

**HUTCHINSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR YEAR ENDED  
SEPTEMBER 30, 2023**

**HUTCHINSON COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED SEPTEMBER 30, 2023**

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**HUTCHINSON COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
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**PART I**

**INTRODUCTORY SECTION**

**HUTCHINSON COUNTY, TEXAS**  
**PRINCIPAL COUNTY OFFICIALS**  
**SEPTEMBER 30, 2023**

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 <sup>th</sup> Judicial District
James Mosley	Judge, 316 <sup>th</sup> Judicial District
Mark Snider	District Attorney
Tammy McBrayer	District Clerk
Craig Jones	County Attorney
Kelly Ratliff	County Clerk
Carrie Kimmell	County Tax Assessor/Collector
Amy Back	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
Angelica 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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance



with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of changes in net pension liability and related ratios, the schedule of employer contributions, and the schedule of changes in total OPEB liability and related ratios on pages on pages 43 – 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The independent auditors' opinion is not affected by the omission of the MD&A.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hutchinson County, Texas's basic financial statements. The accompanying combining nonmajor governmental and custodial fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental and custodial fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2024, 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

May 3, 2024

## **BASIC FINANCIAL STATEMENTS**

**HUTCHINSON COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,129,588	\$ 319,556	\$ 16,449,144
Accounts receivable, net	347,416	27,928	375,344
Taxes receivable, net	297,727	-	297,727
Internal balances	(56,526)	56,526	-
Due from other governmental entities	22,462	17,862	40,324
Inventories	21,472	46,512	67,984
Prepaid items	178,620	-	178,620
Net pension asset	307,541	6,901	314,442
Capital assets net of of accumulated depreciation	9,431,279	1,125,753	10,557,032
Total assets	<u>26,679,579</u>	<u>1,601,038</u>	<u>28,280,617</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions	636,852	14,290	651,142
Pension economic loss	29,200	655	29,855
Pension deficient earnings	738,402	16,568	754,970
Other postemployment benefit contributions	10,476	235	10,711
Other postemployment benefit economic loss	1,690	38	1,728
Other postemployment benefit assumption changes	37,713	846	38,559
Total deferred outflows of resources	<u>1,454,333</u>	<u>32,632</u>	<u>1,486,965</u>
<b>LIABILITIES</b>			
Accounts payable	716,119	31,755	747,874
Due to other governmental agencies	1,823,250	-	1,823,250
Accrued interest	5,991	-	5,991
Deferred revenue	121,370	125,686	247,056
Noncurrent liabilities:			
Due within one year	484,145	3,000	487,145
Due in more than one year	301,828	996	302,824
Total other postemployment benefit liability	450,179	10,101	460,280
Total liabilities	<u>3,902,882</u>	<u>171,538</u>	<u>4,074,420</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension economic/demographic gains	156,075	3,502	159,577
Pension assumption changes	113,546	2,548	116,094
Other postemployment benefit economic/demographic gains	5,760	129	5,889
Other postemployment benefit assumption changes	107,197	2,405	109,602
Total deferred inflows of resources	<u>382,578</u>	<u>8,584</u>	<u>391,162</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,003,198	1,125,753	10,128,951
Restricted:			
By enabling legislation	1,068,152	-	1,068,152
Special projects	8,887	-	8,887
Unrestricted	13,768,215	327,795	14,096,010
Total net position	<u>\$ 23,848,452</u>	<u>\$ 1,453,548</u>	<u>\$ 25,302,000</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, 2023**

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	
<b>Primary government:</b>							
Governmental activities:							
Administrative	\$ 4,172,137	\$ 459,599	\$ 1,452,954	\$ -	\$ (2,259,584)	\$	\$ (2,259,584)
Judicial	2,872,343	375,157	96,215	-	(2,400,971)		(2,400,971)
Public facilities	1,637,194	14,700	40,000	-	(1,582,494)		(1,582,494)
Public safety	4,574,090	110,933	72,491	-	(4,390,666)		(4,390,666)
Road and bridge	2,339,668	516,720	15,287	-	(1,807,661)		(1,807,661)
Public service	1,353,109	203,801	402,236	-	(747,072)		(747,072)
Interest on long-term debt	7,747	-	-	-	(7,747)		(7,747)
Total governmental activities	<u>16,956,288</u>	<u>1,680,910</u>	<u>2,079,183</u>	<u>-</u>	<u>(13,196,195)</u>		<u>(13,196,195)</u>
Business-type activities:							
Airport	<u>853,266</u>	<u>607,931</u>	<u>24,417</u>	<u>-</u>	<u>-</u>	<u>(220,918)</u>	<u>(220,918)</u>
Total business-type activities	<u>853,266</u>	<u>607,931</u>	<u>24,417</u>	<u>-</u>	<u>-</u>	<u>(220,918)</u>	<u>(220,918)</u>
Total primary government	<u>\$ 17,809,554</u>	<u>\$ 2,288,841</u>	<u>\$ 2,103,600</u>	<u>\$ -</u>	<u>(13,196,195)</u>	<u>(220,918)</u>	<u>(13,417,113)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes					14,371,786	-	14,371,786
Payments in lieu of taxes					32,073	-	32,073
Mixed beverage taxes					39,366	-	39,366
Investment earnings					939,696	12,314	952,010
Miscellaneous					368,249	-	368,249
Gain on disposal of assets					229,378	-	229,378
Transfers					(213,611)	213,611	-
Total general revenues and transfers					<u>15,766,937</u>	<u>225,925</u>	<u>15,992,862</u>
Change in net position					2,570,742	5,007	2,575,749
Net position - beginning					<u>21,277,710</u>	<u>1,448,541</u>	<u>22,726,251</u>
Net position - ending					<u>\$ 23,848,452</u>	<u>\$ 1,453,548</u>	<u>\$ 25,302,000</u>

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

**HUTCHINSON COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2023**

	<b>General</b>	<b>Road &amp; Bridge</b>	<b>ARPA Grant</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,567,598	\$ 410,736	\$ 2,014,683
Accounts receivable, net	324,038	-	-
Taxes receivable, net	297,727	-	-
Due from other funds	474,821	161,594	-
Due from other governmental entities	22,462	-	-
Inventories	-	21,472	-
Prepaid items	163,387	-	15,233
	<b>\$ 13,850,033</b>	<b>\$ 593,802</b>	<b>\$ 2,029,916</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 508,645	\$ 86,389	\$ 80,472
Due to other funds	318,888	226,520	138,936
Due to other governmental entities	22,695	-	1,800,340
Deferred revenue	26,005	60,365	-
	<b>876,233</b>	<b>373,274</b>	<b>2,019,748</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	286,816	-	-
Unavailable revenue - other receivables	205,028	-	-
	<b>491,844</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Non-spendable:			
Inventories	-	21,472	-
Prepaid items	163,387	-	15,233
Restricted:			
By enabling legislation	-	-	-
Committed for:			
Special projects	-	-	-
Unassigned (deficit)	12,318,569	199,056	(5,065)
	<b>12,481,956</b>	<b>220,528</b>	<b>10,168</b>
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 13,850,033</b>	<b>\$ 593,802</b>	<b>\$ 2,029,916</b>

<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,136,571	\$ 16,129,588
23,378	347,416
-	297,727
25,949	662,364
-	22,462
-	21,472
-	178,620
<u>\$ 1,185,898</u>	<u>\$ 17,659,649</u>
\$ 40,613	\$ 716,119
34,546	718,890
215	1,823,250
35,000	121,370
<u>110,374</u>	<u>3,379,629</u>
-	286,816
-	205,028
<u>-</u>	<u>491,844</u>
-	21,472
-	178,620
1,068,152	1,068,152
8,887	8,887
(1,515)	12,511,045
<u>1,075,524</u>	<u>13,788,176</u>
<u>\$ 1,185,898</u>	<u>\$ 17,659,649</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, 2023**

