and Bridge Fund.

MC MULLEN COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31		
	2023	2022	2021
Total Pension Liability			
Service cost	586,979	543,642	503,566
Interest on total pension liability	1,043,707	964,582	886,094
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	-	(216,033)
Effect of economic/demographic (gains) or losses	156,894	57,597	378,067
Benefit payments/refunds of contributions	(587,118)	(549,662)	(568,067)
Net change in total pension liability	<u>1,200,462</u>	<u>1,016,159</u>	<u>983,627</u>
Total pension liability, beginning	13,434,188	12,418,028	11,434,400
Total pension liability, ending (a)	<u>14,634,650</u>	<u>13,434,188</u>	<u>12,418,028</u>
Fiduciary Net Position			
Employer contributions	486,426	691,958	649,725
Member contributions	226,998	206,247	186,538
Investment income net of investment expenses	1,442,126	(822,874)	2,414,945
Benefit payments/refunds of contributions	(587,118)	(549,662)	(568,067)
Administrative expenses	(7,667)	(7,683)	7,326
Other	11,582	52,154	10,587
Net change in fiduciary net position	<u>1,572,348</u>	<u>(429,859)</u>	<u>2,686,402</u>
Fiduciary net position, beginning	13,110,670	13,540,529	10,854,127
Fiduciary net position, ending (b)	<u>14,683,018</u>	<u>13,110,670</u>	<u>13,540,529</u>
Net pension liability / (asset), ending = (a) - (b)	<u>(48,369)</u>	<u>323,518</u>	<u>(1,122,501)</u>
Fiduciary net position as a % of total pension liability	100.33%	97.59%	109.04%
Pensionable covered payroll	3,242,835	2,946,392	2,664,830
Net pension liability/(asset) as % of covered payroll	-1.49%	10.98%	-42.12%

**Year Ended
December 31**

2020	2019	2018	2017	2016	2015	2014
469,939	446,993	409,188	338,976	354,081	254,958	226,605
846,805	785,012	671,998	585,304	526,923	448,447	378,169
(111,212)	-	744,361	505,050	-	972,483	-
659,248	-	-	(22,120)	-	61,301	-
(118,745)	57,494	(8,086)	(23,101)	27,627	26,826	75,289
(580,861)	(519,470)	(402,579)	(366,419)	(340,606)	(333,425)	(332,904)
1,165,175	770,029	1,414,882	1,017,690	568,025	1,430,590	347,159
10,269,226	9,499,196	8,084,334	7,066,644	6,498,619	5,068,029	4,720,869
11,434,400	10,269,226	9,499,196	8,084,334	7,066,644	6,498,619	5,068,029
1,390,388	577,222	394,548	267,812	285,672	266,744	843,700
182,181	176,036	207,816	187,468	185,982	186,720	157,323
923,205	1,224,257	135,469	931,876	426,450	36,579	317,976
(580,861)	(519,470)	(402,579)	(366,419)	(340,606)	(333,425)	(332,904)
(7,942)	(6,795)	(5,989)	(4,916)	(4,634)	(4,079)	(3,911)
30,229	9,246	8,695	1,145	96,660	30,564	(22,340)
1,937,200	1,460,497	85,021	1,016,965	646,524	183,102	959,845
8,916,927	7,456,430	7,391,409	6,374,444	5,727,920	5,544,817	4,584,972
10,854,127	8,916,927	7,456,430	7,391,409	6,374,444	5,727,920	5,544,817
580,273	1,352,299	2,042,766	692,925	692,200	770,700	(476,788)
94.93%	86.83%	78.50%	91.43%	90.20%	88.14%	109.41%
2,602,590	2,514,803	2,630,319	2,678,110	2,656,892	2,667,430	2,133,370
22.30%	53.77%	77.66%	25.87%	26.05%	28.89%	-22.35%

MC MULLEN COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a % of Covered Payroll
2015	127,503	266,744	(139,241)	2,667,430	10.0%
2016	116,903	285,672	(168,768)	2,656,892	10.8%
2017	84,093	267,812	(183,719)	2,678,110	10.0%
2018	194,118	394,548	(200,431)	2,630,319	15.0%
2019	250,977	577,222	(326,244)	2,514,803	23.0%
2020	244,383	1,390,388	(1,146,005)	2,602,590	53.4%
2021	173,214	649,725	(476,511)	2,664,830	24.4%
2022	240,720	691,958	(451,238)	2,946,392	23.5%
2023	239,970	486,426	(246,456)	3,242,835	15.0%
2024	311,390	612,973	(301,583)	4,086,489	15.0%

