

HARTLEY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR YEAR ENDED
SEPTEMBER 30, 2020**

HARTLEY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2020

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PART I

INTRODUCTORY SECTION

HARTLEY COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2020

Ronnie Gordon	County Judge
David Vincent	Commissioner, Precinct #1
David Ford	Commissioner, Precinct #2
Chad Hicks	Commissioner, Precinct #3
Butch Owens	Commissioner, Precinct #4
Ron Enns	Judge, 69 th Judicial District
David Green	District Attorney
Melissa Mead	District/County Clerk
Robert Elliott	County Attorney
Franky Scott	County Tax Assessor/Collector
Dinkie Parman	County Treasurer
Franky Scott	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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hartley County, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hartley County, Texas, as of September 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 31 – 35 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hartley County, Texas' financial statements as a whole. The combining non-major and agency 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

October 30, 2020

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BASIC FINANCIAL STATEMENTS

**HARTLEY COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,925,890
Accounts receivable, net	549,074
Delinquent taxes receivable, net	15,156
Prepaid expenses	23,890
Capital assets, net of accumulated depreciation	3,132,554
Total assets	5,646,564
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	122,026
Pension economic/demographic losses	35,531
Pension changes in assumptions	13,019
Total deferred outflows of resources	170,576
LIABILITIES	
Accounts payable	103,644
Due to other governmental entities	119,430
Accrued expenses	47,797
Deposits held in trust	121,164
Noncurrent liabilities:	
Due within one year	2,000
Due in more than one year	18,373
Net pension liability	136,845
Total liabilities	549,253
DEFERRED INFLOWS OF RESOURCES	
Pension economic/demographic gains	39,667
Pension excess earnings	168,000
Total deferred inflows of resources	207,667
NET POSITION	
Net investment in capital assets	3,132,554
Restricted by enabling legislation for:	
Special projects	160,864
Unrestricted	1,766,802
Total net position	\$ 5,060,220

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, 2020**

<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	\$ 936,912	\$ 538,867	\$ 79,934	\$ -	\$ (318,111)
Judicial	640,156	239,511	44,925	-	(355,720)
Public facilities	206,115	-	-	-	(206,115)
Public safety	1,605,847	41,291	964	-	(1,563,592)
Road and bridge	1,055,993	360,893	320,001	-	(375,099)
Public service	154,926	-	-	-	(154,926)
Interest on long-term debt	484	-	-	-	(484)
Total	<u>\$ 4,600,433</u>	<u>\$ 1,180,562</u>	<u>\$ 445,824</u>	<u>\$ -</u>	<u>(2,974,047)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					3,439,878
Mixed beverage taxes					9,092
Investment earnings					21,578
Miscellaneous					98,706
Gain from disposal of asset					146,038
Total general revenues					<u>3,715,292</u>
Change in net position					741,245
Net position - beginning					<u>4,318,975</u>
Net position - ending					<u>\$ 5,060,220</u>