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

Total fund balance - governmental funds	\$	13,788,176
<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>		
		9,431,279
<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>		
		491,844
<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>		
		307,541
<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		636,852
Other postemployment benefit contributions		10,476
<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		29,200
Pension deficient earnings		738,402
Other postemployment benefit economic/demographic losses		1,690
Other postemployment benefit assumption changes		37,713
<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		(156,075)
Pension assumption changes		(113,546)
Other postemployment benefit economic/demographic gains		(5,760)
Other postemployment benefit assumption changes		(107,197)
<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 interest payable		(5,991)
Leases and subscription liabilities		(428,080)
Accrued compensated absences		(357,893)
Other postemployment benefit liability		(450,179)
Net position - governmental activities	\$	23,848,452

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, 2023**

	<u>General</u>	<u>Road &amp; Bridge</u>	<u>ARPA Grant</u>
<b>REVENUES</b>			
Property taxes	\$ 14,334,914	\$ -	\$ -
Payments in lieu of taxes	32,073	-	-
Mixed beverage taxes	39,366	-	-
Licenses and fees	846,590	516,720	-
Fines and forfeitures	7,684	-	-
Intergovernmental	133,943	-	1,424,604
Interest	727,919	40,610	117,021
Miscellaneous	309,364	83,462	-
	<u>16,431,853</u>	<u>640,792</u>	<u>1,541,625</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
Administrative	3,238,418	-	758,315
Judicial	2,739,545	-	-
Public facilities	1,146,309	-	-
Public safety	4,202,065	-	-
Road and bridge	-	1,868,973	-
Public service	705,890	-	-
Debt service:			
Principal	123,369	-	7,617
Interest	1,757	-	-
Capital outlay	881,356	91,905	608,208
	<u>13,038,709</u>	<u>1,960,878</u>	<u>1,374,140</u>
Total expenditures			
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,393,144</u>	<u>(1,320,086)</u>	<u>167,485</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Initiation of leases and subscription liabilities	559,066	-	-
Insurance recoveries	261,515	-	-
Transfers in	508,122	1,546,606	-
Transfers out	(2,126,930)	(226,520)	(179,232)
	<u>(798,227)</u>	<u>1,320,086</u>	<u>(179,232)</u>
Total other financing sources (uses)			
<b>NET CHANGE IN FUND BALANCES</b>	2,594,917	-	(11,747)
<b>FUND BALANCES - BEGINNING</b>	<u>9,887,039</u>	<u>220,528</u>	<u>21,915</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 12,481,956</u>	<u>\$ 220,528</u>	<u>\$ 10,168</u>

<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 14,334,914
-	32,073
-	39,366
365,448	1,728,758
-	7,684
480,636	2,039,183
54,146	939,696
15,423	408,249
915,653	19,529,923
49,949	4,046,682
132,682	2,872,227
232,274	1,378,583
51,838	4,253,903
24,780	1,893,753
640,843	1,346,733
-	130,986
-	1,757
26,345	1,607,814
1,158,711	17,532,438
(243,058)	1,997,485
-	559,066
-	261,515
292,417	2,347,145
(28,074)	(2,560,756)
264,343	606,970
21,285	2,604,455
1,054,239	11,183,721
\$ 1,075,524	\$ 13,788,176

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, 2023**

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

Net change in fund balances - total governmental funds:	\$	2,604,455
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> <p>This is the amount by which capital outlays, \$1,607,814, exceeded depreciation, \$1,190,726, in the current period.</p>		
		417,088
<p>In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the disposition, if any, increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital asset sold.</p>		
		(162,184)
<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>		
		130,047
<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>		
		(18,660)
<p>In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p>		
Debt issued or incurred:		
Leases		(171,592)
Subscription liabilities		(387,474)
Principal repayments:		
Leases		9,128
Subscription liabilities		121,858
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Accrued interest on debt, net change		(5,991)
Compensated absences, net change		(7,508)
Deferred outflows of resources - pension		(44,369)
Deferred outflows of resources - OPEB		(40,858)
Deferred inflows of resources - pension		6,537,057
Deferred inflows of resources - OPEB		(97,238)
Net pension asset, net change		(6,441,648)
Total other postemployment benefit liability, net change		128,631
Change in net position - governmental activities	\$	2,570,742

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, 2023**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 319,556
Receivables, net	27,928
Due from other funds	131,345
Due from other governmental entities	17,862
Inventories	<u>46,512</u>
Total current assets	<u>543,203</u>
Non-current assets:	
Net pension asset	6,901
Capital assets:	
Land	404,524
Buildings and improvements	1,433,683
Infrastructure	7,292,698
Machinery and equipment	319,023
Less accumulated depreciation	<u>(8,324,175)</u>
Total non-current assets	<u>1,132,654</u>
Total assets	<u>1,675,857</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension contributions	14,290
Pension economic loss	655
Pension deficient earnings	16,568
Other postemployment benefit contributions	235
Other postemployment benefit economic loss	38
Other postemployment benefit assumption changes	<u>846</u>
Total deferred outflows of resources	<u>32,632</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, 2023**

Continuation

**LIABILITIES**

Current liabilities:

Accounts payable	\$	31,755
Due to other funds		74,819
Deferred revenue		125,686
Compensated absences		3,000
		235,260

Total current liabilities		235,260
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Non-current liabilities:

Compensated absences		996
Other postemployment benefit liability		10,101
		11,097

Total non-current liabilities		11,097
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Total liabilities		246,357
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**DEFERRED INFLOWS OF RESOURCES**

Pension economic/demographic gains		3,502
Pension assumption changes		2,548
Other postemployment benefit economic/demographic gains		129
Other postemployment benefit assumption changes		2,405
		8,584

Total deferred inflows of resources		8,584
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**NET POSITION**

Net investment in capital assets		1,125,753
Unrestricted		327,795
		1,453,548

Total net position	\$	1,453,548
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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, 2023**

**OPERATING REVENUES:**

Charges for services	\$ 607,331
Rents	600
	607,931
Total operating revenues	607,931

**OPERATING EXPENSES:**

Salaries and employee benefits	241,900
Fuel and materials for resale	418,644
Other operating expenses	39,076
Supplies	3,755
Insurance	3,009
Postage and freight	571
Repairs and maintenance	28,522
Utilities	18,224
Depreciation	99,565
	853,266

Total operating expenses	853,266
Operating loss	(245,335)

**NON-OPERATING REVENUES:**

Intergovernmental	24,417
Interest and investment revenue	12,314
	36,731

Total non-operating revenues	36,731
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<b>LOSS BEFORE TRANSFERS</b>	(208,604)
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<b>TRANSFERS IN</b>	288,430
<b>TRANSFERS OUT</b>	(74,819)
	213,611

<b>CHANGE IN NET POSITION</b>	5,007
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<b>TOTAL NET POSITION - BEGINNING</b>	1,448,541
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<b>TOTAL NET POSITION - ENDING</b>	\$ 1,453,548
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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, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 576,437
Payments to suppliers and service providers	(396,771)
Payments to employees for salaries and benefits	(246,906)
	(67,240)
Net cash used by operating activities	(67,240)

**CASH FLOWS FROM NONCAPITAL FINANCING  
ACTIVITIES**

Operating grants	24,417
Changes in interfund receivables/payables	(65,372)
Transfers to other funds	213,611
	172,656
Net cash provided by noncapital financing activities	172,656

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	12,314
	12,314
Net cash provided by investing activities	12,314

