

HUTCHINSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR YEAR ENDED
SEPTEMBER 30, 2024**

HUTCHINSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2024

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PART I

FINANCIAL SECTION

To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Hutchinson County, Texas

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hutchinson County, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Hutchinson County, Texas's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hutchinson County, Texas, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Hutchinson County, Texas'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.

Auditors' 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 Hutchinson County, Texas'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 Hutchinson County, Texas'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 budgetary comparison information, the schedule of changes in net pension liability and related ratios, the schedule of employer contributions, and the schedule of changes in total OPEB liability and related ratios on pages on pages 43 – 49 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.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, 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. The independent auditors' opinion is not affected by the omission of the MD&A.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hutchinson County, Texas's basic financial statements. The accompanying combining nonmajor governmental and custodial 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 nonmajor governmental and custodial fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2025, on our consideration of Hutchinson County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hutchinson County, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hutchinson County, Texas's internal control over financial reporting and compliance.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

June 11, 2025

BASIC FINANCIAL STATEMENTS

HUTCHINSON COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 18,359,050	\$ 383,020	\$ 18,742,070
Accounts receivable, net	341,074	22,754	363,828
Taxes receivable, net	258,582	-	258,582
Internal balances	246,436	(246,436)	-
Due from other governmental entities	81,305	30,350	111,655
Inventories	15,003	39,680	54,683
Prepaid items	299,837	-	299,837
Net pension asset	2,473,247	55,629	2,528,876
Capital assets net of of accumulated depreciation	9,909,863	1,210,472	11,120,335
Total assets	31,984,397	1,495,469	33,479,866
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	661,351	14,875	676,226
Pension deficient earnings	62,319	1,402	63,721
Other postemployment benefit contributions	10,879	245	11,124
Other postemployment benefit economic loss	2,999	67	3,066
Other postemployment benefit assumption changes	28,273	636	28,909
Total deferred outflows of resources	765,821	17,225	783,046
LIABILITIES			
Accounts payable	253,911	3,144	257,055
Due to other governmental agencies	1,058,929	-	1,058,929
Accrued interest	5,932	-	5,932
Noncurrent liabilities:			
Due within one year	552,716	5,000	557,716
Total other postemployment benefit liability	16,477	371	16,848
Due in more than one year	280,750	714	281,464
Total other postemployment benefit liability	481,308	10,825	492,133
Total liabilities	2,650,023	20,054	2,670,077
DEFERRED INFLOWS OF RESOURCES			
Pension economic/demographic gains	173,543	3,903	177,446
Other postemployment benefit economic/demographic gains	3,133	70	3,203
Other postemployment benefit assumption changes	80,394	1,808	82,202
Total deferred inflows of resources	257,070	5,781	262,851
NET POSITION			
Net investment in capital assets	9,427,949	1,210,472	10,638,421
Restricted:			
By enabling legislation	1,304,471	-	1,304,471
Special projects	386,259	-	386,259
Unrestricted	18,724,446	276,387	19,000,833
Total net position	\$ 29,843,125	\$ 1,486,859	\$ 31,329,984

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

HUTCHINSON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
Administrative	\$ 3,617,178	\$ 522,311	\$ 1,131,585	\$ -	\$ (1,963,282)	\$	\$ (1,963,282)
Judicial	2,482,560	356,325	130,885	-	(1,995,350)		(1,995,350)
Public facilities	1,770,757	14,824	8,927	-	(1,747,006)		(1,747,006)
Public safety	4,346,132	110,245	333,631	-	(3,902,256)		(3,902,256)
Road and bridge	1,831,671	528,551	16,237	-	(1,286,883)		(1,286,883)
Public service	1,257,536	209,017	628,430	-	(420,089)		(420,089)
Interest on long-term debt	15,017	-	-	-	(15,017)		(15,017)
Total governmental activities	15,320,851	1,741,273	2,249,695	-	(11,329,883)		(11,329,883)
Business-type activities:							
Airport	663,156	478,524	12,488	-	-	(172,144)	(172,144)
Total business-type activities	663,156	478,524	12,488	-	-	(172,144)	(172,144)
Total primary government	<u>\$ 15,984,007</u>	<u>\$ 2,219,797</u>	<u>\$ 2,262,183</u>	<u>\$ -</u>	<u>(11,329,883)</u>	<u>(172,144)</u>	<u>(11,502,027)</u>
General revenues:							
Taxes:							
Property taxes					15,497,703	-	15,497,703
Payments in lieu of taxes					34,111	-	34,111
Mixed beverage taxes					33,672	-	33,672
Investment earnings					1,207,017	29,134	1,236,151
Miscellaneous					570,262	130,961	701,223
Gain on disposal of assets					27,151	-	27,151
Transfers					(45,360)	45,360	-
Total general revenues and transfers					17,324,556	205,455	17,530,011
Change in net position					5,994,673	33,311	6,027,984
Net position - beginning					23,848,452	1,453,548	25,302,000
Net position - ending					<u>\$ 29,843,125</u>	<u>\$ 1,486,859</u>	<u>\$ 31,329,984</u>

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

HUTCHINSON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	<u>General</u>	<u>Road & Bridge</u>	<u>ARPA Grant</u>
ASSETS			
Cash and cash equivalents	\$ 15,054,508	\$ 396,828	\$ 889,696
Accounts receivable, net	298,279	17,373	-
Taxes receivable, net	258,582	-	-
Due from other funds	544,305	-	-
Due from other governmental entities	2,137	-	-
Inventories	-	15,003	-
Prepaid items	292,220	-	7,617
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 16,450,031</u>	<u>\$ 429,204</u>	<u>\$ 897,313</u>
LIABILITIES			
Accounts payable	\$ 137,259	\$ 28,620	\$ 39,732
Due to other funds	-	166,259	73,313
Due to other governmental entities	35,135	-	698,513
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>172,394</u>	<u>194,879</u>	<u>811,558</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	204,264	-	-
Unavailable revenue - other receivables	192,319	-	-
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>396,583</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-spendable:			
Inventories	-	15,003	-
Prepaid items	292,220	-	7,617
Restricted:			
By enabling legislation	-	-	-
Committed for:			
Special projects	-	-	-
Unassigned	15,588,834	219,322	78,138
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>15,881,054</u>	<u>234,325</u>	<u>85,755</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,450,031</u>	<u>\$ 429,204</u>	<u>\$ 897,313</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,018,018	\$ 18,359,050
25,422	341,074
-	258,582
-	544,305
79,168	81,305
-	15,003
-	299,837
<u>\$ 2,122,608</u>	<u>\$ 19,899,156</u>
\$ 48,300	\$ 253,911
58,297	297,869
<u>325,281</u>	<u>1,058,929</u>
<u>431,878</u>	<u>1,610,709</u>
-	204,264
-	192,319
<u>-</u>	<u>396,583</u>
-	15,003
-	299,837
1,304,471	1,304,471
386,259	386,259
<u>-</u>	<u>15,886,294</u>
<u>1,690,730</u>	<u>17,891,864</u>
<u>\$ 2,122,608</u>	<u>\$ 19,899,156</u>

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

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HUTCHINSON COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds	\$ 17,891,864
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	9,909,863
Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements.	396,583
The net pension asset is not a current financial resource and therefore, is not reported in the fund financial statement, but is reported in the governmental activities of the Statement of Net Position.	2,473,247
Pension and other postemployment benefit contributions paid after the measurement date, December 31, 2023, and before September 30, 2024 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.	
Pension contributions	661,351
Other postemployment benefit contributions	10,879
Pension and other postemployment benefit losses and deficient earnings are shown as deferred outflows of resources in the government-wide financial statements.	
Pension deficient earnings	62,319
Other postemployment benefit economic/demographic losses	2,999
Other postemployment benefit assumption changes	28,273
Pension and other postemployment benefit gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.	
Pension economic/demographic gains	(173,543)
Other postemployment benefit economic/demographic gains	(3,133)
Other postemployment benefit assumption changes	(80,394)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:	
Accrued interest payable	(5,932)
Leases and subscription liabilities	(481,914)
Accrued compensated absences	(351,552)
Other postemployment benefit liability	(497,785)
Net position - governmental activities	<u>\$ 29,843,125</u>

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

HUTCHINSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>General</u>	<u>Road & Bridge</u>	<u>ARPA Grant</u>
REVENUES			
Property taxes	\$ 15,580,255	\$ -	\$ -
Payments in lieu of taxes	34,111	-	-
Mixed beverage taxes	33,672	-	-
Licenses and fees	836,503	528,551	-
Fines and forfeitures	7,481	-	-
Intergovernmental	51,218	-	1,101,827
Interest	979,933	54,527	73,313
Miscellaneous	379,740	147,792	-
	<u>17,902,913</u>	<u>730,870</u>	<u>1,175,140</u>
EXPENDITURES			
Current:			
Administrative	3,490,656	-	165,040
Judicial	2,576,189	-	-
Public facilities	1,458,163	-	-
Public safety	4,310,617	-	-
Road and bridge	-	1,494,482	-
Public service	766,734	-	-
Debt service:			
Principal	141,710	-	6,435
Interest	13,894	-	1,182
Capital outlay	186,417	250,500	853,583
	<u>12,944,380</u>	<u>1,744,982</u>	<u>1,026,240</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,958,533</u>	<u>(1,014,112)</u>	<u>148,900</u>
OTHER FINANCING SOURCES (USES)			
Initiation of leases and SBITAs	-	-	-
Proceeds from sale of assets	30,700	5,100	-
Transfers in	528,926	1,189,068	-
Transfers out	(2,119,061)	(166,259)	(73,313)
	<u>(1,559,435)</u>	<u>1,027,909</u>	<u>(73,313)</u>
NET CHANGE IN FUND BALANCES	3,399,098	13,797	75,587
FUND BALANCES - BEGINNING	<u>12,481,956</u>	<u>220,528</u>	<u>10,168</u>
FUND BALANCES - ENDING	<u><u>\$ 15,881,054</u></u>	<u><u>\$ 234,325</u></u>	<u><u>\$ 85,755</u></u>

