

HARTLEY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR YEAR ENDED
SEPTEMBER 30, 2023**

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

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PART I

INTRODUCTORY SECTION

HARTLEY COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2023

Ronnie Gordon	County Judge
David Vincent	Commissioner, Precinct #1
David Spinhirne	Commissioner, Precinct #2
Chad Hicks	Commissioner, Precinct #3
Butch Owens	Commissioner, Precinct #4
Kimberly Allen	Judge, 69 th Judicial District
Erin Lands Anchondo	District Attorney
Melissa Mead	District/County Clerk
Robert Elliott	County Attorney
Chanze Fowler	County Tax Assessor/Collector
Dinkie Parman	County Treasurer
Chanze Fowler	County Sheriff
Beth Moore	Justice of the Peace

PART II
FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

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 Hartley County, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Hartley 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 Hartley 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. 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 Hartley 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 Hartley 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 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, 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 Hartley 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 Hartley 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 schedules, the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions on pages 37 – 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 Hartley County, Texas's financial statements as a whole. The combining non-major fund financial statements listed under other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements listed under other supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

DOSHIER, PICKENS & FRANCIS, LLC
Amarillo, Texas
November 10, 2023

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,662,593
Accounts receivable, net	298,108
Delinquent taxes receivable, net	19,105
Prepaid expenses	30,383
Capital assets, net of accumulated depreciation	3,727,389
Total assets	8,737,578
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	123,534
Pension economic/demographic losses	11,710
Pension deficient earnings	153,680
Total deferred outflows of resources	288,924
LIABILITIES	
Accounts payable	92,667
Due to other governmental entities	111,125
Accrued expenses	51,286
Deposits held in trust	323,805
Noncurrent liabilities:	
Due within one year	8,093
Due in more than one year	24,219
Net pension liability	85,259
Total liabilities	696,454
DEFERRED INFLOWS OF RESOURCES	
Pension economic/demographic gains	38,071
Pension changes in assumptions	15,818
Total deferred inflows of resources	53,889
NET POSITION	
Net investment in capital assets	3,711,935
Restricted by enabling legislation for:	
Special projects	196,215
Unrestricted	4,368,009
Total net position	\$ 8,276,159

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

**HARTLEY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary government					
Governmental Activities:					
Administrative	\$ 1,091,676	\$ 191,675	\$ 39,412	\$ -	\$ (860,589)
Judicial	521,297	389,170	45,917	-	(86,210)
Public facilities	218,579	-	-	-	(218,579)
Public safety	1,570,733	50,799	88,335	73,637	(1,357,962)
Road and bridge	883,183	342,726	15,580	-	(524,877)
Public service	150,999	-	-	-	(150,999)
Interest on long-term debt	180	-	-	-	(180)
Total	<u>\$ 4,436,647</u>	<u>\$ 974,370</u>	<u>\$ 189,244</u>	<u>\$ 73,637</u>	<u>(3,199,396)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					3,666,478
Property taxes, levied for debt service					4
Mixed beverage taxes					14,104
Investment earnings					218,173
Miscellaneous					278,690
Gain from disposal of asset					77,026
Total general revenues					<u>4,254,475</u>
Change in net position					1,055,079
Net position - beginning					<u>7,221,080</u>
Net position - ending					<u>\$ 8,276,159</u>

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

HARTLEY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General	Road and Bridge	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,053,375	\$ -	\$ 357,698	\$ 4,411,073
Accounts receivable, net	298,108	-	-	298,108
Taxes receivable, net	19,105	-	-	19,105
Due from other funds	695	144,890	170,326	315,911
Prepaid expenditures	30,383	-	-	30,383
	<u>4,401,666</u>	<u>144,890</u>	<u>528,024</u>	<u>5,074,580</u>
Total assets	<u>\$ 4,401,666</u>	<u>\$ 144,890</u>	<u>\$ 528,024</u>	<u>\$ 5,074,580</u>
LIABILITIES				
Accounts payable	\$ 92,667	\$ -	\$ -	\$ 92,667
Due to other funds	315,216	-	695	315,911
Due to other governmental entities	111,125	-	-	111,125
Accrued expenses	51,286	-	-	51,286
Deposits held in trust	323,805	-	-	323,805
	<u>894,099</u>	<u>-</u>	<u>695</u>	<u>894,794</u>
Total liabilities	<u>894,099</u>	<u>-</u>	<u>695</u>	<u>894,794</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	15,976	-	-	15,976
Unavailable revenue - other receivables	286,684	-	-	286,684
	<u>302,660</u>	<u>-</u>	<u>-</u>	<u>302,660</u>
Total deferred inflows of resources	<u>302,660</u>	<u>-</u>	<u>-</u>	<u>302,660</u>
FUND BALANCES				
Unspendable:				
Prepaid expenditures	30,383	-	-	30,383
Restricted:				
By enabling legislation for special projects	-	-	196,215	196,215
Committed for:				
Capital projects	-	-	331,809	331,809
Special revenues	-	144,890	-	144,890
Unassigned (deficit)	3,174,524	-	(695)	3,173,829
	<u>3,204,907</u>	<u>144,890</u>	<u>527,329</u>	<u>3,877,126</u>
Total fund balances	<u>3,204,907</u>	<u>144,890</u>	<u>527,329</u>	<u>3,877,126</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,401,666</u>	<u>\$ 144,890</u>	<u>\$ 528,024</u>	<u>\$ 5,074,580</u>