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

117,730

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

201,826

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

\$ 319,556

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, 2023**

Continuation

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

Operating loss	\$	(245,335)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense		99,565
Change in allowance for doubtful accounts		
(Increase) decrease in operating assets		
Accounts receivable		(13,632)
Inventories		4,215
Due from other governmental entities		(17,862)
Deferred outflows of resources - pension		2,381
Net pension asset		150,992
Deferred outflows of resources - OPEB		1,004
Increase (decrease) in operating liabilities		
Accounts payable		(14,871)
Accrued compensated absences		(4,921)
Deferred inflows of resources - pension		(153,188)
Deferred inflows of resources - OPEB		2,166
Total OPEB liability		(3,440)
Deferred revenue		125,686
		125,686
Net cash used by operating activities	\$	(67,240)

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, 2023**

	<b>ASSETS</b>	<b>Custodial Funds</b>
Cash and cash equivalents		\$ 607,178
Accounts receivable		1,555
		<hr/>
Total assets		608,733
		<hr/>
	<b>LIABILITIES</b>	
Accounts payable		29,940
Due to other governments		182,624
		<hr/>
Total liabilities		212,564
		<hr/>
	<b>NET POSITION</b>	
Restricted for:		
Individuals		396,169
		<hr/>
Total net position		\$ 396,169
		<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, 2023**

	<u><b>Custodial Funds</b></u>
<b>Additions</b>	
Tax collections	\$ 64,032,796
Trust/Escrow contributions	875,629
Investment earnings	<u>1,665</u>
<b>Total additions</b>	<u>64,910,090</u>
 <b>Deductions</b>	
Payments to local governments	64,071,142
Trust/Escrow disbursements	825,558
Inmate accounts	<u>74,952</u>
<b>Total deductions</b>	<u>64,971,652</u>
 <b>NET CHANGE IN NET POSITION</b>	 (61,562)
 <b>NET POSITION - BEGINNING</b>	 <u>457,731</u>
 <b>NET POSITION - ENDING</b>	 <u><u>\$ 396,169</u></u>

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

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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 \$8,279,786.

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 \$942,800.

Continued



**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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, 2023, 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, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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, 2023, expenditures exceeded appropriations in the debt service (\$125,126), and capital outlay (\$880,856) departments of the General Fund and the capital outlay function of the Road and Bridge Fund (\$91,905), 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 \$626,420 and \$197,381, respectively.

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Following is a reconciliation of the County’s cash and deposit balances as of September 30, 2023:

Cash and deposit balances consist of:

Petty cash funds	\$ 1,015
Bank deposits	714,245
Temporary investments - TexPool	16,341,062
	16,341,062
Total	\$ 17,056,322

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

Government-wide Statement of Net Position:

Unrestricted	\$ 16,129,588
Business-type activities:	
Unrestricted	319,556
Fiduciary Funds Statement of Net Position	607,178
	607,178
Total	\$ 17,056,322

**Custodial credit risk – deposits.** As of September 30, 2023, the carrying amount of the County's deposits with financial institutions was \$714,245 and the banks’ balance was \$1,100,395. Of the bank balance, \$778,653 was insured through the Federal Depository Insurance Corporation (FDIC) and \$321,742 was collateralized with securities held by the pledging institution’s agent in the County’s name.

As of September 30, 2023, the County had \$16,341,062 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, 2023**

**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, 2023, 96% of the County’s carrying value of cash was invested in pooled investment accounts. All other cash was deposited with the County’s depository bank and was adequately secured as described above.

**NOTE 4 – PROPERTY TAX**

The State of Texas Constitutional tax rate limit for both operations and debt service is \$.80 on each \$100 of assessed valuation. The tax rate on the 2022 tax roll was \$.56 per \$100, which means that the County has a tax margin of \$.24 per \$100 and could raise up to \$6,420,836 additional revenue from the 2022 assessed valuation of \$2,675,080,000 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.

**NOTE 5 – CONCENTRATION OF TAXPAYERS**

As of September 30, 2023, the following taxpayers accounted for a significant portion of the County’s total tax levy.

Taxpayer	Industry	Tax Amount	Percent of Total Levy
Taxpayer A	Oil & Gas	\$ 3,984,910	26.64 %
Taxpayer B	Agriculture	2,429,897	16.24

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 6 – 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, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 106,594	\$ -	\$ -	\$ -	\$ 106,594
Construction in process	33,660	68,413	-	(102,073)	-
<b>Total capital assets, not being depreciated</b>	<b>140,254</b>	<b>68,413</b>	<b>-</b>	<b>(102,073)</b>	<b>106,594</b>
Capital assets, being depreciated:					
Buildings and improvements	8,435,076	773,881	(198,247)	102,073	9,112,783
Infrastructure	3,974,626	-	-	-	3,974,626
Equipment	10,278,556	336,501	(120,046)	-	10,495,011
Leased equipment	-	171,592	-	-	171,592
Subscription assets	-	387,474	-	-	387,474
<b>Total capital assets, being depreciated</b>	<b>22,688,258</b>	<b>1,669,448</b>	<b>(318,293)</b>	<b>102,073</b>	<b>24,141,486</b>
Less accumulated depreciation for:					
Buildings and improvements	(4,632,950)	(294,300)	81,200	-	(4,846,050)
Infrastructure	(1,607,946)	(197,624)	-	-	(1,805,570)
Equipment	(7,541,288)	(617,002)	74,909	-	(8,083,381)
Leased equipment	-	(10,430)	-	-	(10,430)
Subscription assets	-	(71,370)	-	-	(71,370)
<b>Total accumulated depreciation</b>	<b>(13,782,184)</b>	<b>(1,190,726)</b>	<b>156,109</b>	<b>-</b>	<b>(14,816,801)</b>
<b>Total capital assets, being depreciated, net</b>	<b>8,906,074</b>	<b>478,722</b>	<b>(162,184)</b>	<b>102,073</b>	<b>9,324,685</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 9,046,328</b>	<b>\$ 547,135</b>	<b>\$ (162,184)</b>	<b>\$ -</b>	<b>\$ 9,431,279</b>

Continued



**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 6 – CAPITAL ASSETS – Continuation**

Depreciation expense for the year ended September 30, 2023 was charged to the functions/programs of the primary government as follows:

Governmental activities	
Administrative	\$ 119,168
Judicial	85,668
Public facilities	202,176
Public safety	331,160
Road and bridge	451,108
Public service	1,446
	<u>1,190,726</u>
Total Depreciation Expense	<u>\$ 1,190,726</u>

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
<b>Business-type activities:</b>					
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	(786,251)	(39,745)	-	-	(825,996)
Land improvements	(7,160,086)	(51,957)	-	-	(7,212,043)
Equipment	(278,273)	(7,863)	-	-	(286,136)
Total accumulated depreciation	<u>(8,224,610)</u>	<u>(99,565)</u>	<u>-</u>	<u>-</u>	<u>(8,324,175)</u>
Total capital assets, being depreciated, net	<u>820,794</u>	<u>(99,565)</u>	<u>-</u>	<u>-</u>	<u>721,229</u>
Business-type activities capital assets, net	<u>\$ 1,225,318</u>	<u>\$ (99,565)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,125,753</u>

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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](http://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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	129
Inactive employees entitled to but not yet receiving benefits	120
Active employees	128

**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 11.55% for the months of the accounting year in 2022 and contributed using the actuarially determined rate of 9.78% with a supplemental rate of 1.77% for the months of the accounting year in 2023. The contribution rate payable by the employee members is 7.0% for fiscal year 2023 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, 2022, 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, 2022 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, 2023**

**NOTE 7 – RETIREMENT PLAN – Continuation**

The actuarial assumptions that determined the total pension liability as of December 31, 2022, 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 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.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 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, 2023**