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 15,580,255
-	34,111
-	33,672
381,447	1,746,501
-	7,481
1,087,722	2,240,767
99,244	1,207,017
51,658	579,190
<u>1,620,071</u>	<u>21,428,994</u>
61,825	3,717,521
211,801	2,787,990
211,570	1,669,733
77,951	4,388,568
25,000	1,519,482
623,126	1,389,860
6,266	154,411
-	15,076
590,850	1,881,350
<u>1,808,389</u>	<u>17,523,991</u>
<u>(188,318)</u>	<u>3,905,003</u>
208,245	208,245
-	35,800
646,697	2,364,691
<u>(51,418)</u>	<u>(2,410,051)</u>
<u>803,524</u>	<u>198,685</u>
615,206	4,103,688
<u>1,075,524</u>	<u>13,788,176</u>
<u>\$ 1,690,730</u>	<u>\$ 17,891,864</u>

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

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HUTCHINSON COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Net change in fund balances - total governmental funds:	\$ 4,103,688
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> <p>This is the amount by which capital outlays, \$1,881,350, exceeded depreciation, \$1,394,117, in the current period.</p>	
	487,233
<p>In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the disposition, if any, increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital asset sold.</p>	
	(8,649)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenue.</p>	
	(95,261)
<p>In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p>	
Debt issued or incurred:	
Subscription liabilities	(208,245)
Principal repayments:	
Leases	30,642
Subscription liabilities	123,769
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>	
Accrued interest on debt, net change	59
Compensated absences, net change	6,341
Deferred outflows of resources - pension	(680,784)
Deferred outflows of resources - OPEB	(7,728)
Deferred inflows of resources - pension	96,078
Deferred inflows of resources - OPEB	29,430
Net pension asset, net change	2,165,706
Total other postemployment benefit liability, net change	(47,606)
Change in net position - governmental activities	\$ <u>5,994,673</u>

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

HUTCHINSON COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
AIRPORT
SEPTEMBER 30, 2024

ASSETS

Current assets:

Cash and cash equivalents	\$ 383,020
Receivables, net	22,754
Due from other governmental entities	30,350
Inventories	39,680
	<hr/>

Total current assets	<hr/> 475,804 <hr/>
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Non-current assets:

Net pension asset	55,629
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Capital assets:

Land	404,524
Buildings and improvements	1,580,683
Infrastructure	7,292,698
Machinery and equipment	354,005
Less accumulated depreciation	(8,421,438)
	<hr/>

Total non-current assets	<hr/> 1,266,101 <hr/>
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Total assets	<hr/> 1,741,905 <hr/>
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DEFERRED OUTFLOWS OF RESOURCES

Pension contributions	14,875
Pension deficient earnings	1,402
Other postemployment benefit contributions	245
Other postemployment benefit economic loss	67
Other postemployment benefit assumption changes	636
	<hr/>

Total deferred outflows of resources	<hr/> 17,225 <hr/>
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Continued

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

HUTCHINSON COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
AIRPORT
SEPTEMBER 30, 2024

Continuation

LIABILITIES

Current liabilities:

Accounts payable	\$ 3,144
Due to other funds	246,436
Compensated absences - current	5,000
Other postemployment benefit liability - current	371
	<hr/>

Total current liabilities	<hr/> 254,951
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Non-current liabilities:

Compensated absences	714
Other postemployment benefit liability	10,825
	<hr/>

Total non-current liabilities	<hr/> 11,539
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Total liabilities	<hr/> 266,490
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DEFERRED INFLOWS OF RESOURCES

Pension economic/demographic gains	3,903
Other postemployment benefit economic/demographic gains	70
Other postemployment benefit assumption changes	1,808
	<hr/>

Total deferred inflows of resources	<hr/> 5,781
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NET POSITION

Net investment in capital assets	1,210,472
Unrestricted	276,387
	<hr/>

Total net position	<hr/> <hr/> \$ 1,486,859
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The notes to the financial statements are an integral part of this statement.

HUTCHINSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

OPERATING REVENUES:

Charges for services	\$ 478,524
Miscellaneous revenue	<u>130,961</u>
Total operating revenues	<u>609,485</u>

OPERATING EXPENSES:

Salaries and employee benefits	221,572
Fuel and materials for resale	277,417
Other operating expenses	23,176
Supplies	1,658
Insurance	6,749
Postage and freight	640
Repairs and maintenance	22,665
Utilities	17,670
Depreciation	<u>92,959</u>
Total operating expenses	<u>664,506</u>

Operating loss	<u>(55,021)</u>
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NON-OPERATING REVENUES:

Intergovernmental	12,488
Interest and investment revenue	29,134
Gain on disposal of assets	<u>1,350</u>
Total non-operating revenues	<u>42,972</u>

LOSS BEFORE TRANSFERS	(12,049)
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TRANSFERS IN	291,796
TRANSFERS OUT	<u>(246,436)</u>

CHANGE IN NET POSITION	33,311
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TOTAL NET POSITION - BEGINNING	<u>1,453,548</u>
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TOTAL NET POSITION - ENDING	<u><u>\$ 1,486,859</u></u>
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The notes to the financial statements are an integral part of this statement.

HUTCHINSON COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 602,171
Payments to suppliers and service providers	(497,440)
Payments to employees for salaries and benefits	<u>(254,883)</u>
Net cash used by operating activities	<u>(150,152)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating grants	12,488
Changes in interfund receivables/payables	302,962
Transfers to other funds	<u>45,360</u>
Net cash provided by noncapital financing activities	<u>360,810</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from disposal of capital assets	1,350
Purchases of capital assets	<u>(177,678)</u>
Net cash used by capital and related financing activities	<u>(176,328)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>29,134</u>
Net cash provided by investing activities	<u>29,134</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

63,464

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

319,556

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 383,020

Continued

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

HUTCHINSON COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Continuation

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	\$ (55,021)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	92,959
(Increase) decrease in operating assets	
Accounts receivable	5,174
Inventories	6,832
Due from other governmental entities	(12,488)
Deferred outflows of resources - pension	15,236
Net pension asset	(48,728)
Deferred outflows of resources - OPEB	171
Increase (decrease) in operating liabilities	
Accounts payable	(28,611)
Accrued compensated absences	1,718
Deferred inflows of resources - pension	(2,147)
Deferred inflows of resources - OPEB	(656)
Total OPEB liability	1,095
Deferred revenue	(125,686)
	<hr/>
Net cash used by operating activities	\$ <u><u>(150,152)</u></u>

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

HUTCHINSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

		Custodial Funds
	ASSETS	
Cash and cash equivalents		\$ 676,032
Accounts receivable		15,655
		<hr/>
Total assets		691,687
		<hr/>
	LIABILITIES	
Accounts payable		30,500
Due to other governments		211,914
		<hr/>
Total liabilities		242,414
		<hr/>
	NET POSITION	
Restricted for:		
Individuals		449,273
		<hr/>
Total net position		\$ 449,273
		<hr/> <hr/>

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

HUTCHINSON COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Custodial Funds
Additions	
Tax collections	\$ 61,648,814
Trust/Escrow contributions	887,301
Investment earnings	3,641
Total additions	62,539,756
Deductions	
Payments to local governments	61,677,144
Trust/Escrow disbursements	732,947
Inmate accounts	76,561
Total deductions	62,486,652
NET CHANGE IN NET POSITION	53,104
NET POSITION - BEGINNING	396,169
NET POSITION - ENDING	\$ 449,273

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

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hutchinson County, Texas (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Financial Reporting Entity

The County, incorporated in 1901, is a public corporation and political subdivision of the State of Texas. The County is governed by the Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a variety of services to advance the welfare, morale, comfort, safety and convenience of the County and its citizens.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing the County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, but also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either, it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

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

Government-Wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide Statements – Continuation

The Statement of Activities demonstrates the degree to which the direct expenses of the County's programs are offset by those programs' revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Taxes and other items not included among program revenue are reported instead as *general revenue*. In miscellaneous general revenues are non-program specific contributions including capital assets contributions.

Fiduciary funds are excluded in the government-wide presentation of the financial statements.

Fund-Level Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Grant and entitlement revenues are also susceptible to accrual. These funds are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus.

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The County reports the following major governmental funds:

General Fund – The *General Fund* is the general operating fund of the County. 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 government, judicial, public facilities, public safety, public service, and capital acquisition.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund-Level Statements – Continuation

Road and Bridge Fund – The *Road and Bridge Fund* is a special revenue fund used to account for the revenues derived from license fees levied for purposes of road and bridge expenditures.

ARPA Grant Fund – The *ARPA Grant Fund* is used to account for funds received through various federal agencies passed through the State of Texas. The pass through grant is to be used to reimburse the County for qualified incurred costs and lost revenue related to the COVID-19 pandemic.

The County reports the following major proprietary fund:

The **Airport Fund** accounts for funds received from outside parties for the benefit and use of the Hutchinson County Airport.

Additionally, the County reports the following fund types:

Special Revenue Funds – The *Special Revenue Funds* account for the proceeds of specific revenue sources (other than fiduciary funds) that are legally restricted to expenditures for specified purposes.

Custodial Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Custodial funds do not involve a formal trust agreement.

C. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of one year or less, and deposits within public fund investment pools. Statutes authorize the County to keep funds in demand deposits, time deposits, or securities of the United States. The County's custodial banks are required to pledge for the purpose of securing County funds, securities of the following kind, in an amount equal to the amount of such County funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes.

