

HUTCHINSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR YEAR ENDED
SEPTEMBER 30, 2022**

HUTCHINSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2022

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FOR YEAR ENDED SEPTEMBER 30, 2022

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PART I

INTRODUCTORY SECTION

HUTCHINSON COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2022

Cindy Irwin	County Judge
Gary Alexander	Commissioner, Precinct #1
Dwight Kirksey	Commissioner, Precinct #2
Ben Bentley	Commissioner, Precinct #3
Chris Prock	Commissioner, Precinct #4
Curt Brancheau	Judge, 84 th Judicial District
James Mosley	Judge, 316 th Judicial District
Mark Snider	District Attorney
Robin Stroud	District Clerk
Craig Jones	County Attorney
Jan Barnes	County Clerk
Carrie Kimmell	County Tax Assessor/Collector
Kathy Sargent	County Treasurer
Blaik Kemp	County Sheriff
Leslie Ford	Justice of the Peace, Precinct #1
Amanda Wysong	Justice of the Peace, Precinct #2
Roman Alejandro	Constable, Precinct #1
Angekica Hartranft	Constable, Precinct #2
Lesha Krieg	County Auditor

PART II
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, 2022, 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, 2022, 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 42 – 48 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 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 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 30, 2023, 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 30, 2023

BASIC FINANCIAL STATEMENTS

HUTCHINSON COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,635,565	\$ 201,826	\$ 14,837,391
Accounts receivable, net	364,825	14,296	379,121
Taxes receivable, net	271,882	-	271,882
Internal balances	8,846	(8,846)	-
Due from other governmental entities	14,045	-	14,045
Inventories	23,017	50,727	73,744
Prepaid items	144,951	-	144,951
Net pension asset	6,749,189	157,893	6,907,082
Capital assets net of of accumulated depreciation	9,046,328	1,225,318	10,271,646
Total assets	<u>31,258,648</u>	<u>1,641,214</u>	<u>32,899,862</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	599,205	14,018	613,223
Pension economic loss	68,516	1,603	70,119
Pension assumption changes	781,103	18,273	799,376
Other postemployment benefit contributions	14,526	340	14,866
Other postemployment benefit economic loss	3,375	79	3,454
Other postemployment benefit assumption changes	72,837	1,704	74,541
Total deferred outflows of resources	<u>1,539,562</u>	<u>36,017</u>	<u>1,575,579</u>
LIABILITIES			
Accounts payable	393,651	46,626	440,277
Due to other governmental agencies	3,160,392	-	3,160,392
Deferred revenue	214,864	-	214,864
Noncurrent liabilities:			
Due within one year	35,000	1,000	36,000
Due in more than one year	315,385	7,917	323,302
Total other postemployment benefit liability	578,810	13,541	592,351
Total liabilities	<u>4,698,102</u>	<u>69,084</u>	<u>4,767,186</u>
DEFERRED INFLOWS OF RESOURCES			
Pension economic/demographic gains	65,785	1,539	67,324
Pension excess earnings	6,514,014	152,391	6,666,405
Pension assumption changes	226,879	5,308	232,187
Other postemployment benefit economic/demographic gains	7,510	176	7,686
Other postemployment benefit assumption changes	8,209	192	8,401
Total deferred inflows of resources	<u>6,822,397</u>	<u>159,606</u>	<u>6,982,003</u>
NET POSITION			
Net investment in capital assets	9,046,328	1,225,318	10,271,646
Restricted:			
By enabling legislation	1,046,867	-	1,046,867
Special projects	21,915	-	21,915
Unrestricted	11,162,601	223,223	11,385,824
Total net position	<u>\$ 21,277,711</u>	<u>\$ 1,448,541</u>	<u>\$ 22,726,252</u>

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, 2022

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	\$ 3,486,752	\$ 616,196	\$ 990,585	\$ -	\$ (1,879,971)	\$	\$ (1,879,971)
Judicial	2,504,365	443,163	77,472	-	(1,983,730)		(1,983,730)
Public facilities	1,355,246	14,043	45,390	-	(1,295,813)		(1,295,813)
Public safety	3,939,115	139,615	11,499	-	(3,788,001)		(3,788,001)
Road and bridge	2,021,259	516,490	60,884	-	(1,443,885)		(1,443,885)
Public service	1,094,541	199,059	373,499	-	(521,983)		(521,983)
Total governmental activities	<u>14,401,278</u>	<u>1,928,566</u>	<u>1,559,329</u>	<u>-</u>	<u>(10,913,383)</u>		<u>(10,913,383)</u>
Business-type activities:							
Airport	<u>1,001,162</u>	<u>758,710</u>	<u>31,010</u>	<u>-</u>	<u>-</u>	<u>(211,442)</u>	<u>(211,442)</u>
Total business-type activities	<u>1,001,162</u>	<u>758,710</u>	<u>31,010</u>	<u>-</u>	<u>-</u>	<u>(211,442)</u>	<u>(211,442)</u>
Total primary government	<u>\$ 15,402,440</u>	<u>\$ 2,687,276</u>	<u>\$ 1,590,339</u>	<u>\$ -</u>	<u>(10,913,383)</u>	<u>(211,442)</u>	<u>(11,124,825)</u>
General revenues:							
Taxes:							
Property taxes					12,635,111	-	12,635,111
Payments in lieu of taxes					29,935	-	29,935
Mixed beverage taxes					34,820	-	34,820
Investment earnings					118,288	1,553	119,841
Miscellaneous					463,250	-	463,250
Gain on disposal of assets					68,000	-	68,000
Transfers					(243,353)	243,353	-
Total general revenues and transfers					<u>13,106,051</u>	<u>244,906</u>	<u>13,350,957</u>
Change in net position					2,192,668	33,464	2,226,132
Net position - beginning					<u>19,085,043</u>	<u>1,415,077</u>	<u>20,500,120</u>
Net position - ending					<u>\$ 21,277,711</u>	<u>\$ 1,448,541</u>	<u>\$ 22,726,252</u>

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

HUTCHINSON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General	Road & Bridge	ARPA Grant
ASSETS			
Cash and cash equivalents	\$ 10,093,946	\$ 165,914	\$ 3,289,829
Accounts receivable, net	343,897	-	-
Taxes receivable, net	271,882	-	-
Due from other funds	34,253	76,765	-
Due from other governmental entities	14,045	-	-
Inventories	-	23,017	-
Prepaid items	144,951	-	-
	\$ 10,902,974	\$ 265,696	\$ 3,289,829
LIABILITIES			
Accounts payable	\$ 177,863	\$ 45,168	\$ 142,970
Due to other funds	80,740	-	-
Due to other governmental entities	31,965	-	3,124,944
Deferred revenue	214,864	-	-
	505,432	45,168	3,267,914
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	249,944	-	-
Unavailable revenue - other receivables	260,559	-	-
	510,503	-	-
FUND BALANCES			
Non-spendable:			
Inventories	-	23,017	-
Prepaid items	144,951	-	-
Restricted:			
By enabling legislation	-	-	-
Special projects	-	-	21,915
Committed for:			
Special projects	-	-	-
Unassigned (deficit)	9,742,088	197,511	-
	9,887,039	220,528	21,915
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,902,974	\$ 265,696	\$ 3,289,829