**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, 2023**

**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, 2021	\$ 50,522,019	\$ 57,429,101	\$ (6,907,082)
Changes for the year:			
Service cost	959,966	-	959,966
Interest on total pension liability (1)	3,789,314	-	3,789,314
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(239,366)	-	(239,366)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(164,101)	(164,101)	-
Benefit payments	(3,141,619)	(3,141,619)	-
Administrative expenses	-	(30,497)	30,497
Member contributions	-	518,346	(518,346)
Net investment income	-	(3,201,814)	3,201,814
Employer contributions	-	855,271	(855,271)
Other (3)	-	(224,032)	224,032
Balances as of December 31, 2022	<u>\$ 51,726,213</u>	<u>\$ 52,040,655</u>	<u>\$ (314,442)</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	\$ 57,296,850	\$ 51,726,213	\$ 46,944,918
Fiduciary net position	<u>52,040,655</u>	<u>52,040,655</u>	<u>52,040,655</u>
Net pension liability / (asset)	<u>\$ 5,256,195</u>	<u>\$ (314,442)</u>	<u>\$ (5,095,737)</u>

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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, 2022 to December 31, 2022
Service cost	\$ 959,966
Interest on total pension liability (1)	3,789,314
Effect of plan changes	-
Administrative expenses	30,497
Member contributions	(518,346)
Expected investment return net of investment expenses	(4,283,041)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(106,849)
Recognition of assumption changes or inputs	683,283
Recognition of investment gains or losses	63,481
Other (2)	224,032
Pension expense / (income)	\$ 842,337

(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, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 159,577	\$ 29,855
Changes of assumptions	116,094	-
Net difference between projected and actual earnings	-	754,970
Contributions made subsequent to measurement date	N/A	651,142

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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:	
2023	\$ (939,989)
2024	(170,635)
2025	122,806
2026	1,496,972
2027	-
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](http://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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	112
Inactive employees entitled to but not yet receiving benefits	28
Active employees	128

**Total OPEB Liability:** The County's total OPEB liability was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:** The total OPEB liability in the December 31, 2022 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, 2023**

**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, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

**Discount Rate:** The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB Statement 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.72% based on the 20 Year Bond GO index published by bondbuyer.com is used as of the measurement date of December 31, 2022.

**Changes in the Total OPEB Liability:**

	Changes in Total OPEB Liability
Balances as of December 31, 2021	\$ 592,351
Changes for the year:	
Service cost	14,667
Interest on total OPEB liability (1)	12,292
Changes of benefit terms (2)	-
Effect of economic/demographic experience	(1,294)
Effect of assumptions changes or inputs (3)	(137,002)
Benefit payments	(20,734)
Other	-
Balances as of December 31, 2022	\$ 460,280

(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, 2023**

**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 3.72%, as well as the what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.72%) or 1 percentage point higher (4.72%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 2.72%	Current Discount Rate 3.72%	1% Increase 4.72%
Total OPEB liability	\$ 536,338	\$ 460,280	\$ 399,562

**OPEB Expense / (Income):**

	January 1, 2022 to December 31, 2022
Service cost	\$ 14,667
Interest on total OPEB liability (1)	12,292
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(1,365)
Recognition of assumption changes or inputs	181
Other	-
OPEB expense / (income)	\$ 25,775

(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, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 5,889	\$ 1,728
Changes of assumptions	109,602	38,559
Contributions made subsequent to measurement date	N/A	10,711

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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:	
2023	\$ 7,626
2024	(27,511)
2025	(27,659)
2026	(27,660)
2027	-
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	\$ 474,821	\$ 318,888
Special Revenue:		
Road and Bridge	161,594	226,520
ARPA Grant	-	138,936
Court Report Service	-	4,173
Museum	10,671	3,104
Drug Court Fund	15,278	27,269
Proprietary Fund:		
Airport	131,345	74,819
	<u>\$ 793,709</u>	<u>\$ 793,709</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, 2023**

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

**Individual Inter-fund Transfers**

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ 508,122	\$ 2,126,930
Special Revenue:		
Road and Bridge	1,546,606	226,520
ARPA Grant	-	179,232
Adult Probation - State	-	523
Community Corrections Programs	523	-
Museum Fund	234,444	282
Drug Court Fund	57,450	27,269
Proprietary Fund:		
Airport	288,430	74,819
	<u>\$ 2,635,575</u>	<u>\$ 2,635,575</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 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The County has entered into subscription-based information technology arrangements (SBITAs) for accounting and operational software for use across the County. For the year ended September 30, 2023 liability payments amounted to \$121,858. The SBITAs have interest rates between 3.555% and 3.824% and maturity dates ranging through the fiscal year end September 30, 2028.

**NOTE 11 – LONG-TERM LIABILITIES**

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

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 11 – LONG-TERM LIABILITIES** – Continuation

Changes in long-term obligations for the year ended September 30, 2023, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 350,385	\$ 414,092	\$ (406,584)	\$ 357,893	\$ 336,000
Leases	-	171,592	(9,128)	162,464	30,642
Subscription liabilities	-	387,474	(121,858)	265,616	117,503
	<u>\$ 350,385</u>	<u>\$ 973,158</u>	<u>\$ (537,570)</u>	<u>\$ 785,973</u>	<u>\$ 484,145</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 8,917	\$ 314	\$ (5,235)	\$ 3,996	\$ 3,000
	<u>\$ 8,917</u>	<u>\$ 314</u>	<u>\$ (5,235)</u>	<u>\$ 3,996</u>	<u>\$ 3,000</u>

Debt service requirements at September 30, 2023, are as follows:

Fiscal Year	Total	Leases		Subscription Liabilities	
		Interest	Principal	Interest	Principal
2024	\$ 163,367	\$ 5,154	\$ 30,642	\$ 10,068	\$ 117,503
2025	169,365	4,073	31,723	5,592	127,977
2026	42,991	2,954	32,842	716	6,479
2027	42,991	1,795	34,001	486	6,709
2028	41,056	605	33,256	247	6,948
	<u>\$ 459,770</u>	<u>\$ 14,581</u>	<u>\$ 162,464</u>	<u>\$ 17,109</u>	<u>\$ 265,616</u>

The County incurred interest expense of \$7,747 during the year ended September 30, 2023.

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 12 – 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 \$32,073.

For the fiscal year ended September 30, 2023, Hutchinson County abated property taxes totaling \$515,685 under this program, including the following tax abatement agreements:

- A 50 percent tax abatement to Cominco Fertilizer Partnership for eligible property in the reinvestment zone. The abatement amounted to \$515,685.