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

HARTLEY 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 balances - governmental funds	\$	3,877,126
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.		3,727,389
Long-term assets are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenue in the fund financial statements.		302,660
Pension losses, deficient earnings, and changes in assumptions are shown as deferred outflows of resources in the government-wide financial statements.		
Pension economic/demographic losses		11,710
Pension deficient earnings		153,680
Pension contributions paid after the measurement date, December 31, 2022, and before September 30, 2023 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.		123,534
Pension gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.		
Pension economic/demographic gains		(38,071)
Pension assumption changes		(15,818)
The internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		251,520
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:		
Capital leases		(15,454)
Accrued compensated absences		(16,858)
		(32,312)
Net position - governmental activities	\$	8,276,159

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

HARTLEY 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 and Bridge</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 3,663,454	\$ -	\$ 4	\$ 3,663,458
Other taxes	14,104	-	-	14,104
Licenses and fees	211,965	342,726	45,211	599,902
Fines and forfeitures	328,161	-	32,149	360,310
Intergovernmental	247,301	15,580	-	262,881
Investment earnings	115,876	70,274	16,464	202,614
Miscellaneous	104,502	9,985	164,203	278,690
	<u>4,685,363</u>	<u>438,565</u>	<u>258,031</u>	<u>5,381,959</u>
EXPENDITURES				
Current:				
Administrative	1,035,825	-	35,687	1,071,512
Judicial	473,626	-	36,188	509,814
Public facilities	216,538	-	-	216,538
Public safety	1,423,685	-	20,412	1,444,097
Road and bridge	-	709,078	-	709,078
Public service	151,335	-	-	151,335
Debt service:				
Principal	8,191	-	-	8,191
Interest	180	-	-	180
Capital outlay	74,447	129,114	-	203,561
	<u>3,383,827</u>	<u>838,192</u>	<u>92,287</u>	<u>4,314,306</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>1,301,536</u>	<u>(399,627)</u>	<u>165,744</u>	<u>1,067,653</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	414,114	-	414,114
Transfers out	(550,000)	-	-	(550,000)
	<u>(550,000)</u>	<u>414,114</u>	<u>-</u>	<u>(135,886)</u>
NET CHANGE IN FUND BALANCES				
	751,536	14,487	165,744	931,767
FUND BALANCES - BEGINNING				
	<u>2,453,371</u>	<u>130,403</u>	<u>361,585</u>	<u>2,945,359</u>
FUND BALANCES - ENDING				
	<u>\$ 3,204,907</u>	<u>\$ 144,890</u>	<u>\$ 527,329</u>	<u>\$ 3,877,126</u>

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

**HARTLEY 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:	\$	931,767
<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, \$203,561, were exceeded by depreciation, \$384,508, in the current period.</p>		
		(180,947)
<p>In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental fund, the proceeds from the sale increase financial resources. Thus, the change in net assets differed from the change in fund balance by the net book value of the capital assets sold.</p>		
		(142,974)
<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>		
		220,000
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenue.</p>		
		17,182
<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> <p>Principal repayments:</p>		
Capital leases		8,191
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Compensated absences, net change		3,643
Deferred outflows of resources related to pensions, net change		30,716
Deferred inflows of resources related to pensions, net change		1,073,002
Net pension asset / liability, net change		(1,056,946)
<p>The internal service fund is used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.</p>		
		151,445
Change in net position - governmental activities	\$	1,055,079

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

**HARTLEY COUNTY, TEXAS
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUND
SEPTEMBER 30, 2023**

ASSETS

Restricted assets:

Cash and cash equivalents

\$ 251,520

Total restricted assets

251,520

NET ASSETS

Unrestricted

251,520

Total net assets

\$ 251,520

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

HARTLEY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NON-OPERATING REVENUES (EXPENSES)	
Interest	<u>\$ 15,559</u>
Total non-operating revenue (expenses)	<u>15,559</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	15,559
Transfers in	265,000
Transfers out	<u>(129,114)</u>
CHANGE IN NET ASSETS	151,445
NET ASSETS AT BEGINNING OF YEAR	<u>100,075</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 251,520</u></u>

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

**HARTLEY COUNTY, TEXAS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net transfers from other funds	\$ <u>135,886</u>
Net cash provided by noncapital financing activities	135,886
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest from cash deposits	<u>15,559</u>
Net cash provided by investing activities	15,559
NET INCREASE IN CASH AND CASH EQUIVALENTS	151,445
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>100,075</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 251,520</u></u>

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

HARTLEY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	ASSETS	County and District Clerk
Cash and cash equivalents		\$ 62,765
Total assets		\$ 62,765
	NET ASSETS	
Restricted for:		
Individuals		\$ 62,765
Total net position		\$ 62,765

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

HARTLEY COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	<u>County and District Clerk</u>
Additions	
Investment earnings	\$ 826
Total additions	<u>826</u>
Deductions	
Trust/Escrow disbursements	<u>7,992</u>
Total deductions	<u>7,992</u>
NET CHANGE IN NET POSITION	(7,166)
NET POSITION - BEGINNING	<u>69,931</u>
NET POSITION - ENDING	<u><u>\$ 62,765</u></u>

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

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hartley 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 1891, 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

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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*.

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. Principal and interest on governmental long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. 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 fiduciary funds, including custodial 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.

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

Fund-Level Statements – Continuation

The County reports the following major governmental funds:

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 administrative, judicial, public facilities, public safety, public services, capital acquisition, and debt service.

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

Additionally, the County reports the following fund types:

Internal Service Fund – The *Fleet Maintenance Fund* is used to pay for fleet capital expenditures of the County.

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

Capital Projects Funds – *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities.

Custodial Funds – *Custodial Funds* account for assets received by the governmental unit in its capacity as trustee or agent for the County, other governmental entities, or individuals. The receipts and disbursements of such funds are governed by the terms of the statutes, ordinances, regulations or other authority.