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

HARTLEY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General	Road and Bridge	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,836,449	\$ -	\$ 89,441	\$ 1,925,890
Accounts receivable, net	549,074	-	-	549,074
Taxes receivable, net	15,156	-	-	15,156
Due from other funds	-	102,401	173,417	275,818
Prepaid expenses	23,890	-	-	23,890
	<u>2,424,569</u>	<u>102,401</u>	<u>262,858</u>	<u>2,789,828</u>
Total assets	<u>\$ 2,424,569</u>	<u>\$ 102,401</u>	<u>\$ 262,858</u>	<u>\$ 2,789,828</u>
LIABILITIES				
Accounts payable	\$ 100,674	\$ -	\$ 2,970	\$ 103,644
Due to other funds	275,818	-	-	275,818
Due to other governmental entities	119,430	-	-	119,430
Accrued expenses	47,797	-	-	47,797
Deposits held in trust	121,164	-	-	121,164
	<u>664,883</u>	<u>-</u>	<u>2,970</u>	<u>667,853</u>
Total liabilities	<u>664,883</u>	<u>-</u>	<u>2,970</u>	<u>667,853</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	14,146	-	-	14,146
Unavailable revenue - other receivables	479,952	-	-	479,952
	<u>494,098</u>	<u>-</u>	<u>-</u>	<u>494,098</u>
Total deferred inflows of resources	<u>494,098</u>	<u>-</u>	<u>-</u>	<u>494,098</u>
FUND BALANCES				
Unspendable:				
Prepaid expenses	23,890	-	-	23,890
Restricted:				
By enabling legislation for special projects	-	-	160,864	160,864
Committed for:				
Capital projects/debt service	-	-	99,024	99,024
Special revenues	-	102,401	-	102,401
Unassigned	1,241,698	-	-	1,241,698
	<u>1,265,588</u>	<u>102,401</u>	<u>259,888</u>	<u>1,627,877</u>
Total fund balances	<u>1,265,588</u>	<u>102,401</u>	<u>259,888</u>	<u>1,627,877</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,424,569</u>	<u>\$ 102,401</u>	<u>\$ 262,858</u>	<u>\$ 2,789,828</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, 2020

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

Total fund balances - governmental funds	\$	1,627,877
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.		3,132,554
Long-term assets are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenue in the fund financial statements.		494,098
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		35,531
Pension assumption changes		13,019
Pension contributions paid after the measurement date, December 31, 2019, and before September 30, 2020 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.		122,026
Pension gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.		
Pension economic/demographic gains		(39,667)
Pension excess earnings		(168,000)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:		
Accrued compensated absences		(20,373)
Net pension liability		(136,845)
Net position - governmental activities	\$	5,060,220

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, 2020

	<u>General</u>	<u>Road and Bridge</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 3,431,774	\$ -	\$ -	\$ 3,431,774
Other taxes	9,092	-	-	9,092
Licenses and fees	227,242	360,893	48,439	636,574
Fines and forfeitures	305,994	-	14,175	320,169
Intergovernmental	125,823	320,001	-	445,824
Investment earnings	12,889	6,531	2,158	21,578
Miscellaneous	95,784	322	2,600	98,706
	<u>4,208,598</u>	<u>687,747</u>	<u>67,372</u>	<u>4,963,717</u>
EXPENDITURES				
Current:				
Administrative	902,907	-	15,119	918,026
Judicial	613,597	-	19,419	633,016
Public facilities	197,809	-	-	197,809
Public safety	1,497,836	-	6,326	1,504,162
Road and bridge	-	897,063	-	897,063
Public service	154,634	-	-	154,634
Debt service:				
Principal	25,633	-	-	25,633
Interest	704	-	-	704
Capital outlay	42,740	556,388	210,058	809,186
	<u>3,435,860</u>	<u>1,453,451</u>	<u>250,922</u>	<u>5,140,233</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>772,738</u>	<u>(765,704)</u>	<u>(183,550)</u>	<u>(176,516)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from disposition of assets	6,500	240,500	-	247,000
Transfers in	-	500,000	260,000	760,000
Transfers out	(760,000)	-	-	(760,000)
	<u>(753,500)</u>	<u>740,500</u>	<u>260,000</u>	<u>247,000</u>
NET CHANGE IN FUND BALANCES	19,238	(25,204)	76,450	70,484
FUND BALANCES - BEGINNING	<u>1,246,350</u>	<u>127,605</u>	<u>183,438</u>	<u>1,557,393</u>
FUND BALANCES - ENDING	<u>\$ 1,265,588</u>	<u>\$ 102,401</u>	<u>\$ 259,888</u>	<u>\$ 1,627,877</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, 2020

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

Net change in fund balances - total governmental funds:	\$	70,484
<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, \$809,186, exceeded depreciation, \$254,704, in the current period.</p>		
		554,482
<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>		
		(100,962)
<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>		
		231,923
<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>		
Notes payable		25,633
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Accrued interest on debt, net change		218
Compensated absences, net change		(3,427)
Deferred outflows of resources related to pensions, net change		(357,767)
Deferred inflows of resources related to pensions, net change		(128,331)
Net pension asset / liability, net change		448,992
		448,992
Change in net position - governmental activities	\$	741,245

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

HARTLEY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2020

	ASSETS		<u>County and District Clerk</u>
Cash and cash equivalents		\$	<u>61,886</u>
Total assets		\$	<u><u>61,886</u></u>
	LIABILITIES		
Deposits		\$	<u>61,886</u>
Total liabilities		\$	<u><u>61,886</u></u>

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

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 County has no business-like activities.