The County is required by Government Code Chapter 2256, The Public Funds Investment Act ("Act"), to adopt, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, and include a list of the types of authorized investments in which the investing entity's funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

1. Deposits and Investments – Continuation

The Act requires an annual audit of investment policies. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that in the area of investment practices, management has established and reported appropriate policies. The County adheres to the requirements of the Act. Additionally, investment practices of the County are in accordance with local policies.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Charges for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$8,311,691.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

3. Property Tax Calendar and Revenues

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year unless the half payment option is elected in which one-half the tax is due November 30, and the balance the following June 30. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levies are shown net of an allowance for uncollectible accounts of \$664,923.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

4. Restricted Assets/Funds

The following accounts reflect restricted status by third-party or statutory obligations for specific purposes:

- Other Non-Major Governmental fund balances (amounts restricted for other specific purposes such as defraying the costs of collecting the vehicle inventory tax within the County, technology requirements for the justice court, management and preservation of public records, personnel and security for the courthouse, defraying the County's voter registration expenses, maintenance of the County's law library, enhancement of the county and district attorneys' operations with fees from processing dishonored and forged checks, enhancement of law enforcement operations with seized funds, maintenance of the commissary in the Sheriff's Department, and maintenance of a drug court. All restrictions are enacted according to Texas statutes.)
- In addition to the statutory restrictions the County has also received grant awards from various State agencies. These awards are all restricted for the stated purposes of the grant.

5. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in the governmental funds are recorded as expenditures when consumed rather than purchased. At September 30, 2024, inventories consisted of fuel in the road and bridge department.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of non-spendable fund balance which indicates they do not represent "available spendable resources".

6. Capital Assets

Capital assets, which include land, infrastructure, buildings and improvements, and equipment, are reported in the government-wide financial statements. The County has opted to not retroactively report infrastructure assets. According to the County's capitalization policy, capital assets, such as equipment, are defined as individual assets (or systems of assets) having a cost of \$5,000 or more and an estimated useful life in excess of two years. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated lives:

Buildings and improvements	10 - 30 years
Infrastructure	5 - 20 years
Equipment	4 - 18 years

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

7. Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Regular full-time employees are entitled to vacation of up to four weeks per year as earned, depending on years of service. Vacation time earned, but not taken, is paid upon termination. Compensation time is accrued at one and one-half the employee's regular rate for each hour worked over forty hours in a work week, except for law enforcement which is calculated according to the rules promulgated by United States Code Section 29, Chapter 207, paragraph k. Sick leave accrues at 1.75 days per month with a maximum accumulation of 105 days. No unused sick leave will be paid upon termination. Accrued vacation leave and comp time are accrued in the government-wide and proprietary fund financial statements.

8. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. They are the contributions and other items related to the County's pension plan and other postemployment benefit plan reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are related to the County's pension plan and other postemployment benefit plan reported in the government-wide statement of net position.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

10. Pensions and Other Post-Employment Benefits

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the other post-employment benefit (OPEB) asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Texas County and District Retirement System Supplemental Death Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the Commissioners' Court. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned Fund Balance – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Commissioners' Court or (b) a body (budget, finance committee, or County Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted or committed.

Unassigned Fund Balance – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

12. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Unrestricted Net Position – This amount includes all net position amounts that do not meet the definition of “net investment in capital assets” or “restricted net position.”

13. Fund Balance Policies

When the County incurs an expenditure for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first, then unrestricted funds. When expenditures are 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.

Committed fund balance amounts may be used for other purposes with appropriate action by the Commissioners’ Court to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

The County’s highest level of decision-making authority is the Commissioners’ Court. The Court has not yet delegated the authority to assign fund balance amounts to a specific individual nor does it have a policy to authorize the assignment of fund balances outside the Court.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the proposed budget is submitted to the Commissioners' Court.
2. The Commissioners' Court provides for a public hearing on the County budget subsequent to August 15, and prior to the levy of taxes by the Commissioners' Court.
3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund and the Road and Bridge Special Revenue Fund.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation

A. Budgetary Information – Continuation

4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioners' Court. The Court has the authority to make such changes in the budget, in its judgment of facts, the law warrant, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the County do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for both the General Fund and the Road and Bridge Special Revenue Fund.
5. Budgets for the General and Road and Bridge Special Revenue Funds are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis.
6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund and the Road and Bridge Special Revenue Fund.
7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

B. Excess of Expenditures Over Appropriations

For the year ended September 30, 2024, expenditures exceeded appropriations in the debt service (\$155,604), and capital outlay (\$185,917) departments of the General Fund and the capital outlay function of the Road and Bridge Fund (\$250,500), respectively. The over expenditures in both funds were funded by lower than expected expenditures in the other functions of the County. The General and Road and Bridge Fund expenditures were under budget in total by \$1,909,105 and \$73,660, respectively.

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County's cash and deposit balances as of September 30, 2024:

Cash and deposit balances consist of:

Petty cash funds	\$ 915
Bank deposits	849,715
Temporary investments - TexPool	<u>18,567,472</u>
 Total	 <u><u>\$ 19,418,102</u></u>

Cash and deposit balances are reported in the basic financial statements as follows:

Government-wide Statement of Net Position:

Unrestricted	\$ 18,359,050
Business-type activities:	
Unrestricted	383,020
Fiduciary Funds Statement of Net Position	<u>676,032</u>

Total	<u><u>\$ 19,418,102</u></u>
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Custodial credit risk – deposits. As of September 30, 2024, the carrying amount of the County's deposits with financial institutions was \$849,715 and the banks' balance was \$1,188,282. Of the bank balance, \$875,209 was insured through the Federal Depository Insurance Corporation (FDIC) and \$313,073 was collateralized with securities held by the pledging institution's agent in the County's name.

As of September 30, 2024, the County had \$18,567,472 invested with the Texas Treasury Safekeeping Trust Company (TexPool). The Inter-local Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants of in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

TexPool use amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool, does not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. TexPool has a credit rating of AAAM from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principle. TexPool invests in a quality portfolio of debt securities investments that are legally permissible for local governments in the state.

Interest rate risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The County manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, or in certificates of deposit with weighted average maturities of one year or less.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and County policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single insurer. As of September 30, 2024, 96% of the County's carrying value of cash was invested in pooled investment accounts. All other cash was deposited with the County's depository bank and was adequately secured as described above.

NOTE 4 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is \$.80 on each \$100 of assessed valuation. The tax rate on the 2023 tax roll was \$.545 per \$100, which means that the County has a tax margin of \$.255 per \$100 and could raise up to \$7,265,471 additional revenue from the 2023 assessed valuation of \$2,848,910,180 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5 – CAPITAL ASSETS

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classification by function. As stated earlier, the County has not opted to report its infrastructure retroactively.

Capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 106,594	\$ 30,000	\$ -	\$ -	\$ 136,594
Construction in process	-	5,000	-	-	5,000
Total capital assets, not being depreciated	106,594	35,000	-	-	141,594
Capital assets, being depreciated:					
Buildings and improvements	9,112,783	335,305	(21,610)	-	9,426,478
Infrastructure	3,974,626	-	-	-	3,974,626
Equipment	10,495,011	1,302,800	(157,465)	(23,428)	11,616,918
Leased equipment	171,592	-	-	-	171,592
Subscription assets	387,474	208,245	-	-	595,719
Total capital assets, being depreciated	24,141,486	1,846,350	(179,075)	(23,428)	25,785,333
Less accumulated depreciation for:					
Buildings and improvements	(4,846,050)	(318,755)	12,783	-	(5,152,022)
Infrastructure	(1,805,570)	(197,624)	-	-	(2,003,194)
Equipment	(8,083,381)	(693,856)	157,643	23,428	(8,596,166)
Leased equipment	(10,430)	(34,318)	-	-	(44,748)
Subscription assets	(71,370)	(149,564)	-	-	(220,934)
Total accumulated depreciation	(14,816,801)	(1,394,117)	170,426	23,428	(16,017,064)
Total capital assets, being depreciated, net	9,324,685	452,233	(8,649)	-	9,768,269
Governmental activities capital assets, net	<u>\$ 9,431,279</u>	<u>\$ 487,233</u>	<u>\$ (8,649)</u>	<u>\$ -</u>	<u>\$ 9,909,863</u>

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5 – CAPITAL ASSETS – Continuation

Depreciation expense for the year ended September 30, 2024 was charged to the functions/programs of the primary government as follows:

Governmental activities	
Administrative	\$ 120,852
Judicial	147,142
Public facilities	232,118
Public safety	420,485
Road and bridge	459,367
Public service	14,153
	<u>1,394,117</u>
Total Depreciation Expense	<u>\$ 1,394,117</u>

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 404,524	\$ -	\$ -	\$ -	\$ 404,524
	<u>404,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,524</u>
Total capital assets, not being depreciated					
Capital assets, being depreciated:					
Buildings and improvements	1,433,683	147,000	-	-	1,580,683
Land improvements	7,292,698	-	-	-	7,292,698
Equipment	319,023	30,678	(19,124)	23,428	354,005
	<u>9,045,404</u>	<u>177,678</u>	<u>(19,124)</u>	<u>23,428</u>	<u>9,227,386</u>
Total capital assets, being depreciated					
Less accumulated depreciation for:					
Buildings and improvements	(825,996)	(38,653)	-	-	(864,649)
Land improvements	(7,212,043)	(44,398)	-	-	(7,256,441)
Equipment	(286,136)	(9,908)	19,124	(23,428)	(300,348)
	<u>(8,324,175)</u>	<u>(92,959)</u>	<u>19,124</u>	<u>(23,428)</u>	<u>(8,421,438)</u>
Total accumulated depreciation					
Total capital assets, being depreciated, net	<u>721,229</u>	<u>84,719</u>	<u>-</u>	<u>-</u>	<u>805,948</u>
Business-type activities capital assets, net	<u>\$ 1,125,753</u>	<u>\$ 84,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,210,472</u>

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6 – RETIREMENT PLAN

Plan Description: Hutchinson County provides retirement and death benefits for all of its employees, except temporary 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 consisting of several nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 and is available at www.tcdrs.org.

Benefits Provided: The plan provisions are adopted by the governing body of the County (employer), within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees Covered by Benefit Terms: At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	128
Inactive employees entitled to but not yet receiving benefits	126
Active employees	131

Contributions: The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually.