C. Use of Restricted Assets

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

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 and deposits within public fund investment pools as well as investments in certificates of deposits with an original maturity of 90 days or less. 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. TexPool and Texas LOGIC are duly chartered and administered by the Texas Treasury Safekeeping Trust Company and the portfolio normally consists of U.S. T-Bills or T-Notes, collateralized certificates of deposit, and repurchase agreements. The carrying value (cost) and market value are equal for these deposits.

Continued

HARTLEY 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 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.

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 areas of investment practices, management has reported and established 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.”

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

Reimbursement 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. Receivables are shown net of an allowance for uncollectible accounts of \$2,888,387.

Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements.

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 \$20,696.

Continued

HARTLEY 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 management, preservation, and archiving of public records, enhancement of law enforcement operations with seized funds, personnel and security for the courthouse, technology requirements for the justice court, administration of pre-trial diversion programs, and enhancement of the county attorney operations with fees from processing dishonored and forged checks. All restrictions are enacted according to Texas statutes.)

5. Prepaid Items

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 nonspendable fund balance which indicates they do not represent “available spendable resources”.

6. Capital Assets

Capital assets, which include land, buildings and improvements, infrastructure, 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 one year. 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	25-40 years
Infrastructure	40 years
Equipment	3-10 years

7. 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 government has multiple items that qualify for reporting in this category. They are the contributions and other items related to the County’s pension plan reported in the government-wide statement of net position.

Continued

HARTLEY 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. Deferred Outflows/Inflows of Resources – Continuation

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 multiple 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 special assessments. 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 are reported in the government-wide statement of net position.

8. 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 twelve days per year as earned. Vacation time earned, but not taken, is paid upon termination, but cannot be accumulated beyond one calendar year. Accrued vacation leave benefits are accrued in the government-wide financial statements.

9. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

10. Pensions

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.

Continued

HARTLEY 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

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.

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, constitutional provisions.

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

Continued

HARTLEY 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

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.

14. 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.

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

HARTLEY 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 Fund and Road and Bridge Special Revenue Fund 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 Disbursements Over Appropriations

For the year ended September 30, 2023, disbursements exceeded appropriations in the following department: Road and Bridge Capital Outlay (\$129,114). The excess expenditures were covered by transfers from the Fleet Fund.

NOTE 3 – 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 \$.415828 per \$100, which means that the County has a tax margin of \$.384172 per \$100 and could raise up to \$3,390,562 in additional revenue from the 2022 assessed valuation of \$882,563,668 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.

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4 – 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	\$	1,200
Bank deposits		577,420
Texas LOGIC		2,368,955
TexPool		1,777,783
		1,777,783
Total	\$	4,725,358

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

Government-wide Statement of Net Position:		
Unrestricted	\$	4,662,593
Statement of Fiduciary Net Position: Agency Funds		62,765
		62,765
Total	\$	4,725,358

Custodial credit risk – deposits. As of September 30, 2023, the carrying amount of the County's deposits with financial institutions was \$577,420 and the bank's balance was \$613,082. Of the bank balance, \$454,140 was insured through the Federal Depository Insurance Corporation (FDIC) and \$158,942 was collateralized with securities held by the pledging institution’s agent in the County’s name.

As of September 30, 2023, the County had \$2,368,955 and \$1,777,783, respectively invested with the Texas LOGIC and Texas Treasury Safekeeping Trust Company (TexPool). The Interlocal 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 and Texas LOGIC, through which political subdivisions and other entities may invest public funds. The State Comptroller of Public Accounts exercises oversight responsibility over both funds. 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 the pools and other persons who do not have a business relationship with either pool. The advisory board members review the investment policy and management fee structure.

Both investment pools use amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool and Texas LOGIC do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. TexPool and Texas LOGIC have a credit rating of AAA 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 and Texas LOGIC invest 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.

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.

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4 – DEPOSITS AND INVESTMENTS – Continuation

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, 87.78% 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 5 – CAPITAL ASSETS

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

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and land improvements	\$ 22,129	\$ -	\$ -	\$ -	\$ 22,129
Construction in progress	1,690	12,780	-	-	14,470
	<u>23,819</u>	<u>12,780</u>	<u>-</u>	<u>-</u>	<u>36,599</u>
Total capital assets, not being depreciated	23,819	12,780	-	-	36,599
Capital assets, being depreciated:					
Buildings and improvements	2,801,604	-	-	-	2,801,604
Infrastructure	731,808	-	-	-	731,808
Equipment	2,938,406	410,781	(252,307)	-	3,096,880
Leased equipment	40,634	-	-	-	40,634
	<u>6,512,452</u>	<u>410,781</u>	<u>(252,307)</u>	<u>-</u>	<u>6,670,926</u>
Total capital assets, being depreciated	6,512,452	410,781	(252,307)	-	6,670,926
Less accumulated depreciation for:					
Buildings and improvements	(1,117,130)	(62,005)	-	-	(1,179,135)
Infrastructure	(97,326)	(18,295)	-	-	(115,621)
Equipment	(1,472,750)	(296,081)	109,333	-	(1,659,498)
Leased equipment	(17,755)	(8,127)	-	-	(25,882)
	<u>(2,704,961)</u>	<u>(384,508)</u>	<u>109,333</u>	<u>-</u>	<u>(2,980,136)</u>
Total accumulated depreciation	(2,704,961)	(384,508)	109,333	-	(2,980,136)
Total capital assets, being depreciated, net	<u>3,807,491</u>	<u>26,273</u>	<u>(142,974)</u>	<u>-</u>	<u>3,690,790</u>
Governmental activities capital assets, net	<u>\$ 3,831,310</u>	<u>\$ 39,053</u>	<u>\$ (142,974)</u>	<u>\$ -</u>	<u>\$ 3,727,389</u>

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 – 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	\$ 35,364
Judicial	19,188
Public facilities	2,658
Public safety	145,560
Road and bridge	181,738
Total Depreciation Expense	\$ 384,508

NOTE 6 – RETIREMENT PLAN

Plan Description: Hartley County provides retirement and death benefits for all of its employees, except temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of several nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 and is available at www.tcdrs.org.