**NOTE 13 – RISK MANAGEMENT**

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

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**HUTCHINSON COUNTY, TEXAS**  
**GENERAL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 14,556,200	\$ 14,556,200	\$ 14,334,914	\$ (221,286)
Payments in lieu of taxes	28,000	28,000	32,073	4,073
Mixed beverage taxes	26,000	26,000	39,366	13,366
Licenses and fees	957,100	957,100	846,590	(110,510)
Fines and forfeitures	7,000	7,000	7,684	684
Intergovernmental	81,713	158,265	133,943	(24,322)
Investment earnings	85,700	85,700	727,919	642,219
Miscellaneous	125,000	412,472	309,364	(103,108)
	<u>15,866,713</u>	<u>16,230,737</u>	<u>16,431,853</u>	<u>201,116</u>
<b>EXPENDITURES</b>				
Current:				
Administrative				
County Judge	323,543	333,543	322,756	10,787
County Auditor	269,447	269,447	267,211	2,236
County Clerk	412,079	412,079	380,094	31,985
County Tax Assessor/Collector	991,225	1,041,225	995,946	45,279
County Treasurer	253,156	253,156	244,058	9,098
Elections	68,400	68,400	63,461	4,939
Non-departmental	1,003,925	816,586	661,880	154,706
Data processing	325,949	330,949	303,012	27,937
	<u>3,647,724</u>	<u>3,525,385</u>	<u>3,238,418</u>	<u>286,967</u>
Judicial				
316th District Court	726,133	726,133	643,428	82,705
84th District Court	493,532	493,532	454,400	39,132
Justice of the Peace, #1	225,875	225,875	206,571	19,304
Justice of the Peace, #2	226,285	255,285	221,612	33,673
District Attorney	460,576	460,576	423,199	37,377
County Attorney	402,817	396,317	387,211	9,106
District Clerk	436,737	436,737	403,124	33,613
	<u>2,971,955</u>	<u>2,994,455</u>	<u>2,739,545</u>	<u>254,910</u>
Public facilities				
Plant operations	618,072	933,086	527,851	405,235
County library	600,093	639,493	618,458	21,035
	<u>1,218,165</u>	<u>1,572,579</u>	<u>1,146,309</u>	<u>426,270</u>

Continued



**HUTCHINSON COUNTY, TEXAS**  
**GENERAL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Continuation	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Current:				
Public safety				
Sheriff's department	\$ 1,952,685	\$ 2,069,491	\$ 1,835,043	\$ 234,448
Jail	2,071,391	2,126,393	1,942,358	184,035
Constable, #1	76,727	76,727	68,423	8,304
Constable, #2	76,977	76,978	75,728	1,250
Emergency operations center	160,660	160,660	118,513	42,147
Fire protection	163,500	163,500	162,000	1,500
Total public safety	<u>4,501,940</u>	<u>4,673,749</u>	<u>4,202,065</u>	<u>471,684</u>
Public service				
Adult probation department	29,799	29,799	20,106	9,693
Juvenile probation department	612,718	612,718	495,842	116,876
County welfare	63,425	63,425	53,939	9,486
Child welfare	11,500	11,500	11,500	-
County extension	181,019	181,019	124,503	56,516
Total public service	<u>898,461</u>	<u>898,461</u>	<u>705,890</u>	<u>192,571</u>
Debt service:				
Principal	-	-	123,369	(123,369)
Interest	-	-	1,757	(1,757)
Total debt service	<u>-</u>	<u>-</u>	<u>125,126</u>	<u>(125,126)</u>
Capital outlay	<u>5,500</u>	<u>500</u>	<u>881,356</u>	<u>(880,856)</u>
Total expenditures	<u>13,243,745</u>	<u>13,665,129</u>	<u>13,038,709</u>	<u>626,420</u>
<b>EXCESS OF REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	<u>2,622,968</u>	<u>2,565,608</u>	<u>3,393,144</u>	<u>827,536</u>
<b>OTHER FINANCING SOURCES</b>				
<b>(USES)</b>				
Initiation of leases and subscription liabilities	-	-	559,066	559,066
Insurance recoveries	-	-	261,515	261,515
Transfers in	-	138,936	508,122	369,186
Transfers out	<u>(2,107,459)</u>	<u>(2,116,259)</u>	<u>(2,126,930)</u>	<u>(10,671)</u>
Total other financing sources / (uses)	<u>(2,107,459)</u>	<u>(1,977,323)</u>	<u>(798,227)</u>	<u>1,179,096</u>
<b>NET CHANGE IN FUND BALANCE</b>	515,509	588,285	2,594,917	2,006,632
<b>FUND BALANCE - BEGINNING</b>	<u>9,887,039</u>	<u>9,887,039</u>	<u>9,887,039</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 10,402,548</u>	<u>\$ 10,475,324</u>	<u>\$ 12,481,956</u>	<u>\$ 2,006,632</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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses and fees	\$ 515,000	\$ 515,000	\$ 516,720	\$ 1,720
Investment earnings	3,000	3,000	40,610	37,610
Miscellaneous	12,000	93,653	83,462	(10,191)
Total revenues	<u>530,000</u>	<u>611,653</u>	<u>640,792</u>	<u>29,139</u>
<b>EXPENDITURES</b>				
Current:				
Road and bridge	2,076,606	2,158,259	1,868,973	289,286
Capital outlay	-	-	91,905	(91,905)
Total expenditures	<u>2,076,606</u>	<u>2,158,259</u>	<u>1,960,878</u>	<u>197,381</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,546,606)</u>	<u>(1,546,606)</u>	<u>(1,320,086)</u>	<u>226,520</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,546,606	1,546,606	1,546,606	-
Transfers out	-	-	(226,520)	(226,520)
Total other financing sources	<u>1,546,606</u>	<u>1,546,606</u>	<u>1,320,086</u>	<u>(226,520)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE - BEGINNING</b>	<u>220,528</u>	<u>220,528</u>	<u>220,528</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<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,			
	2022	2021	2020	2019
<b>Total Pension Liability:</b>				
Service cost	\$ 959,966	\$ 910,658	\$ 930,426	\$ 888,103
Interest on total pension liability (1)	3,789,314	3,698,279	3,627,588	3,480,779
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	(348,280)	2,398,130	-
Effect of economic/demographic (gains) or losses	(239,366)	89,563	(201,972)	41,640
Benefit payments/refunds of contributions	(3,305,720)	(3,101,432)	(2,620,103)	(2,659,884)
Net change in total pension liability	1,204,194	1,248,788	4,134,069	1,750,638
Total pension liability, beginning	50,522,018	49,273,230	45,139,161	43,388,523
Total pension liability, ending (a)	<u>\$ 51,726,212</u>	<u>\$ 50,522,018</u>	<u>\$ 49,273,230</u>	<u>\$ 45,139,161</u>
<b>Fiduciary Net Position:</b>				
Employer contributions	\$ 855,271	\$ 809,922	\$ 790,219	\$ 790,347
Member contributions	518,346	499,512	487,360	487,439
Investment income net of investment expenses	(3,201,814)	10,508,760	4,697,380	6,624,416
Benefit payments/refunds of contributions	(3,305,720)	(3,101,432)	(2,620,103)	(2,659,884)
Administrative expenses	(30,497)	(31,070)	(35,694)	(34,670)
Other	(224,032)	(37,334)	(35,204)	(40,996)
Net change in fiduciary net position	(5,388,446)	8,648,358	3,283,958	5,166,652
Fiduciary net position, beginning	57,429,100	48,780,742	45,496,784	40,330,132
Fiduciary net position, ending (b)	<u>\$ 52,040,654</u>	<u>\$ 57,429,100</u>	<u>\$ 48,780,742</u>	<u>\$ 45,496,784</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (314,442)</u>	<u>\$ (6,907,082)</u>	<u>\$ 492,488</u>	<u>\$ (357,623)</u>
Fiduciary net position as a % of total pension liability	100.61%	113.67%	99.00%	100.79%
Pensionable covered payroll	\$ 7,404,937	\$ 7,135,879	\$ 6,962,286	\$ 6,963,414
Net pension liability/(asset) as a % of covered payroll	-4.25%	-96.79%	7.07%	-5.14%