The County contributed using the actuarially determined rate of 9.78% with a supplemental rate of 1.77% for the months of the accounting year in 2023 and contributed using the actuarially determined rate of 9.51% with a supplemental rate of 2.04% for the months of the accounting year in 2024. The contribution rate payable by the employee members is 7.0% for fiscal year 2024 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6 – RETIREMENT PLAN – Continuation

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

TCDRS system-wide economic assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	2.75%

The payroll growth assumption is for the aggregate covered payroll of an employer.

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

Note that the valuation assumption for the 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. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6 – RETIREMENT PLAN – Continuation

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation (1)</u>	<u>Geometric Real Rate of Return (Expected Minus Inflation) (2)</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	6.90%
REIT Equities	67% FTSE NAREIT 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) Funds 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 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.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6 – RETIREMENT PLAN – Continuation

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.

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.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6 – RETIREMENT PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2022	\$ 51,726,213	\$ 52,040,655	\$ (314,442)
Changes for the year:			
Service cost	1,036,465	-	1,036,465
Interest on total pension liability (1)	3,872,296	-	3,872,296
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(146,487)	-	(146,487)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(145,357)	(145,357)	-
Benefit payments	(3,545,039)	(3,545,039)	-
Administrative expenses	-	(28,890)	28,890
Member contributions	-	529,272	(529,272)
Net investment income	-	5,696,685	(5,696,685)
Employer contributions	-	873,299	(873,299)
Other (3)	-	(93,658)	93,658
Balances as of December 31, 2023	<u>\$ 52,798,091</u>	<u>\$ 55,326,967</u>	<u>\$ (2,528,876)</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 of the net pension liability / (asset) to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability / (asset) 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 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 58,453,027	\$ 52,798,091	\$ 47,933,584
Fiduciary net position	<u>55,326,967</u>	<u>55,326,967</u>	<u>55,326,967</u>
Net pension liability / (asset)	<u>\$ 3,126,060</u>	<u>\$ (2,528,876)</u>	<u>\$ (7,393,383)</u>

Continued

**HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 6 – RETIREMENT PLAN – Continuation

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

Pension Expense / (Income):

	January 1, 2023 to December 31, 2023
Service cost	\$ 1,036,465
Interest on total pension liability (1)	3,872,296
Effect of plan changes	-
Administrative expenses	28,890
Member contributions	(529,272)
Expected investment return net of investment expenses	(3,865,173)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(98,763)
Recognition of assumption changes or inputs	(116,094)
Recognition of investment gains or losses	(1,140,263)
Other (2)	93,658
Pension expense / (income)	\$ (718,256)

(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 September 30, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 177,446	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	63,721
Contributions made subsequent to measurement date	N/A	676,226

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6 – RETIREMENT PLAN – Continuation

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	\$	(585,766)
2025		(292,325)
2026		1,130,670
2027		(366,304)
2028		-
Thereafter		-

Contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in subsequent fiscal period.

NOTE 7 – POSTEMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN

Plan Description: Hutchinson County, Texas participates in the retiree Group Term Life program (GTL) for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Benefits Provided: All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the other postemployment benefit plan (OPEB). The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the GTL program. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL Fund does not meet the requirements of a trust under paragraph 4b of GASB Statement 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

Employees Covered by Benefit Terms: At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	29
Active employees	131

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

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 7 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation

Actuarial Assumptions: The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

All actuarial assumptions that determined the total OPEB liability as of December 31, 2023 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

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

Changes in the Total OPEB Liability:

	<u>Changes in Total OPEB Liability</u>
Balances as of December 31, 2022	\$ 460,280
Changes for the year:	
Service cost	9,120
Interest on total OPEB liability (1)	17,197
Changes of benefit terms (2)	-
Effect of economic/demographic experience	3,833
Effect of assumptions changes or inputs (3)	32,917
Benefit payments	(14,366)
Other	<u>-</u>
Balances as of December 31, 2023	<u><u>\$ 508,981</u></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) Reflects change in discount rate.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 7 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation

Sensitivity of the total OPEB liability / (asset) to changes in the discount rate: The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 3.26%, as well as the what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Total OPEB liability	\$ 593,639	\$ 508,981	\$ 441,452

OPEB Expense / (Income):

	January 1, 2023 to December 31, 2023
Service cost	\$ 9,120
Interest on total OPEB liability (1)	17,197
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(191)
Recognition of assumption changes or inputs	15,167
Other	-
OPEB expense / (income)	\$ 41,293

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

Deferred Inflows / Outflows of Resources: As of September 30, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 3,203	\$ 3,066
Changes of assumptions	82,202	28,909
Contributions made subsequent to measurement date	N/A	11,124

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 7 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation

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	\$	(20,161)
2025		(20,309)
2026		(20,310)
2027		7,350
2028		-
Thereafter		-

Contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in subsequent fiscal period.

NOTE 8 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual Fund Inter-fund Receivables and Payables

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ 544,305	\$ -
Special Revenue:		
Road and Bridge	-	166,259
ARPA Grant	-	73,313
Juvenile Probation - State	-	4,033
Court Report Service	-	349
County Attorney Check Fees	-	1,620
District Attorney Check Fees	-	350
County Attorney State Supplement	-	6,811
Museum	-	22,197
Drug Court Fund	-	8,446
County Attorney Rural Law Enforcement Grant	-	2,273
DA Rural Law Enforcement Grant	-	5,012
Hutchinson Co Relief Fund	-	7,206
Proprietary Fund:		
Airport	-	246,436
	<u>\$ 544,305</u>	<u>\$ 544,305</u>

The primary purpose of inter-fund receivables and payables is the loaning of funds from the General Fund to Special Revenue Funds for the purpose of meeting current year expenditures.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 8 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continuation

Individual Inter-fund Transfers

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ 528,926	\$ 2,119,061
Special Revenue:		
Road and Bridge	1,189,068	166,259
ARPA Grant	-	73,313
Adult Probation - State	-	8,500
Community Corrections Programs	8,500	-
Juvenile Probation - State	-	4,955
Child Support District Clerk	-	120
County Attorney Check Fees	-	1,620
District Attorney Check Fees	-	350
Museum Fund	222,397	20,221
Drug Court Fund	56,800	8,446
Hutchinson Co Relief Fund	359,000	7,206
Proprietary Fund:		
Airport	291,796	246,436
	<u>\$ 2,656,487</u>	<u>\$ 2,656,487</u>

Transfers are primarily utilized to use unrestricted revenues from the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Additionally, the special revenue funds will use transfers to reimburse the General Fund for current year expenditures.

NOTE 9 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The County has entered into subscription-based information technology arrangements (SBITAs) for accounting and operational software for use across the County. For the year ended September 30, 2024 liability payments amounted to \$123,769. The SBITAs have interest rates between 3.555% and 3.847% and maturity dates ranging through the fiscal year end September 30, 2029.

NOTE 10 – LONG-TERM LIABILITIES

The County has entered into multiple lease arrangements for copiers and other equipment. The leases all have various maturity dates ranging through the fiscal year ending September 30, 2028 and have interest rates between 3.452% and 3.571%.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10 – LONG-TERM LIABILITIES – Continuation

Changes in long-term obligations for the year ended September 30, 2024, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 357,893	\$ 449,134	\$ (455,475)	\$ 351,552	\$ 351,552
Leases	162,464	-	(30,642)	131,822	31,723
Subscription liabilities	265,616	208,245	(123,769)	350,092	169,441
	<u>\$ 785,973</u>	<u>\$ 657,379</u>	<u>\$ (609,886)</u>	<u>\$ 833,466</u>	<u>\$ 552,716</u>
Business-type activities:					
Compensated absences	\$ 3,996	\$ 6,807	\$ (5,089)	\$ 5,714	\$ 5,000
	<u>\$ 3,996</u>	<u>\$ 6,807</u>	<u>\$ (5,089)</u>	<u>\$ 5,714</u>	<u>\$ 5,000</u>

Debt service requirements at September 30, 2024, are as follows:

Fiscal Year	Total	Leases		Subscription Liabilities	
		Interest	Principal	Interest	Principal
2025	\$ 213,426	\$ 4,073	\$ 31,723	\$ 8,189	\$ 169,441
2026	87,052	2,954	32,842	6,891	44,365
2027	87,052	1,795	34,001	5,203	46,053
2028	85,117	605	33,256	3,451	47,805
2029	44,061	-	-	1,633	42,428
	<u>\$ 516,708</u>	<u>\$ 9,427</u>	<u>\$ 131,822</u>	<u>\$ 25,367</u>	<u>\$ 350,092</u>

The County incurred interest expense of \$15,017 during the year ended September 30, 2024.

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 11 – TAX ABATEMENTS

During the year ended September 30, 2013, Hutchinson County entered into a 7-year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Hutchinson County. To be eligible the Company agreed to an expansion of existing facilities and construction of new facilities on land already owned with an anticipated combined initial value of \$460,000,000. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default, the County shall use the certified appraised values which were abated to determine the taxes due, less any payments made at any time to the County. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually during the abatement period, this resulted in payments in lieu of taxes for the current year of \$34,111.

For the fiscal year ended September 30, 2024, Hutchinson County abated property taxes totaling \$87,273 under this program, including the following tax abatement agreements:

- A 40 percent tax abatement to Cominco Fertilizer Partnership for eligible property in the reinvestment zone. The abatement amounted to \$87,273.