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,085,876	\$ 14,635,565
20,928	364,825
-	271,882
3,232	114,250
-	14,045
-	23,017
-	144,951
<u>1,110,036</u>	<u>15,568,535</u>
\$ 27,650	\$ 393,651
24,664	105,404
3,483	3,160,392
-	214,864
<u>55,797</u>	<u>3,874,311</u>
-	249,944
-	260,559
<u>-</u>	<u>510,503</u>
-	23,017
-	144,951
1,046,867	1,046,867
-	21,915
8,887	8,887
(1,515)	9,938,084
<u>1,054,239</u>	<u>11,183,721</u>
<u>\$ 1,110,036</u>	<u>\$ 15,568,535</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, 2022

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

Total fund balance - governmental funds	\$	11,183,721
<p>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.</p>		
		9,046,328
<p>Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements</p>		
		510,503
<p>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.</p>		
		6,749,189
<p>Pension and other postemployment benefit contributions paid after the measurement date, December 31, 2021, and before September 30, 2022 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.</p>		
Pension contributions		599,205
Other postemployment benefit contributions		14,526
<p>Pension and other postemployment benefit losses and deficient earnings are shown as deferred outflows of resources in the government-wide financial statements.</p>		
Pension economic/demographic losses		68,516
Pension assumption changes		781,103
Other postemployment benefit economic/demographic losses		3,375
Other postemployment benefit assumption changes		72,837
<p>Pension and other postemployment benefit gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.</p>		
Pension economic/demographic gains		(65,785)
Pension excess earnings		(6,514,014)
Pension assumption changes		(226,879)
Other postemployment benefit economic/demographic gains		(7,510)
Other postemployment benefit assumption changes		(8,209)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:</p>		
Accrued compensated absences		(350,385)
Other postemployment benefit liability		(578,810)
		(929,200)
Net position - governmental activities	\$	21,277,711

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, 2022

	<u>General</u>	<u>Road & Bridge</u>	<u>ARPA Grant</u>
REVENUES			
Property taxes	\$ 12,544,413	\$ -	\$ -
Payments in lieu of taxes	29,935	-	-
Mixed beverage taxes	34,820	-	-
Licenses and fees	1,000,656	516,490	-
Fines and forfeitures	9,088	-	-
Intergovernmental	153,469	-	942,017
Interest	85,253	3,539	21,767
Miscellaneous	390,367	90,730	-
	<u>14,248,001</u>	<u>610,759</u>	<u>963,784</u>
Total revenues			
EXPENDITURES			
Current:			
Administrative	3,351,071	-	377,094
Judicial	2,643,415	-	-
Public facilities	1,078,608	-	-
Public safety	4,040,152	-	-
Road and bridge	-	1,712,221	-
Public service	688,812	-	-
Capital outlay	153,051	236,983	564,923
	<u>11,955,109</u>	<u>1,949,204</u>	<u>942,017</u>
Total expenditures			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,292,892</u>	<u>(1,338,445)</u>	<u>21,767</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	301,960	1,514,514	-
Transfers out	(2,105,745)	(176,069)	-
	<u>(1,803,785)</u>	<u>1,338,445</u>	<u>-</u>
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCES	489,107	-	21,767
FUND BALANCES - BEGINNING	<u>9,397,932</u>	<u>220,528</u>	<u>148</u>
FUND BALANCES - ENDING	<u>\$ 9,887,039</u>	<u>\$ 220,528</u>	<u>\$ 21,915</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 12,544,413
-	29,935
-	34,820
380,366	1,897,512
-	9,088
418,453	1,513,939
7,729	118,288
27,543	508,640
834,091	16,656,635
25,576	3,753,741
132,636	2,776,051
194,223	1,272,831
59,401	4,099,553
15,560	1,727,781
538,901	1,227,713
34,059	989,016
1,000,383	15,846,713
(166,292)	809,922
521,075	2,337,549
(299,088)	(2,580,902)
221,987	(243,353)
55,695	566,569
998,544	10,617,152
\$ 1,054,239	\$ 11,183,721

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, 2022**

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

Net change in fund balances - total governmental funds:	\$	566,569
<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, \$989,016, were exceeded by depreciation, \$1,006,901, in the current period.</p>		
		(17,885)
<p>The Statement of Activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.</p>		
		68,000
<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>		
		112,664
<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>		
Compensated absences, net change		1,472
Deferred outflows of resources:		
Pension		(750,863)
OPEB		(27,711)
Deferred inflows of resources:		
Pension		(4,984,084)
OPEB		3,394
Net pension asset, net change		6,749,189
Net pension liability, net change		481,832
Total other postemployment benefit liability, net change		(9,909)
		(9,909)
Change in net position - governmental activities	\$	2,192,668

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, 2022**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 201,826
Receivables, net	14,296
Due from other funds	1,474
Inventories	<u>50,727</u>
Total current assets	<u>268,323</u>
Non-current assets:	
Net pension asset	157,893
Capital assets:	
Land	404,524
Buildings and improvements	1,433,683
Infrastructure	7,292,698
Machinery and equipment	319,023
Less accumulated depreciation	<u>(8,224,610)</u>
Total non-current assets	<u>1,383,211</u>
Total assets	<u>1,651,534</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension contributions	14,018
Pension economic loss	1,603
Pension assumption changes	18,273
Other postemployment benefit contributions	340
Other postemployment benefit economic loss	79
Other postemployment benefit assumption changes	<u>1,704</u>
Total deferred outflows of resources	<u>36,017</u>

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, 2022

Continuation

LIABILITIES

Current liabilities:

Accounts payable	\$	46,626
Due to other funds		10,320
Compensated absences		1,000

Total current liabilities		57,946
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Non-current liabilities:

Compensated absences		7,917
Other postemployment benefit liability		13,541

Total non-current liabilities		21,458
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Total liabilities		79,404
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DEFERRED INFLOWS OF RESOURCES

Pension economic/demographic gains		1,539
Pension excess earnings		152,391
Pension assumption changes		5,308
Other postemployment benefit economic/demographic gains		176
Other postemployment benefit assumption changes		192

Total deferred inflows of resources		159,606
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NET POSITION

Net investment in capital assets		1,225,318
Unrestricted		223,223

Total net position	\$	1,448,541
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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, 2022

OPERATING REVENUES:

Charges for services	\$ 756,510
Rents	2,200
	758,710
Total operating revenues	758,710

OPERATING EXPENSES:

Salaries and employee benefits	209,105
Fuel and materials for resale	566,408
Other operating expenses	62,608
Supplies	4,910
Insurance	2,892
Postage and freight	684
Repairs and maintenance	33,522
Utilities	13,555
Depreciation	107,478
	1,001,162
Total operating expenses	1,001,162

Operating loss	(242,452)
----------------	-----------

NON-OPERATING REVENUES:

Intergovernmental	31,010
Interest and investment revenue	1,553
	32,563
Total non-operating revenues	32,563

LOSS BEFORE TRANSFERS	(209,889)
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TRANSFERS IN	331,023
TRANSFERS OUT	(87,670)
	(87,670)

CHANGE IN NET POSITION	33,464
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TOTAL NET POSITION - BEGINNING	1,415,077
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TOTAL NET POSITION - ENDING	\$ 1,448,541
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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, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 749,559
Payments to suppliers and service providers	(692,073)
Payments to employees for salaries and benefits	(239,262)
	(181,776)
Net cash used by operating activities	(181,776)

**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES**

Operating grants	31,010
Changes in interfund receivables/payables	10,320
Transfers to other funds	243,353
	284,683
Net cash provided by noncapital financing activities	284,683

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	1,553
	1,553
Net cash provided by investing activities	1,553