Year Ended December 31,

2018	2017	2016	2015	2014	2013
\$ 905,753	\$ 887,974	\$ 930,573	\$ 864,694	\$ 854,535	\$ N/A
3,338,622	3,213,457	3,053,448	2,920,751	2,746,348	N/A
-	-	-	(76,777)	-	N/A
-	279,513	-	414,360	-	N/A
88,161	(467,968)	(255,274)	(378,215)	185,883	N/A
<u>(2,463,659)</u>	<u>(2,310,353)</u>	<u>(2,064,567)</u>	<u>(1,885,657)</u>	<u>(1,725,712)</u>	<u>N/A</u>
1,868,877	1,602,623	1,664,180	1,859,156	2,061,054	N/A
<u>41,519,646</u>	<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>\$ 43,388,523</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>
\$ 781,921	\$ 761,421	\$ 734,260	\$ 721,928	\$ 1,729,986	\$ N/A
482,241	469,596	452,848	445,241	442,825	N/A
(803,240)	5,528,862	2,666,600	(145,957)	2,355,349	N/A
<u>(2,463,659)</u>	<u>(2,310,353)</u>	<u>(2,064,567)</u>	<u>(1,885,657)</u>	<u>(1,725,712)</u>	<u>N/A</u>
(32,393)	(28,195)	(29,077)	(26,367)	(27,481)	N/A
<u>(31,479)</u>	<u>(22,325)</u>	<u>54,591</u>	<u>(59,673)</u>	<u>137,610</u>	<u>N/A</u>
(2,066,609)	4,399,006	1,814,655	(950,485)	2,912,577	N/A
<u>42,396,741</u>	<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>\$ 40,330,132</u>	<u>\$ 42,396,741</u>	<u>\$ 37,997,735</u>	<u>\$ 36,183,080</u>	<u>\$ 37,133,565</u>	<u>\$ N/A</u>
<u>\$ 3,058,391</u>	<u>\$ (877,095)</u>	<u>\$ 1,919,288</u>	<u>\$ 2,069,763</u>	<u>\$ (739,878)</u>	<u>\$ N/A</u>
92.95%	102.11%	95.19%	94.59%	102.03%	N/A
\$ 6,889,152	\$ 6,708,512	\$ 6,469,256	\$ 6,360,586	\$ 6,165,408	\$ N/A
44.39%	-13.07%	29.67%	32.54%	-12.00%	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%
2023	793,404	893,189	(99,785)	7,733,241	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	7.2 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation.
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Tables for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions *	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions *	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

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

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

	Year Ended December 31,			
	2022	2021	2020	2019
<b>Total OPEB Liability:</b>				
Service cost	\$ 14,667	\$ 14,228	\$ 14,719	\$ 10,420
Interest on total OPEB liability	12,292	12,456	14,010	16,430
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(137,002)	10,306	57,241	95,476
Effect of economic/demographic (gains) or losses	(1,294)	(9,708)	6,637	336
Benefit payments	(20,734)	(16,413)	(15,317)	(17,409)
Net change in total OPEB liability	(132,071)	10,869	77,290	105,253
Total OPEB liability, beginning	592,351	581,482	504,192	398,939
Total OPEB liability, ending	<u>\$ 460,280</u>	<u>\$ 592,351</u>	<u>\$ 581,482</u>	<u>\$ 504,192</u>
Covered employee payroll	\$ 7,404,937	\$ 7,135,879	\$ 6,962,286	\$ 6,963,414
Total OPEB liability as a % of covered employee payroll	6.22%	8.30%	8.35%	7.24%

**Notes to Schedule:**

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Investment rate of return	3.72% (20 Year Bond GO Index published by bondbuyer.com as of December 28, 2022)



Year Ended December 31,

2018	2017	2016	2015	2014	2013
\$ 12,949	\$ 11,140	\$ N/A	\$ N/A	\$ N/A	\$ N/A
15,043	15,849	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A
(42,001)	16,872	N/A	N/A	N/A	N/A
(2,033)	(9,615)	N/A	N/A	N/A	N/A
(18,601)	(17,442)	N/A	N/A	N/A	N/A
(34,643)	16,804	N/A	N/A	N/A	N/A
433,582	416,778	N/A	N/A	N/A	N/A
<u>\$ 398,939</u>	<u>\$ 433,582</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 6,889,152	\$ 6,708,512	\$ N/A	\$ N/A	\$ N/A	\$ N/A
5.79%	6.46%	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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**HUTCHINSON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	<b>Motor Vehicle Inventory Tax</b>	<b>Court Technology Fees</b>	<b>Courthouse Security</b>	<b>Registration of Voters</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,340	\$ 74,685	\$ 38,456	\$ 6,981
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 2,340	\$ 74,685	\$ 38,456	\$ 6,981
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 955	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governmental entities	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	955	-	-
<b>FUND BALANCES</b>				
Restricted:				
By enabling legislation	2,340	73,730	38,456	6,981
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	2,340	73,730	38,456	6,981
Total liabilities and fund balances	\$ 2,340	\$ 74,685	\$ 38,456	\$ 6,981

<u>Law Library</u>	<u>Adult Probation - State</u>	<u>Community Corrections Programs</u>	<u>Juvenile Probation - State</u>	<u>Court Report Service</u>	<u>Juvenile Probation Special</u>
\$ 32,930	\$ 173,106	\$ 8,747	\$ 8,102	\$ 26,276	\$ 31,330
-	15,207	-	923	-	-
-	-	-	-	-	-
<u>\$ 32,930</u>	<u>\$ 188,313</u>	<u>\$ 8,747</u>	<u>\$ 9,025</u>	<u>\$ 26,276</u>	<u>\$ 31,330</u>
\$ 698	\$ 6,011	\$ 18	\$ 4,094	\$ -	\$ -
-	-	-	-	4,173	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>698</u>	<u>6,011</u>	<u>18</u>	<u>4,094</u>	<u>4,173</u>	<u>-</u>
32,232	182,302	8,729	4,931	22,103	31,330
-	-	-	-	-	-
-	-	-	-	-	-
<u>32,232</u>	<u>182,302</u>	<u>8,729</u>	<u>4,931</u>	<u>22,103</u>	<u>31,330</u>
<u>\$ 32,930</u>	<u>\$ 188,313</u>	<u>\$ 8,747</u>	<u>\$ 9,025</u>	<u>\$ 26,276</u>	<u>\$ 31,330</u>

Continued

**HUTCHINSON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

Continuation

	<u>Child Support District Clerk</u>	<u>Records Archive - County Clerk</u>	<u>County Attorney Check Fees</u>	<u>District Attorney Check Fees</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 114	\$ 179,456	\$ 29,541	\$ 6,410
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 114</u>	<u>\$ 179,456</u>	<u>\$ 29,541</u>	<u>\$ 6,410</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 9,934	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governmental entities	-	-	-	-
Deferred revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> 9,934	<hr/> -	<hr/> -
<b>FUND BALANCES</b>				
Restricted:				
By enabling legislation	114	169,522	29,541	6,410
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<hr/> 114	<hr/> 169,522	<hr/> 29,541	<hr/> 6,410
Total liabilities and fund balances	<u>\$ 114</u>	<u>\$ 179,456</u>	<u>\$ 29,541</u>	<u>\$ 6,410</u>



<b>District Attorney Forfeitures</b>	<b>Sheriff Forfeitures &amp; Seizures</b>	<b>County Attorney State Supplement</b>	<b>District Attorney</b>	<b>Lateral Road</b>	<b>County Clerk Records Preservation</b>
\$ 1,820	\$ 2,204	\$ 41,548	\$ 7,982	\$ 45,647	\$ 227,400
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,820</u>	<u>\$ 2,204</u>	<u>\$ 41,548</u>	<u>\$ 7,982</u>	<u>\$ 45,647</u>	<u>\$ 227,400</u>
\$ -	\$ -	\$ -	\$ 1,087	\$ -	\$ 4,287
-	-	-	-	-	-
-	-	-	-	-	-
-	-	35,000	-	-	-
-	-	35,000	1,087	-	4,287
1,820	2,204	6,548	6,895	45,647	223,113
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,820</u>	<u>2,204</u>	<u>6,548</u>	<u>6,895</u>	<u>45,647</u>	<u>223,113</u>
<u>\$ 1,820</u>	<u>\$ 2,204</u>	<u>\$ 41,548</u>	<u>\$ 7,982</u>	<u>\$ 45,647</u>	<u>\$ 227,400</u>