NOTE 12 – RISK MANAGEMENT

The County's major areas of risk management are: public officials', law enforcement, and automobile liability, general comprehensive liability and property damage, workers' compensation, and employee health insurance. The County has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas. The County pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous three years.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

HUTCHINSON COUNTY, TEXAS
GENERAL
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	\$ 14,855,380	\$ 14,855,380	\$ 15,580,255	\$ 724,875
Payments in lieu of taxes	28,000	28,000	34,111	6,111
Mixed beverage taxes	26,000	26,000	33,672	7,672
Licenses and fees	947,300	947,300	836,503	(110,797)
Fines and forfeitures	7,000	7,000	7,481	481
Intergovernmental	46,700	46,700	51,218	4,518
Investment earnings	300,700	300,700	979,933	679,233
Miscellaneous	120,000	169,139	379,740	210,601
Total revenues	16,331,080	16,380,219	17,902,913	1,522,694
EXPENDITURES				
Current:				
Administrative				
County Judge	343,820	343,820	317,802	26,018
County Auditor	266,747	266,747	254,053	12,694
County Clerk	384,089	384,089	374,294	9,795
County Tax Assessor/Collector	1,079,007	1,079,007	1,017,740	61,267
County Treasurer	224,050	224,050	207,769	16,281
Elections	117,968	117,968	71,507	46,461
Non-departmental	1,586,850	1,312,761	835,956	476,805
Data processing	552,878	575,232	411,535	163,697
Total administrative	4,555,409	4,303,674	3,490,656	813,018
Judicial				
316th District Court	724,171	724,171	584,020	140,151
84th District Court	515,201	518,151	391,921	126,230
Justice of the Peace, #1	225,409	225,409	216,345	9,064
Justice of the Peace, #2	214,880	214,880	203,000	11,880
District Attorney	469,983	467,033	430,419	36,614
County Attorney	375,116	375,116	359,290	15,826
District Clerk	409,653	409,553	391,194	18,359
Total judicial	2,934,413	2,934,313	2,576,189	358,124
Public facilities				
Plant maintenance & operations	1,019,757	1,021,407	846,212	175,195
County library	629,876	646,483	611,951	34,532
Total public facilities	1,649,633	1,667,890	1,458,163	209,727

Continued

HUTCHINSON COUNTY, TEXAS
GENERAL
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Continuation	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Current:				
Public safety				
Sheriff's department	\$ 2,206,516	\$ 2,241,182	\$ 1,694,796	\$ 546,386
Jail	2,080,998	2,204,226	2,039,260	164,966
Constable, #1	72,314	72,314	68,084	4,230
Constable, #2	80,984	92,089	88,657	3,432
Emergency operations center	146,462	152,427	138,786	13,641
Fire protection	282,534	282,534	281,034	1,500
Total public safety	4,869,808	5,044,772	4,310,617	734,155
Public service				
Adult probation department	23,855	23,855	18,981	4,874
Juvenile probation department	625,881	625,881	529,477	96,404
County welfare	63,425	63,425	57,176	6,249
Child welfare	11,500	11,500	11,500	-
County extension	177,674	177,675	149,600	28,075
Total public service	902,335	902,336	766,734	135,602
Debt service:				
Principal	-	-	141,710	(141,710)
Interest	-	-	13,894	(13,894)
Total debt service	-	-	155,604	(155,604)
Capital outlay	500	500	186,417	(185,917)
Total expenditures	14,912,098	14,853,485	12,944,380	1,909,105
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,418,982	1,526,734	4,958,533	3,431,799
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	30,700	30,700
Transfers in	-	-	528,926	528,926
Transfers out	(1,703,780)	(2,170,053)	(2,119,061)	50,992
Total other financing sources / (uses)	(1,703,780)	(2,170,053)	(1,559,435)	610,618
NET CHANGE IN FUND BALANCE	(284,798)	(643,319)	3,399,098	4,042,417
FUND BALANCE - BEGINNING	12,481,956	12,481,956	12,481,956	-
FUND BALANCE - ENDING	\$ 12,197,158	\$ 11,838,637	\$ 15,881,054	\$ 4,042,417

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HUTCHINSON COUNTY, TEXAS
ROAD & BRIDGE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
Licenses and fees	\$ 515,000	\$ 515,000	\$ 528,551	\$ 13,551
Investment earnings	17,000	17,000	54,527	37,527
Miscellaneous	25,000	92,474	147,792	55,318
Total revenues	557,000	624,474	730,870	106,396
EXPENDITURES				
Current:				
Road and bridge	1,689,787	1,818,642	1,494,482	324,160
Capital outlay	-	-	250,500	(250,500)
Total expenditures	1,689,787	1,818,642	1,744,982	73,660
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,132,787)	(1,194,168)	(1,014,112)	180,056
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	5,100	5,100	-
Transfers in	1,132,787	1,189,068	1,189,068	-
Transfers out	-	-	(166,259)	(166,259)
Total other financing sources	1,132,787	1,194,168	1,027,909	(166,259)
NET CHANGE IN FUND BALANCE	-	-	13,797	13,797
FUND BALANCE - BEGINNING	220,528	220,528	220,528	-
FUND BALANCE - ENDING	\$ 220,528	\$ 220,528	\$ 234,325	\$ 13,797

HUTCHINSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years

	Year Ended December 31,			
	2023	2022	2021	2020
Total Pension Liability:				
Service cost	\$ 1,036,465	\$ 959,966	\$ 910,658	\$ 930,426
Interest on total pension liability (1)	3,872,296	3,789,314	3,698,279	3,627,588
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	-	(348,280)	2,398,130
Effect of economic/demographic (gains) or losses	(146,487)	(239,366)	89,563	(201,972)
Benefit payments/refunds of contributions	(3,690,396)	(3,305,720)	(3,101,432)	(2,620,103)
Net change in total pension liability	1,071,878	1,204,194	1,248,788	4,134,069
Total pension liability, beginning	51,726,212	50,522,018	49,273,230	45,139,161
Total pension liability, ending (a)	<u>\$ 52,798,090</u>	<u>\$ 51,726,212</u>	<u>\$ 50,522,018</u>	<u>\$ 49,273,230</u>
Fiduciary Net Position:				
Employer contributions	\$ 873,299	\$ 855,271	\$ 809,922	\$ 790,219
Member contributions	529,272	518,346	499,512	487,360
Investment income net of investment expenses	5,696,685	(3,201,814)	10,508,760	4,697,380
Benefit payments/refunds of contributions	(3,690,396)	(3,305,720)	(3,101,432)	(2,620,103)
Administrative expenses	(28,890)	(30,497)	(31,070)	(35,694)
Other	(93,658)	(224,032)	(37,334)	(35,204)
Net change in fiduciary net position	3,286,312	(5,388,446)	8,648,358	3,283,958
Fiduciary net position, beginning	52,040,654	57,429,100	48,780,742	45,496,784
Fiduciary net position, ending (b)	<u>\$ 55,326,966</u>	<u>\$ 52,040,654</u>	<u>\$ 57,429,100</u>	<u>\$ 48,780,742</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (2,528,876)</u>	<u>\$ (314,442)</u>	<u>\$ (6,907,082)</u>	<u>\$ 492,488</u>
Fiduciary net position as a % of total pension liability	104.79%	100.61%	113.67%	99.00%
Pensionable covered payroll	\$ 7,561,026	\$ 7,404,937	\$ 7,135,879	\$ 6,962,286
Net pension liability/(asset) as a % of covered payroll	-33.45%	-4.25%	-96.79%	7.07%

Year Ended December 31,					
2019	2018	2017	2016	2015	2014
\$ 888,103	\$ 905,753	\$ 887,974	\$ 930,573	\$ 864,694	\$ 854,535
3,480,779	3,338,622	3,213,457	3,053,448	2,920,751	2,746,348
-	-	-	-	(76,777)	-
-	-	279,513	-	414,360	-
41,640	88,161	(467,968)	(255,274)	(378,215)	185,883
(2,659,884)	(2,463,659)	(2,310,353)	(2,064,567)	(1,885,657)	(1,725,712)
1,750,638	1,868,877	1,602,623	1,664,180	1,859,156	2,061,054
43,388,523	41,519,646	39,917,023	38,252,843	36,393,687	34,332,633
<u>\$ 45,139,161</u>	<u>\$ 43,388,523</u>	<u>\$ 41,519,646</u>	<u>\$ 39,917,023</u>	<u>\$ 38,252,843</u>	<u>\$ 36,393,687</u>
\$ 790,347	\$ 781,921	\$ 761,421	\$ 734,260	\$ 721,928	\$ 1,729,986
487,439	482,241	469,596	452,848	445,241	442,825
6,624,416	(803,240)	5,528,862	2,666,600	(145,957)	2,355,349
(2,659,884)	(2,463,659)	(2,310,353)	(2,064,567)	(1,885,657)	(1,725,712)
(34,670)	(32,393)	(28,195)	(29,077)	(26,367)	(27,481)
(40,996)	(31,479)	(22,325)	54,591	(59,673)	137,610
5,166,652	(2,066,609)	4,399,006	1,814,655	(950,485)	2,912,577
40,330,132	42,396,741	37,997,735	36,183,080	37,133,565	34,220,988
<u>\$ 45,496,784</u>	<u>\$ 40,330,132</u>	<u>\$ 42,396,741</u>	<u>\$ 37,997,735</u>	<u>\$ 36,183,080</u>	<u>\$ 37,133,565</u>
<u>\$ (357,623)</u>	<u>\$ 3,058,391</u>	<u>\$ (877,095)</u>	<u>\$ 1,919,288</u>	<u>\$ 2,069,763</u>	<u>\$ (739,878)</u>
100.79%	92.95%	102.11%	95.19%	94.59%	102.03%
\$ 6,963,414	\$ 6,889,152	\$ 6,708,512	\$ 6,469,256	\$ 6,360,586	\$ 6,165,408
-5.14%	44.39%	-13.07%	29.67%	32.54%	-12.00%

HUTCHINSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 615,836	\$ 1,724,620	\$ (1,108,784)	\$ 6,316,266	27.3%
2016	628,425	731,552	(103,127)	6,445,390	11.4%
2017	646,262	750,580	(104,318)	6,613,042	11.3%
2018	676,211	783,566	(107,355)	6,903,668	11.3%
2019	647,229	787,642	(140,413)	6,939,577	11.4%
2020	674,059	789,814	(115,755)	6,958,712	11.4%
2021	686,535	805,664	(119,129)	7,098,361	11.4%
2022	785,370	816,540	(31,170)	7,100,627	11.5%
2023	793,404	893,189	(99,785)	7,733,241	11.5%
2024	744,901	898,383	(153,482)	7,778,206	11.6%

**HUTCHINSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years**

Notes to Schedule:

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
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Methods and assumptions used to determine contribution rates (Dec. 31, 2021 valuation for 2023 contributions):

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	5.3 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation.
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Tables for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions *	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions *	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule.