NET INCREASE IN CASH AND CASH EQUIVALENTS

104,460

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

97,366

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 201,826

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, 2022**

Continuation

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

Operating loss	\$	(242,452)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense		107,478
(Increase) decrease in operating assets		
Accounts receivable		(9,151)
Inventories		(20,789)
Deferred outflows of resources - pension		14,752
Net pension asset		(157,893)
Deferred outflows of resources - OPEB		496
Increase (decrease) in operating liabilities		
Accounts payable		13,295
Accrued compensated absences		3,308
Deferred inflows of resources - pension		118,931
Net pension liability		(10,656)
Deferred inflows of resources - OPEB		(55)
Total OPEB liability		960
Net cash used by operating activities	\$	(181,776)

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, 2022

	ASSETS	Custodial Funds
Cash and cash equivalents		\$ 681,272
Accounts receivable		5,364
		<hr/>
Total assets		686,636
		<hr/>
	LIABILITIES	
Accounts payable		24,313
Due to other governments		204,592
		<hr/>
Total liabilities		228,905
		<hr/>
	NET POSITION	
Restricted for:		
Individuals		457,731
		<hr/>
Total net position		\$ 457,731
		<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, 2022

	<u>Custodial Funds</u>
Additions	
Tax collections	\$ 60,282,883
Trust/Escrow contributions	838,459
Investment earnings	<u>1,628</u>
Total additions	<u>61,122,970</u>
 Deductions	
Payments to local governments	60,294,387
Trust/Escrow disbursements	852,831
Inmate accounts	<u>10,963</u>
Total deductions	<u>61,158,181</u>
 NET CHANGE IN NET POSITION	 (35,211)
 NET POSITION - BEGINNING	 <u>492,942</u>
 NET POSITION - ENDING	 <u><u>\$ 457,731</u></u>

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

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022

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, 2022

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 funds:

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, 2022

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 \$8,203,979.

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 \$860,957.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022, 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, 2022

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, 2022

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, 2022

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, 2022

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, 2022, expenditures exceeded appropriations in the Data processing (\$46,776), and Constable #2 (\$223), and capital outlay (\$152,551) departments of the General Fund and the capital outlay function of the Road and Bridge Fund (\$236,983), 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 \$808,269 and \$98,569, respectively.

**HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County’s cash and deposit balances as of September 30, 2022:

Cash and deposit balances consist of:

Petty cash funds	\$ 915
Bank deposits	864,930
Temporary investments - TexPool	<u>14,652,818</u>
Total	<u><u>\$ 15,518,663</u></u>

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

Government-wide Statement of Net Position:

Unrestricted	\$ 14,635,565
Business-type activities:	
Unrestricted	201,826
Fiduciary Funds Statement of Net Position	<u>681,272</u>
Total	<u><u>\$ 15,518,663</u></u>

Custodial credit risk – deposits. As of September 30, 2022, the carrying amount of the County's deposits with financial institutions was \$864,930 and the banks’ balance was \$1,389,662. Of the bank balance, \$808,874 was insured through the Federal Depository Insurance Corporation (FDIC) and \$580,788 was collateralized with securities held by the pledging institution’s agent in the County’s name.

As of September 30, 2022, the County had \$14,652,818 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, 2022

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, 2022, 94% 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 2021 tax roll was \$.595 per \$100, which means that the County has a tax margin of \$.205 per \$100 and could raise up to \$4,553,850 additional revenue from the 2021 assessed valuation of \$2,221,390,469 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, 2022

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, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 106,594	\$ -	\$ -	\$ -	\$ 106,594
Construction in process	2,096,601	33,660	-	(2,096,601)	33,660
Total capital assets, not being depreciated	2,203,195	33,660	-	(2,096,601)	140,254
Capital assets, being depreciated:					
Buildings and improvements	6,264,056	74,419	-	2,096,601	8,435,076
Infrastructure	3,974,626	-	-	-	3,974,626
Equipment	9,629,907	948,937	(300,288)	-	10,278,556
Total capital assets, being depreciated	19,868,589	1,023,356	(300,288)	2,096,601	22,688,258
Less accumulated depreciation for:					
Buildings and improvements	(4,410,517)	(222,433)	-	-	(4,632,950)
Infrastructure	(1,410,322)	(197,624)	-	-	(1,607,946)
Equipment	(7,254,732)	(586,844)	300,288	-	(7,541,288)
Total accumulated depreciation	(13,075,571)	(1,006,901)	300,288	-	(13,782,184)
Total capital assets, being depreciated, net	6,793,018	16,455	-	2,096,601	8,906,074
Governmental activities capital assets, net	\$ 8,996,213	\$ 50,115	\$ -	\$ -	\$ 9,046,328

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5 – CAPITAL ASSETS – Continuation

Depreciation expense for the year ended September 30, 2022 was charged to the functions/programs of the primary government as follows:

Governmental activities		
Administrative	\$	113,248
Judicial		12,928
Public facilities		126,300
Public safety		277,037
Road and bridge		475,942
Public service		1,446
		<u>1,446</u>
Total Depreciation Expense	\$	<u>1,006,901</u>

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 404,524	\$ -	\$ -	\$ -	\$ 404,524
Total capital assets, not being depreciated	<u>404,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,524</u>
Capital assets, being depreciated:					
Buildings and improvements	1,433,683	-	-	-	1,433,683
Land improvements	7,292,698	-	-	-	7,292,698
Equipment	319,023	-	-	-	319,023
Total capital assets, being depreciated	<u>9,045,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,045,404</u>
Less accumulated depreciation for:					
Buildings and improvements	(744,006)	(42,245)	-	-	(786,251)
Land improvements	(7,105,096)	(54,990)	-	-	(7,160,086)
Equipment	(268,030)	(10,243)	-	-	(278,273)
Total accumulated depreciation	<u>(8,117,132)</u>	<u>(107,478)</u>	<u>-</u>	<u>-</u>	<u>(8,224,610)</u>
Total capital assets, being depreciated, net	<u>928,272</u>	<u>(107,478)</u>	<u>-</u>	<u>-</u>	<u>820,794</u>
Business-type activities capital assets, net	<u>\$ 1,332,796</u>	<u>\$ (107,478)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,225,318</u>

NOTE 6 – CONSTRUCTION IN PROCESS

The County has an active a construction project as of September 30, 2022. The project is the Courthouse elevator upgrade project. At year end, the County did not have any remaining commitments related to this project. Costs to date on the project was \$33,660 as of September 30, 2022.

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	122
Active employees	127

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 9.61% with a supplemental rate of 1.74% for the months of the accounting year in 2021 and contributed using the actuarially determined rate of 11.55% for the months of the accounting year in 2022. The contribution rate payable by the employee members is 7.0% for fiscal year 2022 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, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – RETIREMENT PLAN – Continuation

The actuarial assumptions that determined the total pension liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. 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 are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2022 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.