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES AS
SUPPLEMENTARY INFORMATION**

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NON-MAJOR GOVERNMENTAL FUNDS

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

	Elections Chapter 19	Records Mgmt and Preservation
ASSETS		
Cash and Cash Equivalents	18,468	61,214
Receivables	-	-
Taxes Receivable, Net	-	-
Due from Others	-	3,585
Total Assets	<u>18,468</u>	<u>64,799</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	-	5,000
Due to Other Funds	-	-
Total Liabilities	<u>-</u>	<u>5,000</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Property Taxes	-	-
Deferred Revenues - Property Taxes	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
FUND BALANCES		
Restricted	18,468	59,799
Committed	-	-
Unassigned	-	-
Total Fund Balance	<u>18,468</u>	<u>59,799</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>18,468</u>	<u>64,799</u>

SPECIAL REVENUE FUNDS

Court Technology Fund	Law Library Fund	Courthouse Security Fund
32,595	1,627	8,663
-	-	-
904	35	1,094
<u>33,499</u>	<u>1,662</u>	<u>9,757</u>
5,000	-	-
-	-	-
<u>5,000</u>	<u>-</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
28,499	1,662	9,757
-	-	-
<u>28,499</u>	<u>1,662</u>	<u>9,757</u>
<u>33,499</u>	<u>1,662</u>	<u>9,757</u>

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

SPECIAL REVENUE FUNDS

	Jury Fund	Abandoned Vehicle Fund	Tilden Water & Sewer Fund
ASSETS			
Cash and Cash Equivalents	1,219	269,939	205,043
Receivables			
Taxes Receivable, Net	-	-	597
Due from Others	36	1,019	15,436
Total Assets	<u>1,255</u>	<u>270,958</u>	<u>221,076</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	-	(29)	109,522
Due to Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>(29)</u>	<u>109,522</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Property Taxes	-	-	597
Deferred Revenues - Property Taxes	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>597</u>
FUND BALANCES			
Restricted	1,255	270,987	110,957
Committed	-	-	-
Unassigned	-	-	-
Total Fund Balance	<u>1,255</u>	<u>270,987</u>	<u>110,957</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>1,255</u>	<u>270,958</u>	<u>221,076</u>

			DEBT SERVICE FUNDS		Total Nonmajor Governmental Funds
Calliham Water & Sewer Fund	Sheriff's State Forfeiture	Sheriff's Federal Forfeiture	Total Special Revenue Funds	Debt Service Fund	
123,471	5,270	198,706	926,215	20,459	946,674
-	-	-	597	-	597
5,781	-	-	27,890	-	27,890
<u>129,252</u>	<u>5,270</u>	<u>198,706</u>	<u>954,702</u>	<u>20,459</u>	<u>975,161</u>
49,425	-	-	168,918	-	168,918
-	-	-	-	-	-
<u>49,425</u>	<u>-</u>	<u>-</u>	<u>168,918</u>	<u>-</u>	<u>168,918</u>
-	-	-	597	-	597
-	-	-	-	-	-
-	-	-	597	-	597
79,827	5,270	198,706	785,187	-	785,187
-	-	-	-	20,459	20,459
-	-	-	-	-	-
<u>79,827</u>	<u>5,270</u>	<u>198,706</u>	<u>785,187</u>	<u>20,459</u>	<u>805,646</u>
<u>129,252</u>	<u>5,270</u>	<u>198,706</u>	<u>954,702</u>	<u>20,459</u>	<u>975,161</u>

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

<u>SPECIAL REVENUE FUNDS</u>			
	Elections Chapter 19	Records Mgmt and Preservation	Court Technology Fund
REVENUES			
Taxes	-	-	-
Intergovernmental	3,566	-	-
Fines & Forfeitures	-	-	-
Charges for Services	-	22,446	13,548
Interest Income	108	689	-
Contributions	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>3,674</u>	<u>23,135</u>	<u>13,548</u>
EXPENDITURES			
Current			
General Administration	-	-	-
Judicial	-	-	-
Elections	-	-	-
Financial Administration	-	-	-
Public Facilities	-	-	-
Public Safety	-	-	-
Environmental Protection	-	-	-
Public Transportation	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Conservation	-	-	-
Debt Service			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,674</u>	<u>23,135</u>	<u>13,548</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	(5,000)	(5,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
Net Change In Fund Balances	<u>3,674</u>	<u>18,135</u>	<u>8,548</u>
Fund Balances at Beginning of Year	<u>14,794</u>	<u>41,664</u>	<u>19,951</u>
Fund Balances at End of Year	<u>18,468</u>	<u>59,799</u>	<u>28,499</u>