Continued

**HUTCHINSON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

Continuation

	<b>District Clerk Records Preservation</b>	<b>Museum</b>	<b>Jail Commissary</b>	<b>Drug Court Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 120,635	\$ 5,593	\$ 18,439	\$ 13,791
Accounts receivable, net	-	5,422	1,826	-
Due from other funds	-	10,671	-	15,278
Total assets	\$ 120,635	\$ 21,686	\$ 20,265	\$ 29,069
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 9,695	\$ -	\$ 3,100
Due to other funds	-	3,104	-	27,269
Due to other governmental entities	-	-	-	215
Deferred revenue	-	-	-	-
Total liabilities	-	12,799	-	30,584
<b>FUND BALANCES</b>				
Restricted:				
By enabling legislation	120,635	-	20,265	-
Committed for:				
Special projects	-	8,887	-	-
Unassigned (deficit)	-	-	-	(1,515)
Total fund balances	120,635	8,887	20,265	(1,515)
Total liabilities and fund balances	\$ 120,635	\$ 21,686	\$ 20,265	\$ 29,069

<b>Judicial Education &amp; Support</b>	<b>Court Facility Fund</b>	<b>SCAAP Grant</b>	<b>Sheriff LEOSE</b>	<b>Constable, Precinct #2 LEOSE</b>	<b>Constable, Precinct #1 LEOSE</b>
\$ 981	\$ 12,395	\$ 7,011	\$ 738	\$ 904	\$ 1,137
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 981</u>	<u>\$ 12,395</u>	<u>\$ 7,011</u>	<u>\$ 738</u>	<u>\$ 904</u>	<u>\$ 1,137</u>
\$ -	\$ -	\$ 565	\$ 62	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	565	62	-	-
981	12,395	6,446	676	904	1,137
-	-	-	-	-	-
-	-	-	-	-	-
<u>981</u>	<u>12,395</u>	<u>6,446</u>	<u>676</u>	<u>904</u>	<u>1,137</u>
<u>\$ 981</u>	<u>\$ 12,395</u>	<u>\$ 7,011</u>	<u>\$ 738</u>	<u>\$ 904</u>	<u>\$ 1,137</u>

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**HUTCHINSON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

Continuation

	<b>Language Access Fund</b>	<b>County Jury Fund</b>	<b>Total Non- Major Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,456	\$ 5,416	\$ 1,136,571
Accounts receivable, net	-	-	23,378
Due from other funds	-	-	25,949
	<u>4,456</u>	<u>5,416</u>	<u>25,949</u>
Total assets	<u>\$ 4,456</u>	<u>\$ 5,416</u>	<u>\$ 1,185,898</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 107	\$ 40,613
Due to other funds	-	-	34,546
Due to other governmental entities	-	-	215
Deferred revenue	-	-	35,000
	<u>-</u>	<u>107</u>	<u>35,000</u>
Total liabilities	<u>-</u>	<u>107</u>	<u>110,374</u>
<b>FUND BALANCES</b>			
Restricted:			
By enabling legislation	4,456	5,309	1,068,152
Committed for:			
Special projects	-	-	8,887
Unassigned (deficit)	-	-	(1,515)
	<u>4,456</u>	<u>5,309</u>	<u>(1,515)</u>
Total fund balances	<u>4,456</u>	<u>5,309</u>	<u>1,075,524</u>
Total liabilities and fund balances	<u>\$ 4,456</u>	<u>\$ 5,416</u>	<u>\$ 1,185,898</u>

**HUTCHINSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Motor Vehicle Inventory Tax</u>	<u>Court Technology Fees</u>	<u>Courthouse Security</u>	<u>Registration of Voters</u>
<b>REVENUES</b>				
Licenses and fees	\$ -	\$ 2,950	\$ 14,813	\$ -
Intergovernmental	-	-	-	-
Interest	153	3,251	1,446	285
Miscellaneous	-	-	-	2,530
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	153	6,201	16,259	2,815
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Current:				
Administrative	-	-	-	2,530
Judicial	-	1,127	1,734	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public service	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	1,127	1,734	2,530
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	153	5,074	14,525	285
<b>OTHER FINANCING SOURCES / (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES / (USES)</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	153	5,074	14,525	285
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	2,187	68,656	23,931	6,696
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - ENDING (DEFICIT)</b>	<u>\$ 2,340</u>	<u>\$ 73,730</u>	<u>\$ 38,456</u>	<u>\$ 6,981</u>

<u>Law Library</u>	<u>Adult Probation - State</u>	<u>Community Corrections Programs</u>	<u>Juvenile Probation - State</u>	<u>Court Report Service</u>	<u>Juvenile Probation Special</u>
\$ 12,353	\$ 201,386	\$ -	\$ -	\$ 9,062	\$ 2,415
-	122,130	57,624	213,962	-	-
1,381	9,125	-	1,988	973	1,364
-	4,267	-	-	-	-
<u>13,734</u>	<u>336,908</u>	<u>57,624</u>	<u>215,950</u>	<u>10,035</u>	<u>3,779</u>
-	-	-	-	-	-
8,936	-	-	-	4,173	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	355,541	62,458	221,455	-	1,389
-	-	-	-	-	-
<u>8,936</u>	<u>355,541</u>	<u>62,458</u>	<u>221,455</u>	<u>4,173</u>	<u>1,389</u>
4,798	(18,633)	(4,834)	(5,505)	5,862	2,390
-	-	523	-	-	-
-	(523)	-	-	-	-
<u>-</u>	<u>(523)</u>	<u>523</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,798	(19,156)	(4,311)	(5,505)	5,862	2,390
<u>27,434</u>	<u>201,458</u>	<u>13,040</u>	<u>10,436</u>	<u>16,241</u>	<u>28,940</u>
<u>\$ 32,232</u>	<u>\$ 182,302</u>	<u>\$ 8,729</u>	<u>\$ 4,931</u>	<u>\$ 22,103</u>	<u>\$ 31,330</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, 2023**

Continuation

	<u>Child Support District Clerk</u>	<u>Records Archive - County Clerk</u>	<u>County Attorney Check Fees</u>	<u>District Attorney Check Fees</u>
<b>REVENUES</b>				
Licenses and fees	\$ -	\$ 25,484	\$ 123	\$ -
Intergovernmental	-	-	-	-
Interest	6	8,225	1,307	283
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	6	33,709	1,430	283
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Current:				
Administrative	-	-	-	-
Judicial	-	30,192	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public service	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	30,192	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	6	3,517	1,430	283
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES / (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES / (USES)</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	6	3,517	1,430	283
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	108	166,005	28,111	6,127
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - ENDING (DEFICIT) \$</b>	<u>114</u>	<u>\$ 169,522</u>	<u>\$ 29,541</u>	<u>\$ 6,410</u>



<u>District Attorney Forfeitures</u>	<u>Sheriff Forfeitures &amp; Seizures</u>	<u>County Attorney State Supplement</u>	<u>District Attorney</u>	<u>Lateral Road</u>	<u>County Clerk Records Preservation</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,679
-	-	6,500	27,500	15,287	-
80	98	48	6	2,819	10,307
-	-	-	-	-	-
<u>80</u>	<u>98</u>	<u>6,548</u>	<u>27,506</u>	<u>18,106</u>	<u>38,986</u>
-	-	-	-	-	47,419
-	-	-	27,491	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	24,780	-
-	-	-	-	-	-
-	-	-	-	-	6,100
<u>-</u>	<u>-</u>	<u>-</u>	<u>27,491</u>	<u>24,780</u>	<u>53,519</u>
80	98	6,548	15	(6,674)	(14,533)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
80	98	6,548	15	(6,674)	(14,533)
<u>1,740</u>	<u>2,106</u>	<u>-</u>	<u>6,880</u>	<u>52,321</u>	<u>237,646</u>
<u>\$ 1,820</u>	<u>\$ 2,204</u>	<u>\$ 6,548</u>	<u>\$ 6,895</u>	<u>\$ 45,647</u>	<u>\$ 223,113</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, 2023**