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HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – 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:

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

(1) Target asset allocation adopted at the March 2022 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 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, 2022

NOTE 7 – RETIREMENT PLAN – Continuation

Discount Rate: The discount rate used to measure the total pension liability was 7.60%. 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. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

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

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

Since the projected 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. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – 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, 2020	\$ 49,273,231	\$ 48,780,743	\$ 492,488
Changes for the year:			
Service cost	910,658	-	910,658
Interest on total pension liability (1)	3,698,279	-	3,698,279
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	89,563	-	89,563
Effect of assumptions changes or inputs	(348,280)	-	(348,280)
Refund of contributions	(177,994)	(177,994)	-
Benefit payments	(2,923,438)	(2,923,438)	-
Administrative expenses	-	(31,070)	31,070
Member contributions	-	499,512	(499,512)
Net investment income	-	10,508,760	(10,508,760)
Employer contributions	-	809,922	(809,922)
Other (3)	-	(37,334)	37,334
Balances as of December 31, 2021	<u>\$ 50,522,019</u>	<u>\$ 57,429,101</u>	<u>\$ (6,907,082)</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	\$ 56,068,997	\$ 50,522,019	\$ 45,769,746
Fiduciary net position	<u>57,429,101</u>	<u>57,429,101</u>	<u>57,429,101</u>
Net pension liability / (asset)	<u>\$ (1,360,104)</u>	<u>\$ (6,907,082)</u>	<u>\$ (11,659,355)</u>

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – 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, 2021 to December 31, 2021
Service cost	\$ 910,658
Interest on total pension liability (1)	3,698,279
Effect of plan changes	-
Administrative expenses	31,070
Member contributions	(499,512)
Expected investment return net of investment expenses	(3,637,936)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(5,019)
Recognition of assumption changes or inputs	683,284
Recognition of investment gains or losses	(1,932,673)
Other (2)	37,334
Pension expense / (income)	\$ (714,515)

(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, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 67,324	\$ 70,119
Changes of assumptions	232,187	799,376
Net difference between projected and actual earnings	6,666,405	-
Contributions made subsequent to measurement date	N/A	613,223

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – 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:	
2022	\$ (777,267)
2023	(2,357,171)
2024	(1,587,818)
2025	(1,374,165)
2026	-
Thereafter	-

NOTE 8 – 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	31
Active employees	127

Total OPEB Liability: The County's total OPEB liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the December 31, 2021 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, 2022

NOTE 8 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation

All actuarial assumptions that determined the total OPEB liability as of December 31, 2021 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. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

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 2.06% based on the 20 Year Bond GO index published by bondbuyer.com is used as of the measurement date of December 31, 2021.

Changes in the Total OPEB Liability:

	Changes in Total OPEB Liability
Balances as of December 31, 2020	\$ 581,482
Changes for the year:	
Service cost	14,228
Interest on total OPEB liability (1)	12,456
Changes of benefit terms (2)	-
Effect of economic/demographic experience	(9,708)
Effect of assumptions changes or inputs (3)	10,306
Benefit payments	(16,413)
Other	-
Balances as of December 31, 2021	\$ 592,351

(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, 2022

NOTE 8 – 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 2.06%, 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 (1.06%) or 1 percentage point higher (3.06%) 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 1.06%	Current Discount Rate 2.06%	1% Increase 3.06%
Total OPEB liability	\$ 707,200	\$ 592,351	\$ 502,793

OPEB Expense / (Income):

	January 1, 2021 to December 31, 2021
Service cost	\$ 14,228
Interest on total OPEB liability (1)	12,456
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(3,031)
Recognition of assumption changes or inputs	30,958
Other	-
OPEB expense / (income)	\$ 54,611

(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, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 7,686	\$ 3,454
Changes of assumptions	8,401	74,541
Contributions made subsequent to measurement date	N/A	14,866

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HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – 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:	
2022	\$ 26,475
2023	35,285
2024	148
2025	-
2026	-
Thereafter	-

NOTE 9 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual Fund Inter-fund Receivables and Payables

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ 34,253	\$ 80,740
Special Revenue:		
Road and Bridge	76,765	-
Community Corrections Programs	-	730
Juvenile Probation - State	3,232	-
Museum	-	15,234
Drug Court Fund	-	8,700
Proprietary Fund:		
Airport	1,474	10,320
	<u>\$ 115,724</u>	<u>\$ 115,724</u>

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

Continued

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continuation

Individual Inter-fund Transfers

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ 301,960	\$ 2,105,745
Special Revenue:		
Road and Bridge	1,514,514	176,069
County Records Management	-	62,398
Records Management & Preservation	-	173,909
Court Report Service	-	4,171
District Clerk Records Management	-	24,560
County Clerk Records Preservation	205,187	-
District Clerk Records Preservation	55,680	-
Museum Fund	202,808	25,350
Drug Court Fund	57,400	8,700
Proprietary Fund:		
Airport	331,023	87,670
	<u>\$ 2,668,572</u>	<u>\$ 2,668,572</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.

NOTE 10 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 351,857	\$ 297,067	\$ (298,539)	\$ 350,385	\$ 35,000
	<u>\$ 351,857</u>	<u>\$ 297,067</u>	<u>\$ (298,539)</u>	<u>\$ 350,385</u>	<u>\$ 35,000</u>
Business-type activities:					
Compensated absences	\$ 5,609	\$ 4,693	\$ (1,385)	\$ 8,917	\$ 1,000
	<u>\$ 5,609</u>	<u>\$ 4,693</u>	<u>\$ (1,385)</u>	<u>\$ 8,917</u>	<u>\$ 1,000</u>

HUTCHINSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 \$29,935.

For the fiscal year ended September 30, 2022, Hutchinson County abated property taxes totaling \$686,953 under this program, including the following tax abatement agreements:

- A 70 percent tax abatement to Cominco Fertilizer Partnership for eligible property in the reinvestment zone. The abatement amounted to \$686,953.

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.

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**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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 13,087,634	\$ 13,087,634	\$ 12,544,413	\$ (543,221)
Payments in lieu of taxes	27,000	27,000	29,935	2,935
Mixed beverage taxes	24,000	24,000	34,820	10,820
Licenses and fees	918,400	918,400	1,000,656	82,256
Fines and forfeitures	6,000	6,000	9,088	3,088
Intergovernmental	79,213	79,213	153,469	74,256
Investment earnings	20,500	20,500	85,253	64,753
Miscellaneous	170,200	239,619	390,367	150,748
	<u>14,332,947</u>	<u>14,402,366</u>	<u>14,248,001</u>	<u>(154,365)</u>
Total revenues				
EXPENDITURES				
Current:				
Administrative				
County Judge	305,926	305,926	298,324	7,602
County Auditor	277,575	277,575	239,724	37,851
County Clerk	384,452	384,452	379,486	4,966
County Tax Assessor/Collector	939,024	939,024	895,378	43,646
County Treasurer	204,474	204,474	201,393	3,081
Elections	119,275	119,275	105,112	14,163
Non-departmental	1,051,190	1,051,190	962,166	89,024
Data processing	277,711	222,711	269,487	(46,776)
	<u>3,559,627</u>	<u>3,504,627</u>	<u>3,351,070</u>	<u>153,557</u>
Total administrative				
Judicial				
316th District Court	677,068	677,068	648,239	28,829
84th District Court	442,739	442,739	414,045	28,694
Justice of the Peace, #1	211,651	231,651	227,675	3,976
Justice of the Peace, #2	217,441	227,442	213,034	14,408
District Attorney	418,043	418,043	404,464	13,579
County Attorney	390,309	390,309	381,899	8,410
District Clerk	399,313	399,313	354,059	45,254
	<u>2,756,564</u>	<u>2,786,565</u>	<u>2,643,415</u>	<u>143,150</u>
Total judicial				
Public facilities				
Plant operations	629,871	642,661	497,637	145,024
County library	595,203	597,703	580,971	16,732
	<u>1,225,074</u>	<u>1,240,364</u>	<u>1,078,608</u>	<u>161,756</u>
Total public facilities				