SPECIAL REVENUE FUNDS

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

SPECIAL REVENUE FUNDS			
	Tilden Water & Sewer Fund	Calliham Water & Sewer Fund	Sheriff's State Forfeiture
REVENUES			
Taxes	2,152	-	-
Intergovernmental	-	-	-
Fines & Forfeitures	-	-	9,095
Charges for Services	103,118	46,144	-
Interest Income	4,933	6,737	27
Contributions	-	-	-
Miscellaneous	53,027	4,366	-
Total Revenues	163,230	57,247	9,122
EXPENDITURES			
Current			
General Administration	-	-	-
Judicial	-	-	-
Elections	-	-	-
Financial Administration	-	-	-
Public Facilities	660,978	807,818	-
Public Safety	-	-	6,430
Environmental Protection	-	-	-
Public Transportation	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Conservation	-	-	-
Debt Service			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	660,978	807,818	6,430
Excess (Deficiency) of Revenues Over Expenditures	(497,748)	(750,571)	2,692
OTHER FINANCING SOURCES (USES)			
Transfers In	500,000	650,000	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	500,000	650,000	-
Net Change In Fund Balances	2,252	(100,571)	2,692
Fund Balances at Beginning of Year	108,705	180,398	2,578
Fund Balances at End of Year	110,957	79,827	5,270

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DEBT SERVICE FUND

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MC MULLEN COUNTY, TEXAS
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	20,459	15,791
Receivables		
Taxes Receivable	-	-
TOTAL ASSETS	<u>20,459</u>	<u>15,791</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Deferred Tax Revenues	-	-
Advanced Tax Collections	-	-
Due to Other Funds	-	-
Total Liabilities	<u>-</u>	<u>-</u>
 FUND BALANCES		
Committed for Debt Service	20,459	15,791
Total Fund Balances	<u>20,459</u>	<u>15,791</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>20,459</u>	<u>15,791</u>

MC MULLEN COUNTY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUES		
Taxes	-	-
Licenses and Permits	-	-
Intergovernmental	-	-
Interest Income	587	1,715
Other	-	-
Total Revenues	<u>587</u>	<u>1,715</u>
EXPENDITURES		
Current		
General Administration	-	-
Financial	-	-
Environmental Protection	-	-
Public Safety	-	-
Conservation	-	-
Debt Service		
Principal Retirement	1,430,000	1,390,000
Interest and Fiscal Charges	65,919	108,360
Total Expenditures	<u>1,495,919</u>	<u>1,498,360</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,495,332)</u>	<u>(1,496,645)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	1,500,000	1,500,000
Transfers Out	-	-
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>1,500,000</u>
Net Change in Fund Balance	4,668	3,355
Fund Balance at Beginning of Year	15,791	12,436
Fund Balance at End of Year	<u>20,459</u>	<u>15,791</u>

CAPITAL PROJECTS FUND

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MC MULLEN COUNTY, TEXAS
 COMPARATIVE BALANCE SHEETS
 CAPITAL PROJECTS FUND
 DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	934,695	4,130,332
Receivables		
Taxes Receivable	-	-
Due From Others	-	-
Due From Other Funds	-	-
Prepaid Expense	-	-
TOTAL ASSETS	<u>934,695</u>	<u>4,130,332</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	85,469	156,536
Deferred Tax Revenues	-	-
Deferred and Unearned Income	-	-
Advanced Tax Collections	-	-
Due to Others	-	-
Due to Other Funds	-	-
Accrued Wages	-	-
Total Liabilities	<u>85,469</u>	<u>156,536</u>
 FUND BALANCES		
Committed for Capital Projects	849,226	3,973,796
Unreserved - Undesignated, Reported In:		
General Fund	-	-
Special Revenue Funds	-	-
Total Fund Balances	<u>849,226</u>	<u>3,973,796</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>934,695</u>	<u>4,130,332</u>