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, 2020

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 agency 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 agency funds are custodial in nature and involve no measurement of results of operations.

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, 2020

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:

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.

Agency Funds – *Agency 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, 2020

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 \$2,222,851.

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 \$11,908.

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 position 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, 2020

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 position 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, 2020

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, 2020

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, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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, 2020, disbursements exceeded appropriations in the following departments: Tax Collector (\$1,534), Fire protection (\$1,461), Dallam/Hartley County Jail (\$67,116), and Capital outlay in both the General and Road and Bridge funds (\$2,740 and \$540,488, respectively). The excess expenditures were covered by lower than anticipated expenditures in every other department of the County, by proceeds from the disposition of capital assets, or by transfers from other funds.

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 2019 tax roll was \$.408 per \$100, which means that the County has a tax margin of \$.392 per \$100 and could raise up to \$3,316,500 in additional revenue from the 2019 assessed valuation of \$846,046,015 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, 2020

NOTE 4 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County’s cash and deposit balances as of September 30, 2020:

Cash and deposit balances consist of:

Petty cash funds	\$	1,200
Bank deposits		406,747
Texas LOGIC		1,006,495
TexPool		573,334
		573,334
Total	\$	1,987,776

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

Government-wide Statement of Net Position:

Unrestricted	\$	1,925,890
Statement of Fiduciary Net Position: Agency Funds		61,886
		61,886
Total	\$	1,987,776

Custodial credit risk – deposits. As of September 30, 2020, the carrying amount of the County's deposits with financial institutions was \$406,747 and the bank's balance was \$440,845. The entire bank balance of \$440,845 was insured through the Federal Depository Insurance Corporation (FDIC).

As of September 30, 2020, the County had \$1,006,495 and \$573,334, 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, 2020

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, 2020, 79.53% 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, 2020 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	-	210,058	-	-	210,058
Total capital assets, not being depreciated	22,129	210,058	-	-	232,187
Capital assets, being depreciated:					
Buildings and improvements	2,116,372	-	-	-	2,116,372
Infrastructure	731,808	-	-	-	731,808
Equipment	2,368,302	599,128	(482,146)	-	2,485,284
Total capital assets, being depreciated	5,216,482	599,128	(482,146)	-	5,333,464
Less accumulated depreciation for:					
Buildings and improvements	(955,720)	(51,759)	-	-	(1,007,479)
Infrastructure	(42,441)	(18,295)	-	-	(60,736)
Equipment	(1,561,416)	(184,650)	381,184	-	(1,364,882)
Total accumulated depreciation	(2,559,577)	(254,704)	381,184	-	(2,433,097)
Total capital assets, being depreciated, net	2,656,905	344,424	(100,962)	-	2,900,367
Governmental activities capital assets, net	\$ 2,679,034	\$ 554,482	\$ (100,962)	-	\$ 3,132,554

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 – CAPITAL ASSETS – Continuation

Depreciation expense for the year ended September 30, 2020 was charged to the functions/programs of the primary government as follows:

Governmental activities	
Administrative	\$ 5,164
Public facilities	8,019
Public safety	89,987
Road and bridge	151,534
Total Depreciation Expense	\$ 254,704

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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	27
Active employees	34

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, 2020**

NOTE 6 – RETIREMENT PLAN – Continuation

The County contributed using the actuarially determined rate of 11.64% for the months of the accounting year in 2019 and 12.64% for the months of the accounting year in 2020. The contribution rate payable by the employee members is 7.0% for fiscal year 2020 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, 2019, 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, 2019 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, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

TCDRS system-wide economic assumptions:

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% 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 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% 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, 2020

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 shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

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	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities - Developed	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	8.00%	2.30%

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 – RETIREMENT PLAN – Continuation

Discount Rate: The discount rate used to measure the total pension liability was 8.10%. 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.