**HUTCHINSON COUNTY, TEXAS
GENERAL
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Continuation	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Public safety				
Sheriff's department	\$ 1,908,973	\$ 1,974,502	\$ 1,783,265	\$ 191,237
Jail	1,898,783	1,916,882	1,830,024	86,858
Constable, #1	83,997	83,997	80,896	3,101
Constable, #2	84,097	82,097	82,320	(223)
Emergency operations center	155,328	163,828	111,647	52,181
Fire protection	153,500	153,500	152,000	1,500
Total public safety	<u>4,284,678</u>	<u>4,374,806</u>	<u>4,040,152</u>	<u>334,654</u>
Public service				
Adult probation department	23,040	23,040	21,956	1,084
Juvenile probation department	610,417	610,417	480,746	129,671
County welfare	47,100	47,100	45,836	1,264
Child welfare	11,500	11,500	11,500	-
County extension	154,339	154,339	128,774	25,565
Total public service	<u>846,396</u>	<u>846,396</u>	<u>688,812</u>	<u>157,584</u>
Capital outlay	<u>500</u>	<u>500</u>	<u>153,051</u>	<u>(152,551)</u>
Total expenditures	<u>12,672,839</u>	<u>12,753,258</u>	<u>11,955,108</u>	<u>798,150</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,660,108</u>	<u>1,649,108</u>	<u>2,292,893</u>	<u>643,785</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,171	4,171	301,960	297,789
Transfers out	(2,028,980)	(2,028,980)	(2,105,745)	(76,765)
Total other financing sources / (uses)	<u>(2,024,809)</u>	<u>(2,024,809)</u>	<u>(1,803,785)</u>	<u>221,024</u>
NET CHANGE IN FUND BALANCE	(364,701)	(375,701)	489,108	864,809
FUND BALANCE - BEGINNING	<u>9,397,932</u>	<u>9,397,932</u>	<u>9,397,932</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 9,033,231</u>	<u>\$ 9,022,231</u>	<u>\$ 9,887,040</u>	<u>\$ 864,809</u>

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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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and fees	\$ 550,000	\$ 550,000	\$ 516,490	\$ (33,510)
Investment earnings	600	600	3,539	2,939
Miscellaneous	12,000	59,424	90,730	31,306
	<u>562,600</u>	<u>610,024</u>	<u>610,759</u>	<u>735</u>
EXPENDITURES				
Current:				
Road and bridge	2,000,349	2,047,773	1,712,221	335,552
Capital outlay	-	-	236,983	(236,983)
	<u>2,000,349</u>	<u>2,047,773</u>	<u>1,949,204</u>	<u>98,569</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,437,749)</u>	<u>(1,437,749)</u>	<u>(1,338,445)</u>	<u>99,304</u>
OTHER FINANCING SOURCES				
Transfers in	1,437,749	1,437,749	1,514,514	76,765
Transfers out	-	-	(176,069)	(176,069)
	<u>1,437,749</u>	<u>1,437,749</u>	<u>1,338,445</u>	<u>(99,304)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING	<u>220,528</u>	<u>220,528</u>	<u>220,528</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 220,528</u>	<u>\$ 220,528</u>	<u>\$ 220,528</u>	<u>\$ -</u>

HUTCHINSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

	Year Ended December 31,			
	2021	2020	2019	2018
Total Pension Liability:				
Service cost	\$ 910,658	\$ 930,426	\$ 888,103	\$ 905,753
Interest on total pension liability (1)	3,698,279	3,627,588	3,480,779	3,338,622
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(348,280)	2,398,130	-	-
Effect of economic/demographic (gains) or losses	89,563	(201,972)	41,640	88,161
Benefit payments/refunds of contributions	(3,101,432)	(2,620,103)	(2,659,884)	(2,463,659)
Net change in total pension liability	1,248,788	4,134,069	1,750,638	1,868,877
Total pension liability, beginning	49,273,230	45,139,161	43,388,523	41,519,646
Total pension liability, ending (a)	<u>\$ 50,522,018</u>	<u>\$ 49,273,230</u>	<u>\$ 45,139,161</u>	<u>\$ 43,388,523</u>
Fiduciary Net Position:				
Employer contributions	\$ 809,922	\$ 790,219	\$ 790,347	\$ 781,921
Member contributions	499,512	487,360	487,439	482,241
Investment income net of investment expenses	10,508,760	4,697,380	6,624,416	(803,240)
Benefit payments/refunds of contributions	(3,101,432)	(2,620,103)	(2,659,884)	(2,463,659)
Administrative expenses	(31,070)	(35,694)	(34,670)	(32,393)
Other	(37,334)	(35,204)	(40,996)	(31,479)
Net change in fiduciary net position	8,648,358	3,283,958	5,166,652	(2,066,609)
Fiduciary net position, beginning	48,780,742	45,496,784	40,330,132	42,396,741
Fiduciary net position, ending (b)	<u>\$ 57,429,100</u>	<u>\$ 48,780,742</u>	<u>\$ 45,496,784</u>	<u>\$ 40,330,132</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (6,907,082)</u>	<u>\$ 492,488</u>	<u>\$ (357,623)</u>	<u>\$ 3,058,391</u>
Fiduciary net position as a % of total pension liability	113.67%	99.00%	100.79%	92.95%
Pensionable covered payroll	\$ 7,135,879	\$ 6,962,286	\$ 6,963,414	\$ 6,889,152
Net pension liability/(asset) as a % of covered payroll	-96.79%	7.07%	-5.14%	44.39%

Year Ended December 31,

2017	2016	2015	2014	2013	2012
\$ 887,974	\$ 930,573	\$ 864,694	\$ 854,535	\$ N/A	\$ N/A
3,213,457	3,053,448	2,920,751	2,746,348	N/A	N/A
-	-	(76,777)	-	N/A	N/A
279,513	-	414,360	-	N/A	N/A
(467,968)	(255,274)	(378,215)	185,883	N/A	N/A
<u>(2,310,353)</u>	<u>(2,064,567)</u>	<u>(1,885,657)</u>	<u>(1,725,712)</u>	<u>N/A</u>	<u>N/A</u>
1,602,623	1,664,180	1,859,156	2,061,054	N/A	N/A
<u>39,917,023</u>	<u>38,252,843</u>	<u>36,393,687</u>	<u>34,332,633</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 41,519,646</u>	<u>\$ 39,917,023</u>	<u>\$ 38,252,843</u>	<u>\$ 36,393,687</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 761,421	\$ 734,260	\$ 721,928	\$ 1,729,986	\$ N/A	\$ N/A
469,596	452,848	445,241	442,825	N/A	N/A
5,528,862	2,666,600	(145,957)	2,355,349	N/A	N/A
(2,310,353)	(2,064,567)	(1,885,657)	(1,725,712)	N/A	N/A
(28,195)	(29,077)	(26,367)	(27,481)	N/A	N/A
<u>(22,325)</u>	<u>54,591</u>	<u>(59,673)</u>	<u>137,610</u>	<u>N/A</u>	<u>N/A</u>
4,399,006	1,814,655	(950,485)	2,912,577	N/A	N/A
<u>37,997,735</u>	<u>36,183,080</u>	<u>37,133,565</u>	<u>34,220,988</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 42,396,741</u>	<u>\$ 37,997,735</u>	<u>\$ 36,183,080</u>	<u>\$ 37,133,565</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ (877,095)</u>	<u>\$ 1,919,288</u>	<u>\$ 2,069,763</u>	<u>\$ (739,878)</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
102.11%	95.19%	94.59%	102.03%	N/A	N/A
\$ 6,708,512	\$ 6,469,256	\$ 6,360,586	\$ 6,165,408	\$ N/A	\$ N/A
-13.07%	29.67%	32.54%	-12.00%	N/A	N/A

HUTCHINSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed)

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%

**HUTCHINSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed)**

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.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	9.3 years (based on contribution rate calculated in 12/31/2021 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.
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.

HUTCHINSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed as available)

	Year Ended December 31,			
	2021	2020	2019	2018
Total OPEB Liability:				
Service cost	\$ 14,228	\$ 14,719	\$ 10,420	\$ 12,949
Interest on total OPEB liability	12,456	14,010	16,430	15,043
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	10,306	57,241	95,478	(42,001)
Effect of economic/demographic (gains) or losses	(9,708)	6,637	336	(2,033)
Benefit payments	<u>(16,413)</u>	<u>(15,317)</u>	<u>(17,409)</u>	<u>(18,601)</u>
Net change in total OPEB liability	10,869	77,290	105,255	(34,643)
Total OPEB liability, beginning	<u>581,484</u>	<u>504,194</u>	<u>398,939</u>	<u>433,582</u>
Total OPEB liability, ending	<u><u>\$ 592,353</u></u>	<u><u>\$ 581,484</u></u>	<u><u>\$ 504,194</u></u>	<u><u>\$ 398,939</u></u>
Covered employee payroll	\$ 7,135,879	\$ 6,962,286	\$ 6,963,414	\$ 6,889,152
Total OPEB liability as a % of covered employee payroll	8.30%	8.35%	7.24%	5.79%

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 Normal
Amortization Method	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary increases	Does not apply
Investment rate of return	2.06% (20 Year Bond GO Index published by bondbuyer.com as of December 28, 2021)

Year Ended December 31,

	2017	2016	2015	2014	2013	2012
\$	11,140	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
	15,849	N/A	N/A	N/A	N/A	N/A
	-	N/A	N/A	N/A	N/A	N/A
	16,872	N/A	N/A	N/A	N/A	N/A
	(9,615)	N/A	N/A	N/A	N/A	N/A
	(17,442)	N/A	N/A	N/A	N/A	N/A
	16,804	N/A	N/A	N/A	N/A	N/A
	416,778	N/A	N/A	N/A	N/A	N/A
\$	433,582	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
\$	6,708,512	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
	6.46%	N/A	N/A	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.

County Records Management – The County Records Management 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 for specific records management and preservation purposes of the County.

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.

Records Management & Preservation – The Records Management & Preservation fund accounts for fees collected by the County and District Clerks after the filing and recording of a document in the records offices of the Clerks. The fees are dedicated by law to be used for specific records management and preservation purposes in the County.

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

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.

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

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.

District Clerk Records Management – The District Clerk Records Management fund accounts for fees collected by the District Clerk on court cases. The fees are dedicated by law to be used for specific records management projects of the office.

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.

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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.

**HUTCHINSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Motor Vehicle Inventory Tax	Court Technology Fees	County Records Management	Courthouse Security
ASSETS				
Cash and cash equivalents	\$ 2,187	\$ 68,656	\$ -	\$ 23,931
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 2,187	\$ 68,656	\$ -	\$ 23,931
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governmental entities	-	-	-	-
Total liabilities	-	-	-	-
FUND BALANCES				
Restricted:				
By enabling legislation	2,187	68,656	-	23,931
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	2,187	68,656	-	23,931
Total liabilities and fund balances	\$ 2,187	\$ 68,656	\$ -	\$ 23,931

Registration of Voters	Records Management & Preservation	Law Library	Adult Probation - State	Community Corrections Programs	Juvenile Probation - State
\$ 6,696	\$ -	\$ 28,258	\$ 185,437	\$ 19,761	\$ 7,274
-	-	-	16,814	-	2,239
-	-	-	-	-	3,232
<u>\$ 6,696</u>	<u>\$ -</u>	<u>\$ 28,258</u>	<u>\$ 202,251</u>	<u>\$ 19,761</u>	<u>\$ 12,745</u>
\$ -	\$ -	\$ 824	\$ 793	\$ 5,000	\$ -
-	-	-	-	730	-
-	-	-	-	991	2,309
-	-	824	793	6,721	2,309
6,696	-	27,434	201,458	13,040	10,436
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,696</u>	<u>-</u>	<u>27,434</u>	<u>201,458</u>	<u>13,040</u>	<u>10,436</u>
<u>\$ 6,696</u>	<u>\$ -</u>	<u>\$ 28,258</u>	<u>\$ 202,251</u>	<u>\$ 19,761</u>	<u>\$ 12,745</u>

Continued

**HUTCHINSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

Continuation

	<u>Court Report Service</u>	<u>Juvenile Progressive Sanctions</u>	<u>Juvenile Probation Special</u>	<u>Child Support District Clerk</u>
ASSETS				
Cash and cash equivalents	\$ 16,241	\$ -	\$ 28,940	\$ 108
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
	<u>16,241</u>	<u>-</u>	<u>28,940</u>	<u>108</u>
Total assets	<u>\$ 16,241</u>	<u>\$ -</u>	<u>\$ 28,940</u>	<u>\$ 108</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governmental entities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted:				
By enabling legislation	16,241	-	28,940	108
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
	<u>16,241</u>	<u>-</u>	<u>28,940</u>	<u>108</u>
Total fund balances	<u>16,241</u>	<u>-</u>	<u>28,940</u>	<u>108</u>
Total liabilities and fund balances	<u>\$ 16,241</u>	<u>\$ -</u>	<u>\$ 28,940</u>	<u>\$ 108</u>

Juvenile Title IV	Records Archive - County Clerk	County Attorney Check Fees	District Attorney Check Fees	District Attorney Forfeitures	Sheriff Forfeitures & Seizures
\$ -	\$ 173,562	\$ 28,111	\$ 6,127	\$ 1,740	\$ 2,106
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 173,562</u>	<u>\$ 28,111</u>	<u>\$ 6,127</u>	<u>\$ 1,740</u>	<u>\$ 2,106</u>
\$ -	\$ 7,557	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	7,557	-	-	-	-
-	166,005	28,111	6,127	1,740	2,106
-	-	-	-	-	-
-	-	-	-	-	-
-	166,005	28,111	6,127	1,740	2,106
<u>\$ -</u>	<u>\$ 173,562</u>	<u>\$ 28,111</u>	<u>\$ 6,127</u>	<u>\$ 1,740</u>	<u>\$ 2,106</u>

Continued

**HUTCHINSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

Continuation

	District Clerk Records Management	District Attorney	Lateral Road	County Clerk Records Preservation
ASSETS				
Cash and cash equivalents	\$ -	\$ 7,967	\$ 52,321	\$ 240,102
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ 7,967</u>	<u>\$ 52,321</u>	<u>\$ 240,102</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,087	\$ -	\$ 2,456
Due to other funds	-	-	-	-
Due to other governmental entities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>1,087</u>	<u>-</u>	<u>2,456</u>
FUND BALANCES				
Restricted:				
By enabling legislation	-	6,880	52,321	237,646
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>-</u>	<u>6,880</u>	<u>52,321</u>	<u>237,646</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 7,967</u>	<u>\$ 52,321</u>	<u>\$ 240,102</u>