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

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

Employees Covered by Benefit Terms: At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	31
Active employees	32

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.

Continued

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

NOTE 6 – RETIREMENT PLAN – Continuation

The County contributed using the actuarially determined rate of 13.40% for the months of the accounting year in 2022 and 11.41% 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:

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	2.00%

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

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

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 2023 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.

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%

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

- (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.

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, alternatives 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.

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

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.

Changes in the Net Pension Liability / (Asset):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances as of December 31, 2021	\$ 7,851,428	\$ 8,823,115	\$ (971,687)
Changes for the year:			
Service cost	212,533	-	212,533
Interest on total pension liability (1)	599,071	-	599,071
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	17,565	-	17,565
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(369,673)	(369,673)	-
Administrative expenses	-	(4,820)	4,820
Member contributions	-	99,939	(99,939)
Net investment income	-	(510,537)	510,537
Employer contributions	-	191,312	(191,312)
Other (3)	-	(3,671)	3,671
	<u> </u>	<u> </u>	<u> </u>
Balances as of December 31, 2022	<u>\$ 8,310,924</u>	<u>\$ 8,225,665</u>	<u>\$ 85,259</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.

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 9,224,447	\$ 8,310,924	\$ 7,522,952
Fiduciary net position	8,225,665	8,225,665	8,225,665
Net pension liability / (asset)	<u>\$ 998,782</u>	<u>\$ 85,259</u>	<u>\$ (702,713)</u>

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	\$ 212,533
Interest on total pension liability (1)	599,071
Effect of plan changes	-
Administrative expenses	4,820
Member contributions	(99,939)
Expected investment return net of investment expenses	(667,314)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(43,992)
Recognition of assumption changes or inputs	102,841
Recognition of investment gains or losses	16,834
Other (2)	<u>3,671</u>
Pension expense / (income)	<u>\$ 128,525</u>

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

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

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

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	\$ 38,071	\$ 11,710
Changes of assumptions	15,818	-
Net difference between projected and actual earnings	-	153,680
Contributions made subsequent to measurement date	N/A	123,534

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	\$ (151,646)
2024	1,328
2025	26,248
2026	235,571
2027	-
Thereafter	-

NOTE 7 – POSTEMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN

Plan Description

Hartley County, Texas participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GLTF). This optional plan provides group term life insurance coverage to current eligible employees.

The GLTF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GLTF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy

Each participating employer contributes to the GLTF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Hartley County, Texas contributions to the GLTF for the year ended September 30, 2023, 2022 and 2021, were \$3,397, \$4,241, and 4,195, respectively, which equaled the contractually required contributions each year.

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual Fund Inter-fund Receivables and Payables

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ 695	\$ 315,216
Special Revenue Funds:		
Road and Bridge	144,890	-
Records Management/Preservation	20,931	-
Records Archive	13,429	-
Seized Property	54,394	-
Courthouse Security	34,259	-
Justice Court Technology	22,841	-
Justice Building Security	3,972	-
District Clerk Technology	178	-
Truancy Prevention and Diversion	7,380	-
County Specialty Court	4,807	-
County Law Library	8,135	-
County Jury	-	695
	<u>\$ 315,911</u>	<u>\$ 315,911</u>

The primary purpose of inter-fund receivables and payables is the reimbursement of the Special Revenue funds for day to day operations as all County funds are pooled in the General Fund.

Individual Inter-fund Transfers

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ -	\$ 550,000
Special Revenue Funds:		
Road and Bridge	414,114	-
Internal Service Fund:		
Fleet maintenance	265,000	129,114
	<u>\$ 679,114</u>	<u>\$ 679,114</u>

The primary purpose for inter-fund transfers was for the General Fund to supplement the Road and Bridge and Fleet Maintenance funds in the current year.

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9 – LONG-TERM LIABILITIES

The County has entered in multiple capital leases for copiers and other equipment. One copier lease has a maturity date of November 7, 2023 and an interest rate of 2.244%, while the remaining four leases all mature during the fiscal year ending September 30, 2026 and have interest rates between .632% and .940%.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 23,645	\$ -	\$ (8,191)	\$ 15,454	\$ 6,393
Compensated absences	20,501	35,305	(38,948)	16,858	1,700
 Governmental activity long-term liabilities	 \$ 44,146	 \$ 35,305	 \$ (47,139)	 \$ 32,312	 \$ 8,093

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

Fiscal Year	Total	Capital leases	
		Interest	Principal
2024	\$ 6,491	\$ 98	\$ 6,393
2025	6,115	50	6,065
2026	3,004	8	2,996
	<u>\$ 15,610</u>	<u>\$ 156</u>	<u>\$ 15,454</u>

The County incurred interest expense of \$180 during the year ended September 30, 2023.

NOTE 10 – 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	Agriculture	\$ 205,577	5.60 %
Taxpayer B	Agriculture	201,183	5.48
Taxpayer C	Railroad	190,215	5.18

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

NOTE 11 – 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.