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

HUTCHINSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years

	Year Ended December 31,			
	2023	2022	2021	2020
Total OPEB Liability:				
Service cost	\$ 9,120	\$ 14,667	\$ 14,228	\$ 14,719
Interest on total OPEB liability	17,197	12,292	12,456	14,010
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	32,917	(137,002)	10,306	57,241
Effect of economic/demographic (gains) or losses	3,833	(1,294)	(9,708)	6,637
Benefit payments	<u>(14,366)</u>	<u>(20,734)</u>	<u>(16,413)</u>	<u>(15,317)</u>
Net change in total OPEB liability	48,701	(132,071)	10,869	77,290
Total OPEB liability, beginning	<u>460,280</u>	<u>592,351</u>	<u>581,482</u>	<u>504,192</u>
Total OPEB liability, ending	<u><u>\$ 508,981</u></u>	<u><u>\$ 460,280</u></u>	<u><u>\$ 592,351</u></u>	<u><u>\$ 581,482</u></u>
Covered employee payroll	\$ 7,561,026	\$ 7,404,937	\$ 7,135,879	\$ 6,962,286
Total OPEB liability as a % of covered employee payroll	6.73%	6.22%	8.30%	8.35%

Notes to Schedule:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Investment rate of return	3.26% (20 Year Bond GO Index published by bondbuyer.com as of December 28, 2023)

Year Ended December 31,					
2019	2018	2017	2016	2015	2014
\$ 10,420	\$ 12,949	\$ 11,140	\$ N/A	\$ N/A	\$ N/A
16,430	15,043	15,849	N/A	N/A	N/A
-	-	-	N/A	N/A	N/A
95,476	(42,001)	16,872	N/A	N/A	N/A
336	(2,033)	(9,615)	N/A	N/A	N/A
(17,409)	(18,601)	(17,442)	N/A	N/A	N/A
105,253	(34,643)	16,804	N/A	N/A	N/A
398,939	433,582	416,778	N/A	N/A	N/A
<u>\$ 504,192</u>	<u>\$ 398,939</u>	<u>\$ 433,582</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 6,963,414	\$ 6,889,152	\$ 6,708,512	\$ N/A	\$ N/A	\$ N/A
7.24%	5.79%	6.46%	N/A	N/A	N/A

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OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific sources that are legally restricted to expenditures for specified purposes.

Motor Vehicle Inventory Tax – The Motor Vehicle Inventory Tax Fund accounts for the interest income earned by the Tax Assessor Collector holding the escrow payments received from automobile dealerships during the year. The amounts are to be used to statutorily supplement the costs of the Tax Assessor's office.

Court Technology Fees – The Court Technology Fees Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to be expended only for the costs of continuing education for county and district judges and clerks regarding technological enhancements for justice courts and the costs of those enhancements.

Courthouse Security – The Courthouse Security Fund accounts for fees collected by the County and District Clerks from all defendants convicted of an offense. The fees are dedicated by law to be used to fund and support security systems and personnel within the District, County or Justice Courts.

Registration of Voters – The Registration of Voters Fund accounts for state allocated funds issued to voter registrars in Texas. The funds are dedicated by law to be used to help defray the County's voter registration expenses.

Law Library – The Law Library Fund accounts for statutory fees collected in civil cases filed in County and District Courts. These fees are dedicated by law to provide and maintain a County law library.

Adult Probation – State – The Adult Probation – State Fund accounts for grants received from the Texas Department of Criminal Justice – Community Justice Assistance Division as well as local funds. The funds are dedicated by law to provide adult probation services.

Community Corrections Programs – The Community Corrections Programs Fund accounts for grants received from the Texas Department of Criminal Justice – Community Justice Assistance Division. The grant funds are dedicated by law to provide adult probation services.

Juvenile Probation – State – The Juvenile Probation – State Fund accounts for grants received from the Texas Juvenile Justice Department. The grant funds are dedicated by law to provide juvenile probation services.

Court Report Service – The Court Report Service Fund accounts for statutory fees collected by the County and District Clerks on each civil case filed. The fees are dedicated by law to maintain a court reporter that is available for assignment in the court.

Juvenile Probation Special – The Juvenile Probation Special Fund accounts for local funds received from juvenile offenders within the county. The funds are dedicated by law to assist in the provision of juvenile probation services.

Child Support District Clerk – The Child Support District Clerk Fund accounts for payment received under the Title IV-D child support enforcement program. The revenue is used to support and improve the County's child support registry and child support case services provided by the County.

Records Archive County Clerk – The Records Archive County Clerk Fund accounts for fees collected by the County Clerk for the recording or filing of public documents. The fees are dedicated by law to be expended only for the preservation and restoration of the County Clerk's records archive.

County/District Attorney Check Fees – The County/District Attorney Check Fees Funds account for fees collected by the County and District Attorneys for every hot check processed through their respective offices. The fees are dedicated by law to be used at the sole discretion of the Attorneys to defray the salaries and expenses of the prosecutors' offices.

District Attorney Forfeiture – The District Attorney Forfeiture Fund accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized by law enforcement officers. The funds are dedicated by law to be used to supplement the District Attorney’s office.

Sheriff Forfeitures & Seizures – The Sheriff Forfeitures & Seizures Fund accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized by law enforcement officers. The funds are dedicated by law to be used to supplement the costs of the Sheriff’s office.

County Attorney State Supplement – The County Attorney State Supplement Fund accounts for the salary supplement received from the State of Texas. The funds are restricted to supplement the County Attorney salary amount.

District Attorney – The District Attorney Fund accounts for the supplemental income received from the State of Texas on behalf of the District Attorney. The income is dedicated by law to be used as supplemental salaries within the District Attorney’s office.

Lateral Road – The Lateral Road Fund accounts for lateral road fees received from the State of Texas. The fees are dedicated by law to maintain and improve county roads.

County/District Clerk Records Preservation – The County/District Clerk Records Preservation Funds account for revenue from fees collected by the County and District Clerks on court cases. The fees are dedicated by law to be used for specific records preservation projects of the offices.

Museum – The Museum Fund accounts for the proceeds from the admittance fees and gift shop sales of the Hutchinson County Historical Museum. The funds are committed by the Commissioners’ Court to maintain that facility.

Jail Commissary – The Jail Commissary Fund accounts for the proceeds received by the Sheriff’s office from incarcerated persons on the sale of commissary items. The funds are restricted by law to be used to maintain the commissary and for the benefit of the Sheriff’s Department.

Drug Court – The Drug Court Fund accounts for fees collected by the County and District Clerks on court cases. The fees are dedicated by law to be used to fund a drug court within the County.

Judicial Education and Support – The Judicial Education and Support Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to pay the continuing education of the judge and staff of the probate court or pay the county’s contribution to fund the compensation for the presiding judge of the statutory probate court.

Court Facility – The Court Facility Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to be expended only to fund the construction, renovation, or improvement of facilities that house the courts or pay the principal of, interest on, and costs of issuance of bonds, including refunding bonds, issued for the construction, renovation, or improvement of the facilities.

SCAAP Grant – The SCAAP Grant Fund accounts for state grant funds awarded to Hutchinson County. The funds are to be used to pay for correctional officer salary costs for incarcerating undocumented criminal aliens.

LEOSE – The Sheriff and Constable LEOSE Funds account for funds received from the State of Texas on behalf of the Sheriff and Constable. The funds are dedicated by law for the use of continuing education of law enforcement personnel.

Language Access – The Language Access Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to provide language access services for individuals appearing before the court or receiving court services.

County Jury – The County Jury Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to fund juror reimbursements and other otherwise finance jury services.

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Rural Law Enforcement Grants – The three Rural Law Enforcement Grant Funds account for funds received from the State of Texas. The grants are to be used to increase salaries of law enforcement and prosecutor positions as well as funding the purchase of equipment for the benefit of the offices.

Hutchinson Co Relief Fund – The Hutchinson County Relief Fund accounts for donations received and other funds committed by the County for relief efforts related to natural disasters within the County.

HUTCHINSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Motor Vehicle Inventory Tax	Court Technology Fees	Courthouse Security	Registration of Voters
ASSETS				
Cash and cash equivalents	\$ 2,506	\$ 80,067	\$ 53,182	\$ 7,344
Accounts receivable, net	-	-	-	-
Due from other governmental entities	-	-	-	-
Total assets	<u>\$ 2,506</u>	<u>\$ 80,067</u>	<u>\$ 53,182</u>	<u>\$ 7,344</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governmental entities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted:				
By enabling legislation	2,506	80,067	53,182	7,344
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>2,506</u>	<u>80,067</u>	<u>53,182</u>	<u>7,344</u>
Total liabilities and fund balances	<u>\$ 2,506</u>	<u>\$ 80,067</u>	<u>\$ 53,182</u>	<u>\$ 7,344</u>

Law Library	Adult Probation - State	Community Corrections Programs	Juvenile Probation - State	Court Report Service	Juvenile Probation Special
\$ 38,506	\$ 206,066	\$ 8,756	\$ 14,394	\$ 29,139	\$ 38,660
-	23,494	-	-	-	-
-	-	-	79,168	-	-
<u>\$ 38,506</u>	<u>\$ 229,560</u>	<u>\$ 8,756</u>	<u>\$ 93,562</u>	<u>\$ 29,139</u>	<u>\$ 38,660</u>
\$ 727	\$ 4,900	\$ -	\$ 10,251	\$ -	\$ -
-	-	-	4,033	349	-
-	-	-	-	-	-
<u>727</u>	<u>4,900</u>	<u>-</u>	<u>14,284</u>	<u>349</u>	<u>-</u>
37,779	224,660	8,756	79,278	28,790	38,660
-	-	-	-	-	-
-	-	-	-	-	-
<u>37,779</u>	<u>224,660</u>	<u>8,756</u>	<u>79,278</u>	<u>28,790</u>	<u>38,660</u>
<u>\$ 38,506</u>	<u>\$ 229,560</u>	<u>\$ 8,756</u>	<u>\$ 93,562</u>	<u>\$ 29,139</u>	<u>\$ 38,660</u>
Continued					

HUTCHINSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

Continuation

	Child Support District Clerk	Records Archive - County Clerk	County Attorney Check Fees	District Attorney Check Fees
ASSETS				
Cash and cash equivalents	\$ -	\$ 211,886	\$ 31,376	\$ 6,760
Accounts receivable, net	-	-	-	-
Due from other governmental entities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ 211,886</u>	<u>\$ 31,376</u>	<u>\$ 6,760</u>
LIABILITIES				
Accounts payable	\$ -	\$ 22,047	\$ -	\$ -
Due to other funds	-	-	1,620	350
Due to other governmental entities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>22,047</u>	<u>1,620</u>	<u>350</u>
FUND BALANCES				
Restricted:				
By enabling legislation	-	189,839	29,756	6,410
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>-</u>	<u>189,839</u>	<u>29,756</u>	<u>6,410</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 211,886</u>	<u>\$ 31,376</u>	<u>\$ 6,760</u>

District Attorney Forfeitures	Sheriff Forfeitures & Seizures	County Attorney State Supplement	District Attorney	Lateral Road	County Clerk Records Preservation
\$ 1,920	\$ 2,324	\$ 18,565	\$ 8,414	\$ 39,947	\$ 241,223
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,920</u>	<u>\$ 2,324</u>	<u>\$ 18,565</u>	<u>\$ 8,414</u>	<u>\$ 39,947</u>	<u>\$ 241,223</u>
\$ -	\$ -	\$ -	\$ 1,043	\$ -	\$ 4,810
-	-	6,811	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>6,811</u>	<u>1,043</u>	<u>-</u>	<u>4,810</u>
1,920	2,324	11,754	7,371	39,947	236,413
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,920</u>	<u>2,324</u>	<u>11,754</u>	<u>7,371</u>	<u>39,947</u>	<u>236,413</u>
<u>\$ 1,920</u>	<u>\$ 2,324</u>	<u>\$ 18,565</u>	<u>\$ 8,414</u>	<u>\$ 39,947</u>	<u>\$ 241,223</u>
Continued					

HUTCHINSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

Continuation

	District Clerk Records Preservation	Museum	Jail Commissary	Drug Court Fund
ASSETS				
Cash and cash equivalents	\$ 138,940	\$ 32,604	\$ 19,076	\$ 11,632
Accounts receivable, net	-	102	1,826	-
Due from other governmental entities	-	-	-	-
Total assets	<u>\$ 138,940</u>	<u>\$ 32,706</u>	<u>\$ 20,902</u>	<u>\$ 11,632</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,622	\$ -	\$ 2,900
Due to other funds	-	22,197	-	8,446
Due to other governmental entities	-	-	-	286
Total liabilities	<u>-</u>	<u>23,819</u>	<u>-</u>	<u>11,632</u>
FUND BALANCES				
Restricted:				
By enabling legislation	138,940	-	20,902	-
Committed for:				
Special projects	-	8,887	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>138,940</u>	<u>8,887</u>	<u>20,902</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 138,940</u>	<u>\$ 32,706</u>	<u>\$ 20,902</u>	<u>\$ 11,632</u>

Judicial Education & Support	Court Facility Fund	SCAAP Grant	Sheriff LEOSE	Constable, Precinct #2 LEOSE	Constable, Precinct #1 LEOSE
\$ 1,493	\$ 20,575	\$ 10,271	\$ 5,627	\$ 2,433	\$ 1,199
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,493</u>	<u>\$ 20,575</u>	<u>\$ 10,271</u>	<u>\$ 5,627</u>	<u>\$ 2,433</u>	<u>\$ 1,199</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,493	20,575	10,271	5,627	2,433	1,199
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,493</u>	<u>20,575</u>	<u>10,271</u>	<u>5,627</u>	<u>2,433</u>	<u>1,199</u>
<u>\$ 1,493</u>	<u>\$ 20,575</u>	<u>\$ 10,271</u>	<u>\$ 5,627</u>	<u>\$ 2,433</u>	<u>\$ 1,199</u>
Continued					

HUTCHINSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

Continuation

			County Attorney Rural Law Enforcement Grant	Sheriff Rural Law Enforcement Grant
	Language Access Fund	County Jury Fund		
ASSETS				
Cash and cash equivalents	\$ 7,220	\$ 9,055	\$ 161,373	\$ 31,637
Accounts receivable, net	-	-	-	-
Due from other governmental entities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 7,220</u>	<u>\$ 9,055</u>	<u>\$ 161,373</u>	<u>\$ 31,637</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	2,273	-
Due to other governmental entities	-	-	159,100	31,637
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> -	<hr/> 161,373	<hr/> 31,637
FUND BALANCES				
Restricted:				
By enabling legislation	7,220	9,055	-	-
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<hr/> 7,220	<hr/> 9,055	<hr/> -	<hr/> -
Total liabilities and fund balances	<u>\$ 7,220</u>	<u>\$ 9,055</u>	<u>\$ 161,373</u>	<u>\$ 31,637</u>

DA Rural Law Enforcement Grant	Hutchinson Co Relief Fund	Total Non- Major Governmental Funds
\$ 139,270	\$ 384,578	\$ 2,018,018
-	-	25,422
-	-	79,168
<u>\$ 139,270</u>	<u>\$ 384,578</u>	<u>\$ 2,122,608</u>
\$ -	\$ -	\$ 48,300
5,012	7,206	58,297
134,258	-	325,281
<u>139,270</u>	<u>7,206</u>	<u>431,878</u>
-	-	1,304,471
-	377,372	386,259
-	-	-
<u>-</u>	<u>377,372</u>	<u>1,690,730</u>
<u>\$ 139,270</u>	<u>\$ 384,578</u>	<u>\$ 2,122,608</u>

HUTCHINSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Motor Vehicle Inventory Tax	Court Technology Fees	Courthouse Security	Registration of Voters
REVENUES				
Licenses and fees	\$ -	\$ 2,754	\$ 12,337	\$ -
Intergovernmental	-	-	-	-
Interest	166	4,078	2,389	363
Miscellaneous	-	-	-	2,657
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	166	6,832	14,726	3,020
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Administrative	-	-	-	2,657
Judicial	-	495	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public service	-	-	-	-
Debt service:				
Principal	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	495	-	2,657
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	166	6,337	14,726	363
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES / (USES)				
Initiation of leases and SBITAs	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES / (USES)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	166	6,337	14,726	363
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - BEGINNING (DEFICIT)	2,340	73,730	38,456	6,981
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING	<u>\$ 2,506</u>	<u>\$ 80,067</u>	<u>\$ 53,182</u>	<u>\$ 7,344</u>

Law Library	Adult Probation - State	Community Corrections Programs	Juvenile Probation - State	Court Report Service	Juvenile Probation Special
\$ 12,894	\$ 202,942	\$ -	\$ -	\$ 9,527	\$ 6,075
-	185,228	56,153	378,964	-	-
1,833	9,544	-	5,062	1,336	1,986
-	4,194	-	-	-	-
<u>14,727</u>	<u>401,908</u>	<u>56,153</u>	<u>384,026</u>	<u>10,863</u>	<u>8,061</u>
-	-	-	-	-	-
9,180	-	-	-	4,176	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	315,077	64,626	242,692	-	731
-	-	-	-	-	-
-	35,973	-	62,032	-	-
<u>9,180</u>	<u>351,050</u>	<u>64,626</u>	<u>304,724</u>	<u>4,176</u>	<u>731</u>
5,547	50,858	(8,473)	79,302	6,687	7,330
-	-	-	-	-	-
-	-	8,500	-	-	-
-	(8,500)	-	(4,955)	-	-
<u>-</u>	<u>(8,500)</u>	<u>8,500</u>	<u>(4,955)</u>	<u>-</u>	<u>-</u>
5,547	42,358	27	74,347	6,687	7,330
<u>32,232</u>	<u>182,302</u>	<u>8,729</u>	<u>4,931</u>	<u>22,103</u>	<u>31,330</u>
<u>\$ 37,779</u>	<u>\$ 224,660</u>	<u>\$ 8,756</u>	<u>\$ 79,278</u>	<u>\$ 28,790</u>	<u>\$ 38,660</u>

Continued

HUTCHINSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Continuation

	Child Support District Clerk	Records Archive - County Clerk	County Attorney Check Fees	District Attorney Check Fees
REVENUES				
Licenses and fees	\$ -	\$ 32,374	\$ 216	\$ -
Intergovernmental	-	-	-	-
Interest	6	9,990	1,619	350
Miscellaneous	-	-	-	-
	<u>6</u>	<u>42,364</u>	<u>1,835</u>	<u>350</u>
Total revenues				
	<u>6</u>	<u>42,364</u>	<u>1,835</u>	<u>350</u>
EXPENDITURES				
Current:				
Administrative	-	-	-	-
Judicial	-	22,047	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public service	-	-	-	-
Debt service:				
Principal	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>22,047</u>	<u>-</u>	<u>-</u>
Total expenditures				
	<u>-</u>	<u>22,047</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6	20,317	1,835	350
OTHER FINANCING SOURCES / (USES)				
Initiation of leases and SBITAs	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(120)	-	(1,620)	(350)
	<u>(120)</u>	<u>-</u>	<u>(1,620)</u>	<u>(350)</u>
TOTAL OTHER FINANCING SOURCES / (USES)	<u>(120)</u>	<u>-</u>	<u>(1,620)</u>	<u>(350)</u>
NET CHANGE IN FUND BALANCES	(114)	20,317	215	-
FUND BALANCES - BEGINNING (DEFICIT)	114	169,522	29,541	6,410
	<u>114</u>	<u>169,522</u>	<u>29,541</u>	<u>6,410</u>
FUND BALANCES - ENDING	\$ -	\$ 189,839	\$ 29,756	\$ 6,410
	<u>\$ -</u>	<u>\$ 189,839</u>	<u>\$ 29,756</u>	<u>\$ 6,410</u>