District Clerk Records Preservation	Museum	Jail Commissary	Drug Court Fund	Judicial Education & Support	Court Facility Fund
\$ 104,699	\$ 25,882	\$ 28,013	\$ 15,297	\$ 508	\$ 4,979
-	49	1,826	-	-	-
-	-	-	-	-	-
<u>\$ 104,699</u>	<u>\$ 25,931</u>	<u>\$ 29,839</u>	<u>\$ 15,297</u>	<u>\$ 508</u>	<u>\$ 4,979</u>
\$ -	\$ 1,810	\$ -	\$ 7,929	\$ -	\$ -
-	15,234	-	8,700	-	-
-	-	-	183	-	-
-	17,044	-	16,812	-	-
104,699	-	29,839	-	508	4,979
-	8,887	-	-	-	-
-	-	-	(1,515)	-	-
<u>104,699</u>	<u>8,887</u>	<u>29,839</u>	<u>(1,515)</u>	<u>508</u>	<u>4,979</u>
<u>\$ 104,699</u>	<u>\$ 25,931</u>	<u>\$ 29,839</u>	<u>\$ 15,297</u>	<u>\$ 508</u>	<u>\$ 4,979</u>

Continued

**HUTCHINSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

Continuation

	<u>SCAAP Grant</u>	<u>Sheriff LEOSE</u>	<u>Constable, Precinct #2 LEOSE</u>	<u>Constable, Precinct #1 LEOSE</u>
ASSETS				
Cash and cash equivalents	\$ 834	\$ 960	\$ 433	\$ 542
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 834</u>	<u>\$ 960</u>	<u>\$ 433</u>	<u>\$ 542</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governmental entities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> -	<hr/> -	<hr/> -
FUND BALANCES				
Restricted:				
By enabling legislation	834	960	433	542
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<hr/> 834	<hr/> 960	<hr/> 433	<hr/> 542
Total liabilities and fund balances	<u>\$ 834</u>	<u>\$ 960</u>	<u>\$ 433</u>	<u>\$ 542</u>

Language Access Fund	County Jury Fund	Total Non- Major Governmental Funds
\$ 1,935	\$ 2,269	\$ 1,085,876
-	-	20,928
-	-	3,232
<u>\$ 1,935</u>	<u>\$ 2,269</u>	<u>\$ 1,110,036</u>
\$ -	\$ 194	\$ 27,650
-	-	24,664
-	-	3,483
<u>-</u>	<u>194</u>	<u>55,797</u>
1,935	2,075	1,046,867
-	-	8,887
-	-	(1,515)
<u>1,935</u>	<u>2,075</u>	<u>1,054,239</u>
<u>\$ 1,935</u>	<u>\$ 2,269</u>	<u>\$ 1,110,036</u>

HUTCHINSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Motor Vehicle Inventory Tax</u>	<u>Court Technology Fees</u>	<u>County Records Management</u>	<u>Courthouse Security</u>
REVENUES				
Licenses and fees	\$ -	\$ 4,205	\$ -	\$ 15,420
Intergovernmental	-	-	-	-
Interest	81	473	-	184
Miscellaneous	-	-	-	-
Total revenues	<u>81</u>	<u>4,678</u>	<u>-</u>	<u>15,604</u>
EXPENDITURES				
Current:				
Administrative	-	-	-	-
Judicial	-	-	-	10,917
Public facilities	-	-	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public service	-	-	-	-
Capital outlay	-	-	-	34,059
Total expenditures	<u>27</u>	<u>-</u>	<u>-</u>	<u>44,976</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	54	4,678	-	(29,372)
OTHER FINANCING SOURCES / (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(62,398)	-
TOTAL OTHER FINANCING SOURCES / (USES)	<u>-</u>	<u>-</u>	<u>(62,398)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	54	4,678	(62,398)	(29,372)
FUND BALANCES - BEGINNING (DEFICIT)	<u>2,133</u>	<u>63,978</u>	<u>62,398</u>	<u>53,303</u>
FUND BALANCES - ENDING (DEFICIT)	<u>\$ 2,187</u>	<u>\$ 68,656</u>	<u>\$ -</u>	<u>\$ 23,931</u>

<u>Registration of Voters</u>	<u>Records Management & Preservation</u>	<u>Law Library</u>	<u>Adult Probation - State</u>	<u>Community Corrections Programs</u>	<u>Juvenile Probation - State</u>
\$ -	\$ -	\$ 9,993	\$ 196,569	\$ -	\$ -
-	-	-	119,832	56,717	185,368
45	-	191	1,316	-	239
2,755	-	-	8,382	-	-
<u>2,800</u>	<u>-</u>	<u>10,184</u>	<u>326,099</u>	<u>56,717</u>	<u>185,607</u>
2,530	-	-	-	-	-
-	-	9,124	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	270,034	53,466	213,610
-	-	-	-	-	-
<u>2,530</u>	<u>-</u>	<u>9,124</u>	<u>270,034</u>	<u>53,466</u>	<u>213,610</u>
270	-	1,060	56,065	3,251	(28,003)
-	-	-	-	-	-
-	(173,909)	-	-	-	-
<u>-</u>	<u>(173,909)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
270	(173,909)	1,060	56,065	3,251	(28,003)
<u>6,426</u>	<u>173,909</u>	<u>26,374</u>	<u>145,393</u>	<u>9,789</u>	<u>38,439</u>
<u>\$ 6,696</u>	<u>\$ -</u>	<u>\$ 27,434</u>	<u>\$ 201,458</u>	<u>\$ 13,040</u>	<u>\$ 10,436</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, 2022

Continuation

	<u>Court Report Service</u>	<u>Juvenile Progressive Sanctions</u>	<u>Juvenile Probation Special</u>	<u>Child Support District Clerk</u>
REVENUES				
Licenses and fees	\$ 7,068	\$ -	\$ 2,490	\$ -
Intergovernmental	-	2,271	-	-
Interest	100	-	200	1
Miscellaneous	-	-	-	36
Total revenues	<u>7,168</u>	<u>2,271</u>	<u>2,690</u>	<u>37</u>
EXPENDITURES				
Current:				
Administrative	-	-	-	-
Judicial	-	-	-	3,250
Public facilities	-	-	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public service	-	-	1,622	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,622</u>	<u>3,250</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,168	2,271	1,068	(3,213)
OTHER FINANCING SOURCES / (USES)				
Transfers in	-	-	-	-
Transfers out	(4,171)	-	-	-
TOTAL OTHER FINANCING SOURCES / (USES)	<u>(4,171)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,997	2,271	1,068	(3,213)
FUND BALANCES - BEGINNING (DEFICIT)	<u>13,244</u>	<u>(2,271)</u>	<u>27,872</u>	<u>3,321</u>
FUND BALANCES - ENDING (DEFICIT)	<u>\$ 16,241</u>	<u>\$ -</u>	<u>\$ 28,940</u>	<u>\$ 108</u>

<u>Juvenile Title IV</u>	<u>Records Archive - County Clerk</u>	<u>County Attorney Check Fees</u>	<u>District Attorney Check Fees</u>	<u>District Attorney Forfeitures</u>	<u>Sheriff Forfeitures & Seizures</u>
\$ -	\$ 32,306	\$ 65	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,179	197	43	12	14
-	-	-	-	-	-
-	33,485	262	43	12	14
-	-	-	-	-	-
-	26,680	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
169	-	-	-	-	-
-	-	-	-	-	-
169	26,680	-	-	-	-
(169)	6,805	262	43	12	14
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(169)	6,805	262	43	12	14
169	159,200	27,849	6,084	1,728	2,092
<u>\$ -</u>	<u>\$ 166,005</u>	<u>\$ 28,111</u>	<u>\$ 6,127</u>	<u>\$ 1,740</u>	<u>\$ 2,106</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, 2022