NOTE 12 – PROBATION DEPARMENTS

Juvenile Probation Department

The Dallam, Hartley and Sherman Counties Juvenile Probation Department (Department) is a joint venture between the Counties. Each County makes a contribution to the Department based on a predetermined percentage of budgeted expenditures. The Department is governed by the Juvenile Probation Board whose members are the District Judge, the three County Judges and one citizen member appointed by the Board.

The Department operates on a fiscal year ending August 31 and issues a statement of revenues, expenditures and changes in fund balance – budget and actual. This financial statement is issued on a regulatory basis of accounting as mandated by the Texas Juvenile Justice Division. This report is solely the TJJD special revenue grant funds and not the Department as a whole.

Summarized information of the Dallam, Hartley and Sherman Counties Juvenile Probation Department for the year ended August 31, 2023 is as follows:

Department revenues:	
TJJD grant revenues - audited	\$ 145,420
Local funding - unaudited	103,000
Other revenues - unaudited	<u>6,262</u>
Total revenues	<u>254,682</u>
Department expenditures:	
Grant expenditures - audited	145,420
Local expenditures - unaudited	<u>117,356</u>
Total expenditures	<u>262,776</u>
Excess of Revenues over / (under) Expenditures	<u><u>\$ (8,094)</u></u>
Total assets - unaudited	<u><u>\$ 77,377</u></u>
Fund balance - unaudited	<u><u>\$ 77,377</u></u>

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 12 – PROBATION DEPARMENTS – Continuation

Community Supervision and Corrections (Adult Probation)

The 69th District CSCD is a joint venture between Dallam, Hartley, Sherman and Moore Counties. The County's local funding to this department for the year ended September 30, 2023 was \$4,354. This funding was not audited after it was sent to the CSCD by the County.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

HARTLEY 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>		
REVENUES				
Property taxes	\$ 3,685,347	\$ 3,685,347	\$ 3,663,454	\$ (21,893)
Other taxes	10,000	10,000	14,104	4,104
Licenses and fees	186,700	196,700	211,965	15,265
Fines and forfeitures	252,500	252,500	328,161	75,661
Intergovernmental	225,308	270,558	247,301	(23,257)
Investment earnings	7,500	7,500	115,876	108,376
Miscellaneous	25,000	92,759	104,502	11,743
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	4,392,355	4,515,364	4,685,363	169,999
EXPENDITURES				
Current:				
Administrative				
County Judge	157,617	157,617	149,320	8,297
County Treasurer	106,207	106,207	105,202	1,005
District and County Clerk	330,977	330,977	300,537	30,440
Administrative	158,900	150,525	147,843	2,682
Tax Collector	340,315	340,315	332,923	7,392
	<hr/>	<hr/>	<hr/>	<hr/>
Total administrative	1,094,016	1,085,641	1,035,825	49,816
Judicial				
County Attorney	151,238	151,238	136,238	15,000
Justice of the Peace	208,020	208,020	161,117	46,903
District Judge	45,974	45,974	42,893	3,081
District Attorney	80,767	80,767	70,896	9,871
Judicial	130,653	130,653	62,482	68,171
	<hr/>	<hr/>	<hr/>	<hr/>
Total judicial	616,652	616,652	473,626	143,026
Public facilities				
Building operations	110,138	110,138	96,785	13,353
Rita Blanca Lake	35,000	35,000	35,000	-
Bi-County Library	91,880	91,880	84,753	7,127
	<hr/>	<hr/>	<hr/>	<hr/>
Total public facilities	237,018	237,018	216,538	20,480

Continued

HARTLEY 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>		
EXPENDITURES				
Current:				
Public safety				
Sheriff's department	\$ 839,531	\$ 842,781	\$ 745,552	\$ 97,229
Fire protection	201,980	201,980	201,343	637
Ambulance service	61,500	61,500	61,500	-
Probation	38,542	38,542	27,314	11,228
Dallam/Hartley County Jail	538,000	538,000	387,976	150,024
Total public safety	<u>1,679,553</u>	<u>1,682,803</u>	<u>1,423,685</u>	<u>259,118</u>
Public service				
Public service	28,000	28,000	20,922	7,078
Extension service	134,140	134,140	117,760	16,380
Veteran's service	13,253	13,253	12,653	600
Total public service	<u>175,393</u>	<u>175,393</u>	<u>151,335</u>	<u>24,058</u>
Debt service:				
Principal	-	8,195	8,191	4
Interest	-	180	180	-
Total debt service	<u>-</u>	<u>8,375</u>	<u>8,371</u>	<u>4</u>
Capital outlay	<u>220,700</u>	<u>262,700</u>	<u>74,447</u>	<u>188,253</u>
Total expenditures	<u>4,023,332</u>	<u>4,068,582</u>	<u>3,383,827</u>	<u>684,755</u>
EXCESS OF REVENUES				
OVER EXPENDITURES	<u>369,023</u>	<u>446,782</u>	<u>1,301,536</u>	<u>854,754</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(550,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(550,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(180,977)	(103,218)	751,536	854,754
FUND BALANCE - BEGINNING	<u>2,453,371</u>	<u>2,453,371</u>	<u>2,453,371</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,272,394</u>	<u>\$ 2,350,153</u>	<u>\$ 3,204,907</u>	<u>\$ 854,754</u>