Continuation

	<b>District Clerk Records Preservation</b>	<b>Museum</b>	<b>Jail Commissary</b>	<b>Drug Court Fund</b>
<b>REVENUES</b>				
Licenses and fees	\$ 10,824	\$ -	\$ 40,323	\$ 2,758
Intergovernmental	-	-	-	23,428
Interest	5,112	3,403	17	1,266
Miscellaneous	-	8,626	-	-
Total revenues	<u>15,936</u>	<u>12,029</u>	<u>40,340</u>	<u>27,452</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	-	-	-	-
Judicial	-	-	-	57,633
Public facilities	-	232,274	-	-
Public safety	-	-	43,586	-
Road and bridge	-	-	-	-
Public service	-	-	-	-
Capital outlay	-	13,917	6,328	-
Total expenditures	<u>-</u>	<u>246,191</u>	<u>49,914</u>	<u>57,633</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	15,936	(234,162)	(9,574)	(30,181)
<b>OTHER FINANCING SOURCES / (USES)</b>				
Transfers in	-	234,444	-	57,450
Transfers out	-	(282)	-	(27,269)
<b>TOTAL OTHER FINANCING SOURCES / (USES)</b>	<u>-</u>	<u>234,162</u>	<u>-</u>	<u>30,181</u>
<b>NET CHANGE IN FUND BALANCES</b>	15,936	-	(9,574)	-
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	<u>104,699</u>	<u>8,887</u>	<u>29,839</u>	<u>(1,515)</u>
<b>FUND BALANCES - ENDING (DEFICIT)</b>	<u><u>\$ 120,635</u></u>	<u><u>\$ 8,887</u></u>	<u><u>\$ 20,265</u></u>	<u><u>\$ (1,515)</u></u>

<b>Judicial Education &amp; Support</b>	<b>Court Facility Fund</b>	<b>SCAAP Grant</b>	<b>Sheriff LEOSE</b>	<b>Constable, Precinct #2 LEOSE</b>	<b>Constable, Precinct #1 LEOSE</b>
\$ 550	\$ 7,016	\$ -	\$ -	\$ -	\$ -
-	-	11,295	1,790	565	555
34	400	296	69	36	40
-	-	-	-	-	-
<u>584</u>	<u>7,416</u>	<u>11,591</u>	<u>1,859</u>	<u>601</u>	<u>595</u>
-	-	-	-	-	-
111	-	-	-	-	-
-	-	-	-	-	-
-	-	5,979	2,143	130	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>111</u>	<u>-</u>	<u>5,979</u>	<u>2,143</u>	<u>130</u>	<u>-</u>
473	7,416	5,612	(284)	471	595
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
473	7,416	5,612	(284)	471	595
508	4,979	834	960	433	542
<u>\$ 981</u>	<u>\$ 12,395</u>	<u>\$ 6,446</u>	<u>\$ 676</u>	<u>\$ 904</u>	<u>\$ 1,137</u>

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**HUTCHINSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Continuation

	<u>Language Access Fund</u>	<u>County Jury Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>REVENUES</b>			
Licenses and fees	\$ 2,697	\$ 4,015	\$ 365,448
Intergovernmental	-	-	480,636
Interest	149	179	54,146
Miscellaneous	-	-	15,423
	<u>2,846</u>	<u>4,194</u>	<u>915,653</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
Administrative	-	-	49,949
Judicial	325	960	132,682
Public facilities	-	-	232,274
Public safety	-	-	51,838
Road and bridge	-	-	24,780
Public service	-	-	640,843
Capital outlay	-	-	26,345
	<u>325</u>	<u>960</u>	<u>1,158,711</u>
Total expenditures			
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,521	3,234	(243,058)
<b>OTHER FINANCING SOURCES / (USES)</b>			
Transfers in	-	-	292,417
Transfers out	-	-	(28,074)
	<u>-</u>	<u>-</u>	<u>264,343</u>
<b>TOTAL OTHER FINANCING SOURCES / (USES)</b>			
<b>NET CHANGE IN FUND BALANCES</b>	2,521	3,234	21,285
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	<u>1,935</u>	<u>2,075</u>	<u>1,054,239</u>
<b>FUND BALANCES - ENDING (DEFICIT) \$</b>	<u><u>4,456</u></u>	<u><u>5,309</u></u>	<u><u>1,075,524</u></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, 2023**

	District Attorney Seizure	Tax Assessor Collector	Inmate Trust	County Registry	County Restitution	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 25,905	\$ 313,031	\$ 8,580	\$ 225,464	\$ 34,198	\$ 607,178
Accounts receivable	-	1,555	-	-	-	1,555
Total assets	<u>25,905</u>	<u>314,586</u>	<u>8,580</u>	<u>225,464</u>	<u>34,198</u>	<u>608,733</u>
<b>LIABILITIES</b>						
Accounts payable	-	29,940	-	-	-	29,940
Due to other governments	-	182,624	-	-	-	182,624
Total liabilities	<u>-</u>	<u>212,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,564</u>
<b>NET POSITION</b>						
Restricted for:						
Individuals	<u>25,905</u>	<u>102,022</u>	<u>8,580</u>	<u>225,464</u>	<u>34,198</u>	<u>396,169</u>
Total net position	<u>\$ 25,905</u>	<u>\$ 102,022</u>	<u>\$ 8,580</u>	<u>\$ 225,464</u>	<u>\$ 34,198</u>	<u>\$ 396,169</u>

**HUTCHINSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	District Attorney Seizure	Tax Assessor Collector	Inmate Trust	County Registry	County Restitution	Total
<b>Additions</b>						
Tax collections	\$ -	\$ 64,032,796	\$ -	\$ -	\$ -	\$ 64,032,796
Trust/Escrow contributions	2,210	-	79,299	758,579	35,541	875,629
Investment earnings	25	585	-	1,051	4	1,665
<b>Total additions</b>	<u>2,235</u>	<u>64,033,381</u>	<u>79,299</u>	<u>759,630</u>	<u>35,545</u>	<u>64,910,090</u>
<b>Deductions</b>						
Payments to local governments	-	64,071,142	-	-	-	64,071,142
Trust/Escrow disbursements	-	-	-	788,090	37,468	825,558
Inmate accounts	-	-	74,952	-	-	74,952
<b>Total deductions</b>	<u>-</u>	<u>64,071,142</u>	<u>74,952</u>	<u>788,090</u>	<u>37,468</u>	<u>64,971,652</u>
<b>NET CHANGE IN NET POSITION</b>	2,235	(37,761)	4,347	(28,460)	(1,923)	(61,562)
<b>NET POSITION - BEGINNING</b>	<u>23,670</u>	<u>139,783</u>	<u>4,233</u>	<u>253,924</u>	<u>36,121</u>	<u>457,731</u>
<b>NET POSITION - ENDING</b>	<u>\$ 25,905</u>	<u>\$ 102,022</u>	<u>\$ 8,580</u>	<u>\$ 225,464</u>	<u>\$ 34,198</u>	<u>\$ 396,169</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, 2023. 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, 2023.

**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, 2023. Accordingly, this report is not suitable for any other purpose.

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

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

May 3, 2024



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, 2023, 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 May 3, 2024

**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

May 3, 2024