Continuation

	District Clerk Records Management	District Attorney	Lateral Road	County Clerk Records Preservation
REVENUES				
Licenses and fees	\$ -	\$ -	\$ -	\$ 34,521
Intergovernmental	-	27,500	15,265	-
Interest	-	6	426	1,658
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>27,506</u>	<u>15,691</u>	<u>36,179</u>
EXPENDITURES				
Current:				
Administrative	-	-	-	17,846
Judicial	-	29,873	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Road and bridge	-	-	15,560	-
Public service	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>29,873</u>	<u>15,560</u>	<u>17,846</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(2,367)	131	18,333
OTHER FINANCING SOURCES / (USES)				
Transfers in	-	-	-	205,187
Transfers out	(24,560)	-	-	-
TOTAL OTHER FINANCING SOURCES / (USES)	<u>(24,560)</u>	<u>-</u>	<u>-</u>	<u>205,187</u>
NET CHANGE IN FUND BALANCES	(24,560)	(2,367)	131	223,520
FUND BALANCES - BEGINNING (DEFICIT)	<u>24,560</u>	<u>9,247</u>	<u>52,190</u>	<u>14,126</u>
FUND BALANCES - ENDING (DEFICIT)	<u><u>\$ -</u></u>	<u><u>\$ 6,880</u></u>	<u><u>\$ 52,321</u></u>	<u><u>\$ 237,646</u></u>

District Clerk Records Preservation	Museum	Jail Commissary	Drug Court Fund	Judicial Education & Support	Court Facility Fund
\$ 9,506	\$ -	\$ 54,845	\$ 3,017	\$ 505	\$ 4,955
-	-	-	-	-	-
714	395	22	164	3	24
-	16,370	-	-	-	-
<u>10,220</u>	<u>16,765</u>	<u>54,867</u>	<u>3,181</u>	<u>508</u>	<u>4,979</u>
5,200	-	-	-	-	-
-	-	-	51,881	-	-
-	194,223	-	-	-	-
-	-	50,648	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,200</u>	<u>194,223</u>	<u>50,648</u>	<u>51,881</u>	<u>-</u>	<u>-</u>
5,020	(177,458)	4,219	(48,700)	508	4,979
55,680	202,808	-	57,400	-	-
-	(25,350)	-	(8,700)	-	-
<u>55,680</u>	<u>177,458</u>	<u>-</u>	<u>48,700</u>	<u>-</u>	<u>-</u>
60,700	-	4,219	-	508	4,979
43,999	8,887	25,620	(1,515)	-	-
<u>\$ 104,699</u>	<u>\$ 8,887</u>	<u>\$ 29,839</u>	<u>\$ (1,515)</u>	<u>\$ 508</u>	<u>\$ 4,979</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, 2022

Continuation

	<u>SCAAP Grant</u>	<u>Sheriff LEOSE</u>	<u>Constable, Precinct #2 LEOSE</u>	<u>Constable, Precinct #1 LEOSE</u>
REVENUES				
Licenses and fees	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,605	1,801	555	539
Interest	7	9	3	3
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	8,612	1,810	558	542
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Administrative	-	-	-	-
Judicial	-	-	-	-
Public facilities	-	-	-	-
Public safety	7,778	850	125	-
Road and bridge	-	-	-	-
Public service	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	7,778	850	125	-
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	834	960	433	542
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES / (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES / (USES)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	834	960	433	542
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - BEGINNING (DEFICIT)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING (DEFICIT)	<u>\$ 834</u>	<u>\$ 960</u>	<u>\$ 433</u>	<u>\$ 542</u>

Language Access Fund	County Jury Fund	Total Non-Major Governmental Funds
\$ 1,926	\$ 2,975	\$ 380,366
-	-	418,453
9	11	7,729
-	-	27,543
<u>1,935</u>	<u>2,986</u>	<u>834,091</u>
-	-	25,576
-	911	132,636
-	-	194,223
-	-	59,401
-	-	15,560
-	-	538,901
-	-	34,059
<u>-</u>	<u>911</u>	<u>1,000,383</u>
1,935	2,075	(166,292)
-	-	521,075
-	-	(299,088)
<u>-</u>	<u>-</u>	<u>221,987</u>
1,935	2,075	55,695
<u>-</u>	<u>-</u>	<u>998,544</u>
<u>\$ 1,935</u>	<u>\$ 2,075</u>	<u>\$ 1,054,239</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, 2022

	District Attorney Seizure	Tax Assessor Collector	Inmate Trust	County Registry	County Restitution	Total
ASSETS						
Cash and cash equivalents	\$ 23,670	\$ 363,324	\$ 4,233	\$ 253,924	\$ 36,121	\$ 681,272
Accounts receivable	-	5,364	-	-	-	5,364
Total assets	<u>23,670</u>	<u>368,688</u>	<u>4,233</u>	<u>253,924</u>	<u>36,121</u>	<u>686,636</u>
LIABILITIES						
Accounts payable	-	24,313	-	-	-	24,313
Due to other governments	-	204,592	-	-	-	204,592
Total liabilities	<u>-</u>	<u>228,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,905</u>
NET POSITION						
Restricted for:						
Individuals	<u>23,670</u>	<u>139,783</u>	<u>4,233</u>	<u>253,924</u>	<u>36,121</u>	<u>457,731</u>
Total net position	<u>\$ 23,670</u>	<u>\$ 139,783</u>	<u>\$ 4,233</u>	<u>\$ 253,924</u>	<u>\$ 36,121</u>	<u>\$ 457,731</u>

HUTCHINSON COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	District Attorney Seizure	Tax Assessor Collector	Inmate Trust	County Registry	County Restitution	Total
Additions						
Tax collections	\$ -	\$ 60,282,883	\$ -	\$ -	\$ -	\$ 60,282,883
Trust/Escrow contributions	-	-	-	803,147	35,312	838,459
Investment earnings	-	550	-	1,073	5	1,628
Total additions	<u>-</u>	<u>60,283,433</u>	<u>-</u>	<u>804,220</u>	<u>35,317</u>	<u>61,122,970</u>
Deductions						
Payments to local governments	-	60,294,387	-	-	-	60,294,387
Trust/Escrow disbursements	4,906	-	-	815,803	32,122	852,831
Inmate accounts	-	-	10,963	-	-	10,963
Total deductions	<u>4,906</u>	<u>60,294,387</u>	<u>10,963</u>	<u>815,803</u>	<u>32,122</u>	<u>61,158,181</u>
NET CHANGE IN NET POSITION	(4,906)	(10,954)	(10,963)	(11,583)	3,195	(35,211)
NET POSITION - BEGINNING	<u>28,576</u>	<u>150,737</u>	<u>15,196</u>	<u>265,507</u>	<u>32,926</u>	<u>492,942</u>
NET POSITION - ENDING	<u>\$ 23,670</u>	<u>\$ 139,783</u>	<u>\$ 4,233</u>	<u>\$ 253,924</u>	<u>\$ 36,121</u>	<u>\$ 457,731</u>

PART III
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, 2022. 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, 2022.

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, 2022. Accordingly, this report is not suitable for any other purpose.

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

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

June 30, 2023



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, 2022, 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 30, 2023.

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 30, 2023