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HARTLEY COUNTY, TEXAS
ROAD AND 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>		
REVENUES				
Licenses and fees	\$ 360,000	\$ 360,000	\$ 342,726	\$ (17,274)
Intergovernmental	15,000	15,000	15,580	580
Investment earnings	3,000	3,000	70,274	67,274
Miscellaneous	4,000	4,000	9,985	5,985
	<u>382,000</u>	<u>382,000</u>	<u>438,565</u>	<u>56,565</u>
EXPENDITURES				
Current:				
Road and bridge				
Precinct 1	180,548.00	180,548	146,469	34,079
Precinct 2	159,038.00	159,038	122,085	36,953
Precinct 3	158,382.00	158,382	157,782	600
Precinct 4	176,674.00	176,674	159,609	17,065
County Wide	157,000.00	157,000	123,133	33,867
	<u>831,642</u>	<u>831,642</u>	<u>709,078</u>	<u>122,564</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>129,114</u>	<u>(129,114)</u>
Total expenditures	<u>831,642</u>	<u>831,642</u>	<u>838,192</u>	<u>(6,550)</u>
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>(449,642)</u>	<u>(449,642)</u>	<u>(399,627)</u>	<u>50,015</u>
OTHER FINANCING SOURCES				
Proceeds from disposition of assets	18,000	18,000	-	(18,000)
Transfers in	285,000	285,000	414,114	129,114
	<u>303,000</u>	<u>303,000</u>	<u>414,114</u>	<u>111,114</u>
NET CHANGE IN FUND BALANCE	(146,642)	(146,642)	14,487	161,129
FUND BALANCE - BEGINNING	<u>130,403</u>	<u>130,403</u>	<u>130,403</u>	<u>-</u>
FUND BALANCE - ENDING (DEFICIT)	<u>\$ (16,239)</u>	<u>\$ (16,239)</u>	<u>\$ 144,890</u>	<u>\$ 161,129</u>

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

	Year Ended December 31,			
	2022	2021	2020	2019
Total Pension Liability:				
Service cost	\$ 212,533	\$ 206,655	\$ 195,013	\$ 187,723
Interest on total pension liability	599,071	579,861	559,495	526,265
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	(47,454)	355,979	-
Effect of economic/demographic (gains) or losses	17,565	(114,215)	(35,325)	35,454
Benefit payments/refunds of contributions	<u>(369,673)</u>	<u>(385,969)</u>	<u>(343,202)</u>	<u>(349,651)</u>
Net change in total pension liability	459,496	238,878	731,960	399,791
Total pension liability, beginning	<u>7,851,428</u>	<u>7,612,550</u>	<u>6,880,590</u>	<u>6,480,799</u>
Total pension liability, ending (a)	<u><u>\$ 8,310,924</u></u>	<u><u>\$ 7,851,428</u></u>	<u><u>\$ 7,612,550</u></u>	<u><u>6,880,590</u></u>
Fiduciary Net Position:				
Employer contributions	\$ 191,312	\$ 172,456	\$ 167,001	148,787
Member contributions	99,939	93,005	92,485	89,477
Investment income net of investment expenses	(510,537)	1,600,439	696,503	968,183
Benefit payments/refunds of contributions	(369,673)	(385,969)	(343,202)	(349,651)
Administrative expenses	(4,820)	(4,773)	(5,378)	(5,139)
Other	<u>(3,671)</u>	<u>(1,388)</u>	<u>(1,809)</u>	<u>(2,874)</u>
Net change in fiduciary net position	(597,450)	1,473,770	605,600	848,783
Fiduciary net position, beginning	<u>8,823,115</u>	<u>7,349,345</u>	<u>6,743,745</u>	<u>5,894,962</u>
Fiduciary net position, ending (b)	<u><u>\$ 8,225,665</u></u>	<u><u>\$ 8,823,115</u></u>	<u><u>\$ 7,349,345</u></u>	<u><u>6,743,745</u></u>
Net pension liability / (asset), ending = (a) - (b)	<u><u>\$ 85,259</u></u>	<u><u>\$ (971,687)</u></u>	<u><u>\$ 263,205</u></u>	<u><u>136,845</u></u>
Fiduciary net position as a % of total pension liability	98.97%	112.38%	96.54%	98.01%
Pensionable covered payroll	\$ 1,427,701	\$ 1,328,637	\$ 1,321,210	1,278,240
Net pension liability as a % of covered payroll	5.97%	-73.13%	19.92%	10.71%

Year Ended December 31,

	2018	2017	2016	2015	2014	2013
\$	184,608	\$ 173,241	\$ 178,859	\$ 169,108	\$ 161,733	\$ N/A
	494,060	473,244	436,667	414,343	382,961	N/A
	-	-	-	(11,623)	-	N/A
	-	52,073	-	55,658	-	N/A
	35,687	(158,674)	44,181	(59,939)	70,159	N/A
	<u>(291,235)</u>	<u>(297,169)</u>	<u>(290,355)</u>	<u>(260,504)</u>	<u>(245,033)</u>	<u>N/A</u>
	423,120	242,715	369,352	307,043	369,820	N/A
	<u>6,057,679</u>	<u>5,814,964</u>	<u>5,445,612</u>	<u>5,138,569</u>	<u>4,768,749</u>	<u>N/A</u>
<u>\$</u>	<u>6,480,799</u>	<u>\$ 6,057,679</u>	<u>\$ 5,814,964</u>	<u>\$ 5,445,612</u>	<u>\$ 5,138,569</u>	<u>\$ N/A</u>
	158,658	\$ 147,463	\$ 140,902	\$ 135,823	\$ 146,877	\$ N/A
	86,160	83,111	78,528	76,000	75,822	N/A
	(113,421)	780,100	370,431	(10,034)	321,048	N/A
	(291,235)	(297,169)	(290,355)	(260,504)	(245,033)	N/A
	(4,735)	(4,030)	(4,021)	(3,607)	(3,750)	N/A
	<u>(774)</u>	<u>(930)</u>	<u>54,547</u>	<u>38,439</u>	<u>22,876</u>	<u>N/A</u>
	(165,347)	708,545	350,032	(23,883)	317,840	N/A
	<u>6,060,309</u>	<u>5,351,764</u>	<u>5,001,732</u>	<u>5,025,615</u>	<u>4,707,775</u>	<u>N/A</u>
<u>\$</u>	<u>5,894,962</u>	<u>\$ 6,060,309</u>	<u>\$ 5,351,764</u>	<u>\$ 5,001,732</u>	<u>\$ 5,025,615</u>	<u>\$ N/A</u>
<u>\$</u>	<u>585,837</u>	<u>\$ (2,630)</u>	<u>\$ 463,200</u>	<u>\$ 443,880</u>	<u>\$ 112,954</u>	<u>\$ N/A</u>
	90.96%	100.04%	92.03%	91.85%	97.80%	N/A
	1,230,857	\$ 1,187,304	\$ 1,121,830	\$ 1,085,717	\$ 1,083,165	\$ N/A
	47.60%	-0.22%	41.29%	40.88%	10.43%	N/A