MC MULLEN COUNTY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUES		
Taxes	-	-
Licenses and Permits	-	-
Intergovernmental	-	-
Interest Income	188,592	117,029
Other	-	-
Total Revenues	<u>188,592</u>	<u>117,029</u>
EXPENDITURES		
Current		
General Administration	866,783	127,154
Public Facilities	234,009	-
Public Safety	316,519	1,214,628
Environmental Protection	-	-
Public Transportation	1,651,469	2,241,644
Culture and Recreation	5,726,237	598,796
Health and Welfare	-	-
Conservation	38,145	-
Debt Service		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>8,833,162</u>	<u>4,182,222</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,644,570)</u>	<u>(4,065,193)</u>
OTHER FINANCING SOURCES (USES)		
Tax Note Proceeds	-	-
Transfers In	5,520,000	3,900,000
Transfers Out	-	-
Total Other Financing Sources (Uses)	<u>5,520,000</u>	<u>3,900,000</u>
Net Change in Fund Balance	(3,124,570)	(165,193)
Fund Balance (Deficits) at Beginning of Year	<u>3,973,796</u>	<u>4,138,989</u>
Fund Balance (Deficits) at End of Year	<u>849,226</u>	<u>3,973,796</u>

ROAD AND BRIDGE SUB-FUNDS

MC MULLEN COUNTY, TEXAS
 SCHEDULE - COMBINING BALANCE SHEET
 ROAD AND BRIDGE SUB-FUNDS
 DECEMBER 31, 2024

	ROAD AND BRIDGE		
	Road and Bridge Precinct 1	Road and Bridge Precinct 2	Road and Bridge Precinct 3
ASSETS			
Cash and Cash Equivalents	2,547,781	2,791,948	4,434,353
Receivables			
Taxes Receivable, Net	-	-	-
Grant Receivable	-	-	-
Due from County Officials	976	976	976
Due from Other Funds	-	-	-
Total Assets	<u>2,548,757</u>	<u>2,792,924</u>	<u>4,435,329</u>
LIABILITIES			
Accounts Payable	132,609	42,505	22,969
Accrued Wages	5,891	3,903	5,987
Due to Other Funds	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,138,500</u>	<u>46,408</u>	<u>28,956</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Property Taxes	-	-	-
Deferred Revenues - Property Taxes	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Committed	1,410,257	2,746,516	4,406,373
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>2,548,757</u>	<u>2,792,924</u>	<u>4,435,329</u>

SUB-FUNDS

Road and Bridge Precinct 4	Road Fund Right of Way	Total Road and Bridge Fund
1,711,615	112,600	11,598,297
-	-	-
-	-	-
976	-	3,904
-	-	-
<u>1,712,591</u>	<u>112,600</u>	<u>11,602,201</u>

41,637	-	239,720
3,903	-	19,684
-	-	1,000,000
<u>45,540</u>	<u>-</u>	<u>1,259,404</u>

-	-	-
-	-	-
-	-	-

1,667,051	112,600	10,342,797
<u>1,712,591</u>	<u>112,600</u>	<u>11,602,201</u>

MC MULLEN COUNTY, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ROAD AND BRIDGE SUB-FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

ROAD AND BRIDGE		
	Road and Bridge Precinct 1	Road and Bridge Precinct 2
REVENUES		
Taxes	18,729	18,729
Licenses and Permits	-	-
Intergovernmental	7,743	7,743
Interest Income	137,197	158,228
Other	2,563	2,423
Total Revenues	<u>166,232</u>	<u>187,123</u>
EXPENDITURES		
Current		
Public Transportation:		
Road and Bridge	2,764,639	889,796
Debt Service		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>2,764,639</u>	<u>889,796</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(2,598,407)</u>	 <u>(702,673)</u>
 OTHER FINANCING SOURCES (USES)		
Transfers In - From General Fund	1,750,000	1,750,000
Transfers In - From Road and Bridge Sub-Funds	-	-
Transfers Out - To General Fund	-	-
Transfers Out - To Road and Bridge Sub-Funds	-	-
Total Other Financing Sources (Uses)	<u>1,750,000</u>	<u>1,750,000</u>
 Net Change in Fund Balances	 <u>(848,407)</u>	 <u>1,047,327</u>
 Fund Balances at Beginning of Year	 <u>2,258,664</u>	 <u>1,699,189</u>
Fund Balances at End of Year	<u>1,410,257</u>	<u>2,746,516</u>

SUB-FUNDS

Road and Bridge Precinct 3	Road and Bridge Precinct 4	Road Fund Right of Way	Total Road and Bridge Fund
18,729	18,728	-	74,915
-	-	-	-
7,743	7,743	10,013	40,985
206,059	147,735	674	649,893
5,957	2,654	-	13,597
<u>238,488</u>	<u>176,860</u>	<u>10,687</u>	<u>779,390</u>
1,474,930	3,314,469	-	8,443,834
-	-	-	-
-	-	-	-
<u>1,474,930</u>	<u>3,314,469</u>	<u>-</u>	<u>8,443,834</u>
<u>(1,236,442)</u>	<u>(3,137,609)</u>	<u>10,687</u>	<u>(7,664,444)</u>
1,750,000	1,750,000	-	7,000,000
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,750,000</u>	<u>1,750,000</u>	<u>-</u>	<u>7,000,000</u>
513,558	(1,387,609)	10,687	(664,444)
<u>3,892,815</u>	<u>3,054,660</u>	<u>101,913</u>	<u>11,007,241</u>
<u>4,406,373</u>	<u>1,667,051</u>	<u>112,600</u>	<u>10,342,797</u>