District Attorney Forfeitures	Sheriff Forfeitures & Seizures	County Attorney State Supplement	District Attorney	Lateral Road	County Clerk Records Preservation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,930
-	-	35,000	25,869	16,237	-
100	120	1,750	5	3,063	12,160
-	-	-	-	-	-
100	120	36,750	25,874	19,300	48,090
-	-	-	-	-	34,790
-	-	31,544	25,398	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	25,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	31,544	25,398	25,000	34,790
100	120	5,206	476	(5,700)	13,300
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
100	120	5,206	476	(5,700)	13,300
1,820	2,204	6,548	6,895	45,647	223,113
\$ 1,920	\$ 2,324	\$ 11,754	\$ 7,371	\$ 39,947	\$ 236,413

Continued

HUTCHINSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Continuation

	District Clerk Records Preservation	Museum	Jail Commissary	Drug Court Fund
REVENUES				
Licenses and fees	\$ 11,459	\$ -	\$ 36,699	\$ 3,213
Intergovernmental	-	-	-	-
Interest	6,846	7,337	13	1,958
Miscellaneous	-	2,057	-	-
	<u>18,305</u>	<u>9,394</u>	<u>36,712</u>	<u>5,171</u>
Total revenues				
EXPENDITURES				
Current:				
Administrative	-	-	-	-
Judicial	-	-	-	52,010
Public facilities	-	211,570	-	-
Public safety	-	-	36,075	-
Road and bridge	-	-	-	-
Public service	-	-	-	-
Debt service:				
Principal	-	-	-	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>211,570</u>	<u>36,075</u>	<u>52,010</u>
Total expenditures				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,305	(202,176)	637	(46,839)
OTHER FINANCING SOURCES / (USES)				
Initiation of leases and SBITAs	-	-	-	-
Transfers in	-	222,397	-	56,800
Transfers out	-	(20,221)	-	(8,446)
	<u>-</u>	<u>202,176</u>	<u>-</u>	<u>48,354</u>
TOTAL OTHER FINANCING SOURCES / (USES)				
	-	202,176	-	48,354
NET CHANGE IN FUND BALANCES	18,305	-	637	1,515
FUND BALANCES - BEGINNING (DEFICIT)	120,635	8,887	20,265	(1,515)
FUND BALANCES - ENDING	<u>\$ 138,940</u>	<u>\$ 8,887</u>	<u>\$ 20,902</u>	<u>\$ -</u>

Judicial Education & Support	Court Facility Fund	SCAAP Grant	Sheriff LEOSE	Constable, Precinct #2 LEOSE	Constable, Precinct #1 LEOSE
\$ 450	\$ 7,343	\$ -	\$ -	\$ -	\$ -
-	-	9,059	4,771	1,437	-
62	837	585	180	92	62
-	-	-	-	-	-
512	8,180	9,644	4,951	1,529	62
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,819	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,819	-	-	-
512	8,180	3,825	4,951	1,529	62
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
512	8,180	3,825	4,951	1,529	62
981	12,395	6,446	676	904	1,137
\$ 1,493	\$ 20,575	\$ 10,271	\$ 5,627	\$ 2,433	\$ 1,199

Continued

HUTCHINSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Continuation

	Language Access Fund	County Jury Fund	County Attorney Rural Law Enforcement Grant	Sheriff Rural Law Enforcement Grant
REVENUES				
Licenses and fees	\$ 2,571	\$ 4,663	\$ -	\$ -
Intergovernmental	-	-	15,900	318,363
Interest	293	364	4,558	8,560
Miscellaneous	-	-	-	-
Total revenues	2,864	5,027	20,458	326,923
EXPENDITURES				
Current:				
Administrative	-	-	-	-
Judicial	100	1,281	20,458	-
Public facilities	-	-	-	-
Public safety	-	-	-	36,057
Road and bridge	-	-	-	-
Public service	-	-	-	-
Debt service:				
Principal	-	-	-	6,266
Capital outlay	-	-	-	492,845
Total expenditures	100	1,281	20,458	535,168
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,764	3,746	-	(208,245)
OTHER FINANCING SOURCES / (USES)				
Initiation of leases and SBITAs	-	-	-	208,245
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES / (USES)	-	-	-	208,245
NET CHANGE IN FUND BALANCES	2,764	3,746	-	-
FUND BALANCES - BEGINNING (DEFICIT)	4,456	5,309	-	-
FUND BALANCES - ENDING	\$ 7,220	\$ 9,055	\$ -	\$ -

DA Rural Law Enforcement Grant	Hutchinson Co Relief Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ 381,447
40,741	-	1,087,722
4,371	7,206	99,244
-	42,750	51,658
<u>45,112</u>	<u>49,956</u>	<u>1,620,071</u>
-	24,378	61,825
45,112	-	211,801
-	-	211,570
-	-	77,951
-	-	25,000
-	-	623,126
-	-	6,266
-	-	590,850
<u>45,112</u>	<u>24,378</u>	<u>1,808,389</u>
-	25,578	(188,318)
-	-	208,245
-	359,000	646,697
-	(7,206)	(51,418)
<u>-</u>	<u>351,794</u>	<u>803,524</u>
-	377,372	615,206
<u>-</u>	<u>-</u>	<u>1,075,524</u>
<u>\$ -</u>	<u>\$ 377,372</u>	<u>\$ 1,690,730</u>

FIDUCIARY FUNDS

CUSTODIAL FUNDS

The Custodial Funds account for assets received in the capacity of trustee or agent for the County, other governmental entity or individual.

District Attorney Seizure – The District Attorney Seizure Fund accounts for seized assets collected by the District Attorney.

Tax Assessor Collector – The Tax Assessor Collector Fund accounts for money collected by the Tax Assessor Collector and remitted to various taxing jurisdictions.

Inmate Trust – The Sheriff's Inmate Trust Fund accounts for the money of inmates held in the Hutchinson County Jail.

County Registry – The County Registry Fund accounts for registry funds held by the County and District Clerks as well as money received from cash bonds.

County Restitution – The County Restitution Fund accounts for money collected and held as restitution to victims of crimes by both the County and District Attorneys.

HUTCHINSON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024

	District Attorney Seizure	Tax Assessor Collector	Inmate Trust	County Registry	County Restitution	Total
ASSETS						
Cash and cash equivalents	\$ 25,931	\$ 301,089	\$ 5,414	\$ 311,094	\$ 32,504	\$ 676,032
Accounts receivable	-	15,655	-	-	-	15,655
Total assets	25,931	316,744	5,414	311,094	32,504	691,687
LIABILITIES						
Accounts payable	-	30,500	-	-	-	30,500
Due to other governments	-	211,914	-	-	-	211,914
Total liabilities	-	242,414	-	-	-	242,414
NET POSITION						
Restricted for:						
Individuals	25,931	74,330	5,414	311,094	32,504	449,273
Total net position	\$ 25,931	\$ 74,330	\$ 5,414	\$ 311,094	\$ 32,504	\$ 449,273

HUTCHINSON COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	District Attorney Seizure	Tax Assessor Collector	Inmate Trust	County Registry	County Restitution	Total
Additions						
Tax collections	\$ -	\$ 61,648,814	\$ -	\$ -	\$ -	\$ 61,648,814
Trust/Escrow contributions	-	-	73,395	774,137	39,769	887,301
Investment earnings	26	638	-	2,974	3	3,641
Total additions	26	61,649,452	73,395	777,111	39,772	62,539,756
Deductions						
Payments to local governments	-	61,677,144	-	-	-	61,677,144
Trust/Escrow disbursements	-	-	-	691,481	41,466	732,947
Inmate accounts	-	-	76,561	-	-	76,561
Total deductions	-	61,677,144	76,561	691,481	41,466	62,486,652
NET CHANGE IN NET POSITION	26	(27,692)	(3,166)	85,630	(1,694)	53,104
NET POSITION - BEGINNING	25,905	102,022	8,580	225,464	34,198	396,169
NET POSITION - ENDING	<u>\$ 25,931</u>	<u>\$ 74,330</u>	<u>\$ 5,414</u>	<u>\$ 311,094</u>	<u>\$ 32,504</u>	<u>\$ 449,273</u>

PART II
COMPLIANCE



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Hutchinson County, Texas

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS
FOR AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

We have examined Hutchinson County, Texas's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2022 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended September 30, 2024. Management of Hutchinson County, Texas is responsible for Hutchinson County, Texas's compliance with the specified requirements. Our responsibility is to express an opinion on Hutchinson County, Texas's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with the attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether Hutchinson County, Texas complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hutchinson County, Texas complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on Hutchinson County, Texas compliance with specified requirements.

In our opinion, Hutchinson County, Texas complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on Hutchinson County, Texas's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on Hutchinson County, Texas's

compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether Hutchinson County, Texas complied, in all material respects with the specified requirements referenced above during the year ended September 30, 2024. Accordingly, this report is not suitable for any other purpose.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

June 11, 2025

To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Hutchinson County, Texas

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hutchinson County, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Hutchinson County, Texas's basic financial statements, and have issued our report thereon dated June 11, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hutchinson County, Texas's 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 Hutchinson County, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Hutchinson County, Texas's internal control.

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

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

Report on Compliance and Other Matters

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

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.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

June 11, 2025