HARTLEY COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Ten Fiscal Years (will ultimately be displayed as available)

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 138,379	\$ 138,379	\$ -	\$ 1,082,277	12.8%
2016	139,935	139,935	-	1,115,280	12.5%
2017	141,926	141,926	-	1,139,404	12.5%
2018	157,349	157,349	-	1,233,118	12.8%
2019	152,392	152,392	-	1,272,891	12.0%
2020	162,016	162,016	-	1,308,953	12.4%
2021	169,409	169,409	-	1,314,478	12.9%
2022	187,571	187,571	-	1,411,383	13.3%
2023	175,444	175,444	-	1,470,072	11.9%

HARTLEY COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Ten Fiscal Years (will ultimately be displayed as available)

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	17.7 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	7.5%, 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 Table 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.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR 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.

Records Management/Preservation – The Records Management/Preservation Fund accounts for revenue from fees collected by the County and District Clerk on court cases. The fees are dedicated by law to be used for specific records management and preservation projects of the office.

Records Archives – The Records Archives Fund accounts for revenue from fees collected by the County and District Clerk on court cases. The fees are dedicated by law to be used for specific records archiving projects of the office.

Seized Property – The Seized Property Fund accounts for proceeds from asset forfeitures and seizures collected by the County Sheriff to statutorily supplement the cost of the Sheriff's office.

Courthouse Security – The Courthouse Security Fund accounts for statutory filing fees collected by the District and County Clerks which are dedicated by law to maintain the security of the courthouse.

Justice Court Technology – The Justice Court Technology Fund accounts for money charged to a defendant convicted of a misdemeanor in a justice court. It is designated for the purpose of financing the purchase of technological enhancements for a justice court.

Hot Check – The Hot Check Fund is used to account for revenues derived from the fees assessed on the collection and processing of dishonored and forged checks. The funds are designated to be used at the discretion of the County Attorney to defray the salaries and expenses of the prosecutor's office.

Justice Building Security – The Justice Building Security Fund accounts for statutory filing fees collected by the District and County Clerks which are dedicated by law to maintain the security of a justice court.

District Clerk Technology – The District Clerk Technology Fund accounts for money charged to a defendant convicted of a misdemeanor in a justice court. It is designated for the purpose of financing the purchase of technological enhancements for the district clerk's office.

Pretrial Diversion – The Pretrial Diversion Fund accounts for fees charged to any defendant willing to participate in a pretrial intervention program. The fees are dedicated by law to be used to administer and maintain the pretrial diversion programs.

Truancy Prevention and Diversion – The Truancy Prevention and Diversion Fund accounts for the fees collected upon convictions of nonjailable misdemeanors. They are dedicated by law to finance the salary, benefits, training, travel expenses, office supplies, and other necessary expenses relating to the position of a juvenile case manager.

County Specialty Court – The County Specialty Court Fund accounts for the fees collected upon convictions of a felony, or a Class A or B misdemeanor. They are dedicated by law to fund specialty court programs established under Subtitle K, Title 2, Government Code.

County Law Library – The County Law Library Fund accounts for the 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.

County Jury – The County Jury Fund accounts for revenues and expenditures for juries at a County Court.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for resources accumulated to fund future capital acquisitions or construction. The fund also accounts for property taxes levied for debt service requirements of the note used to finance the Dallam-Hartley Counties Jail Facility.

**HARTLEY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

Special Revenue Funds						
	Records Management/ Preservation	Records Archives	Seized Property	Courthouse Security	Justice Court Technology	Hot Check
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,099
Due from other funds	20,931	13,429	54,394	34,259	22,841	-
	<u>20,931</u>	<u>13,429</u>	<u>54,394</u>	<u>34,259</u>	<u>22,841</u>	<u>-</u>
Total assets	<u>\$ 20,931</u>	<u>\$ 13,429</u>	<u>\$ 54,394</u>	<u>\$ 34,259</u>	<u>\$ 22,841</u>	<u>\$ 3,099</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
FUND BALANCES						
Restricted:						
By enabling legislation for special projects	\$ 20,931	\$ 13,429	\$ 54,394	\$ 34,259	\$ 22,841	\$ 3,099
Committed for:						
Capital projects	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>20,931</u>	<u>13,429</u>	<u>54,394</u>	<u>34,259</u>	<u>22,841</u>	<u>3,099</u>
Total liabilities and fund balances	<u>\$ 20,931</u>	<u>\$ 13,429</u>	<u>\$ 54,394</u>	<u>\$ 34,259</u>	<u>\$ 22,841</u>	<u>\$ 3,099</u>