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FIDUCIARY FUNDS

MC MULLEN COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2024

	County Clerk	District Clerk	Justice of the Peace
ASSETS			
Cash and Cash Equivalents	12,947,034	4,702	553
Due From Other Funds	-	-	-
Due From Other Governments	-	-	-
Total Assets	12,947,034	4,702	553
LIABILITIES			
Current Liabilities			
Accounts Payable	-	-	-
Due to Others	-	-	-
Total Liabilities	-	-	-
NET POSITION			
Restricted for individuals or organizations	12,947,034	4,702	553
Total Net Position	12,947,034	4,702	553

Tax Collector	Volunteer Fire Dept	Permanent School Fund	Permanent Undistributed Fund	TOTAL
(88)	140,823	112,204	116,828	13,322,056
-	-	-	-	-
-	-	-	-	-
<u>(88)</u>	<u>140,823</u>	<u>112,204</u>	<u>116,828</u>	<u>13,322,056</u>
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(88)</u>	<u>140,823</u>	<u>112,204</u>	<u>116,828</u>	<u>13,322,056</u>
<u>(88)</u>	<u>140,823</u>	<u>112,204</u>	<u>116,828</u>	<u>13,322,056</u>

MC MULLEN COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR DECEMBER 31, 2024

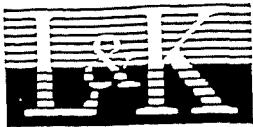
	<u>County Clerk</u>	<u>District Clerk</u>	<u>Justice of the Peace</u>
ADDITIONS			
Contributions:			
From other governments	-	-	-
From individuals	1,047,585	21,226	860,214
Investment interest	81,130	32	986
Taxes and fees collected from other governments	-	-	-
Miscellaneous	-	-	-
Total Additions	<u>1,128,715</u>	<u>21,258</u>	<u>861,200</u>
DEDUCTIONS			
Recipient payments	273,916	20,345	860,781
Administrative expenses	-	-	-
Public safety	-	-	-
Total Deductions	<u>273,916</u>	<u>20,345</u>	<u>860,781</u>
Net increase (decrease) in fiduciary net position	854,799	913	419
Net position - beginning	<u>12,092,235</u>	<u>3,789</u>	<u>134</u>
Net position - ending	<u>12,947,034</u>	<u>4,702</u>	<u>553</u>

Tax Collector	Volunteer Fire Dept	Permanent School Fund	Permanent Undistributed Fund	TOTAL
-	250,000	-	-	250,000
-	2,000	-	-	1,931,025
11,422	1,069	-	3,431	98,070
52,071,617	-	-	-	52,071,617
-	-	-	-	-
52,083,039	253,069	-	3,431	54,350,712
52,085,131	-	-	-	53,240,173
-	-	-	-	-
-	184,262	-	-	184,262
52,085,131	184,262	-	-	53,424,435
(2,092)	68,807	-	3,431	926,277
2,004	72,016	112,204	113,397	12,395,779
(88)	140,823	112,204	116,828	13,322,056

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COMPLIANCE SECTION

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Lovvorn & Kieschnick, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 1394 tele 361-884-8897
Sinton, TX 78387 fax 361-884-3457

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 County Commissioners
McMullen County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of McMullen County, Texas (the County) as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise McMullen County, Texas' basic financial statements, and have issued our report thereon dated December 9, 2025.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent 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 and therefore, material weaknesses or significant

deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McMullen 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.

Respectfully submitted,

Lovvorn & Kieschnick, LLP

Lovvorn & Kieschnick, LLP

December 9, 2025

MCMULLEN COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
One or more material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
One or more significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

2. Federal Awards

A Single Audit was not required in the current year

B. Financial Statement Findings

NONE

C. State Award Findings and Questioned Costs

NONE

MCMULLEN COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No prior findings		

McMULLEN COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Program</u>	<u>Corrective Action Plan</u>
There were no findings or questioned costs in the current year.	No corrective action required