Continued

**HARTLEY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

Continuation

	Special Revenue Funds					
	Justice Building Security	District Clerk Technology	Pretrial Diversion	Truancy Prevention and Diversion	County Specialty Court	County Law Library
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 22,790	\$ -	\$ -	\$ -
Due from other funds	3,972	178	-	7,380	4,807	8,135
	<u>3,972</u>	<u>178</u>	<u>-</u>	<u>7,380</u>	<u>4,807</u>	<u>8,135</u>
Total assets	<u>\$ 3,972</u>	<u>\$ 178</u>	<u>\$ 22,790</u>	<u>\$ 7,380</u>	<u>\$ 4,807</u>	<u>\$ 8,135</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted:						
By enabling legislation for special projects	\$ 3,972	\$ 178	\$ 22,790	\$ 7,380	\$ 4,807	\$ 8,135
Committed for:						
Capital projects	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,972</u>	<u>178</u>	<u>22,790</u>	<u>7,380</u>	<u>4,807</u>	<u>8,135</u>
Total liabilities and fund balances	<u>\$ 3,972</u>	<u>\$ 178</u>	<u>\$ 22,790</u>	<u>\$ 7,380</u>	<u>\$ 4,807</u>	<u>\$ 8,135</u>

Continued

**HARTLEY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

Continuation

	County Jury	Total Special Revenue Funds	Capital Projects	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 25,889	\$ 331,809	\$ 357,698
Due from other funds	-	170,326	-	170,326
Total assets	\$ -	\$ 196,215	\$ 331,809	\$ 528,024
LIABILITIES				
Due to other funds	\$ 695	\$ 695	\$ -	\$ 695
Total liabilities	695	695	-	695
FUND BALANCES				
Restricted:				
By enabling legislation for special projects	\$ -	\$ 196,215	\$ -	\$ 196,215
Committed for:				
Capital projects	-	-	331,809	331,809
Unassigned (deficit)	(695)	(695)	-	(695)
Total fund balances	(695)	195,520	331,809	527,329
Total liabilities and fund balances	\$ -	\$ 196,215	\$ 331,809	\$ 528,024

HARTLEY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds					
	Records Management/ Preservation	Records Archives	Seized Property	Courthouse Security	Justice Court Technology	Hot Check
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	13,409	9,735	-	11,270	6,813	60
Fines and forfeitures	-	-	16,396	-	-	-
Investment earnings	-	-	2,514	-	-	-
Miscellaneous	-	-	8,000	-	-	-
Total revenues	13,409	9,735	26,910	11,270	6,813	60
EXPENDITURES						
Current:						
Administrative	18,147	17,540	-	-	-	-
Judicial	-	-	-	8,358	2,830	-
Public safety	-	-	20,412	-	-	-
Total expenditures	18,147	17,540	20,412	8,358	2,830	-
NET CHANGE IN FUND BALANCES	(4,738)	(7,805)	6,498	2,912	3,983	60
FUND BALANCES - BEGINNING	25,669	21,234	47,896	31,347	18,858	3,039
FUND BALANCES - ENDING (deficit)	\$ 20,931	\$ 13,429	\$ 54,394	\$ 34,259	\$ 22,841	\$ 3,099

Continued

HARTLEY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Continuation

	Special Revenue Funds					
	Justice Building Security	District Clerk Technology	Pretrial Diversion	Truancy Prevention and Diversion	County Specialty Court	County Law Library
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	79	345	3,500	-	-	-
Fines and forfeitures	-	-	-	8,247	1,193	2,555
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	3,900
Total revenues	<u>79</u>	<u>345</u>	<u>3,500</u>	<u>8,247</u>	<u>1,193</u>	<u>6,455</u>
EXPENDITURES						
Current:						
Administrative	-	-	-	-	-	-
Judicial	-	1,190	6,800	10,000	-	-
Public safety	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>1,190</u>	<u>6,800</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	79	(845)	(3,300)	(1,753)	1,193	6,455
FUND BALANCES - BEGINNING	<u>3,893</u>	<u>1,023</u>	<u>26,090</u>	<u>9,133</u>	<u>3,614</u>	<u>1,680</u>
FUND BALANCES - ENDING (deficit)	<u>\$ 3,972</u>	<u>\$ 178</u>	<u>\$ 22,790</u>	<u>\$ 7,380</u>	<u>\$ 4,807</u>	<u>\$ 8,135</u>

Continued

HARTLEY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Continuation	<u>County Jury</u>	<u>Total Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ 4	\$ 4
Licenses and fees	-	45,211	-	45,211
Fines and forfeitures	3,758	32,149	-	32,149
Interest	-	2,514	13,950	16,464
Miscellaneous	-	11,900	152,303	164,203
	<u>3,758</u>	<u>91,774</u>	<u>166,257</u>	<u>258,031</u>
Total revenues	<u>3,758</u>	<u>91,774</u>	<u>166,257</u>	<u>258,031</u>
EXPENDITURES				
Current:				
Administrative	-	35,687	-	35,687
Judicial	7,010	36,188	-	36,188
Public safety	-	20,412	-	20,412
	<u>7,010</u>	<u>92,287</u>	<u>-</u>	<u>92,287</u>
Total expenditures	<u>7,010</u>	<u>92,287</u>	<u>-</u>	<u>92,287</u>
NET CHANGE IN FUND BALANCES	(3,252)	(513)	166,257	165,744
FUND BALANCES - BEGINNING	<u>2,557</u>	<u>196,033</u>	<u>165,552</u>	<u>361,585</u>
FUND BALANCES - ENDING (deficit)	<u>\$ (695)</u>	<u>\$ 195,520</u>	<u>\$ 331,809</u>	<u>\$ 527,329</u>