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 8.10%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 – RETIREMENT PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2018	\$ 6,480,799	\$ 5,894,962	\$ 585,837
Changes for the year:			
Service cost	187,723	-	187,723
Interest on total pension liability (1)	526,265	-	526,265
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	35,454	-	35,454
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(20,704)	(20,704)	-
Benefit payments	(328,947)	(328,947)	-
Administrative expenses	-	(5,139)	5,139
Member contributions	-	89,477	(89,477)
Net investment income	-	968,183	(968,183)
Employer contributions	-	148,787	(148,787)
Other (3)	-	(2,874)	2,874
Balances as of December 31, 2019	<u>\$ 6,880,590</u>	<u>\$ 6,743,745</u>	<u>\$ 136,845</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 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 7,606,688	\$ 6,880,590	\$ 6,250,070
Fiduciary net position	<u>6,743,745</u>	<u>6,743,745</u>	<u>6,743,745</u>
Net pension liability / (asset)	<u>\$ 862,943</u>	<u>\$ 136,845</u>	<u>\$ (493,675)</u>

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 – RETIREMENT PLAN – Continuation

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

Pension Expense / (Income):

	January 1, 2019 to December 31, 2019
Service cost	\$ 187,723
Interest on total pension liability (1)	526,265
Effect of plan changes	-
Administrative expenses	5,139
Member contributions	(89,477)
Expected investment return net of investment expenses	(472,750)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(15,955)
Recognition of assumption changes or inputs	13,018
Recognition of investment gains or losses	42,285
Other (2)	2,874
Pension expense / (income)	\$ 199,122

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

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

Deferred Inflows / Outflows of Resources: As of September 30, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources		Deferred Outflows of Resources
Differences between expected and actual experience	\$ 39,667	\$	35,531
Changes of assumptions	-		13,019
Net difference between projected and actual earnings	168,000		-
Contributions made subsequent to measurement date	N/A		122,026

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 – RETIREMENT PLAN – Continuation

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

Year ended December 31:	
2020	\$ (44,684)
2021	(36,709)
2022	21,361
2023	(99,085)
2024	-
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 GTLF 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 GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy

Each participating employer contributes to the GTLF 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 GTLF for the year ended September 30, 2019, 2018 and 2017, were \$3,727, \$3,487, and \$3,363, respectively, which equaled the contractually required contributions each year.

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual Fund Inter-fund Receivables and Payables

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ -	\$ 275,818
Special Revenue Funds:		
Road and Bridge	102,401	-
Records Management	10,564	-
Records Preservation	3,634	-
Records Archive	39,683	-
Seized Property	34,249	-
Courthouse Security	16,461	-
Justice Court Technology	16,971	-
Justice Building Security	3,552	-
District Clerk Technology	719	-
Truancy Prevention and Diversion	3,871	-
County Specialty Court	856	-
Capital Project Fund	42,857	-
	<u>\$ 275,818</u>	<u>\$ 275,818</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	\$ -	\$ 760,000
Special Revenue Funds:		
Road and Bridge	500,000	-
Capital Project Fund	260,000	-
	<u>\$ 760,000</u>	<u>\$ 760,000</u>

The primary purpose for inter-fund transfers was for the General Fund to supplement the Road and Bridge and Capital Projects Fund revenue in the current year.

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 – LONG-TERM LIABILITIES

In 2016 the County financed the acquisition of specialized computer software and hardware for use in the Sheriff’s office with a Public Property Finance Act Contract. Principal payments are due annually on June 1, with a fixed interest rate of 2.90%.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Public Property Finance	\$ 25,633	\$ -	\$ (25,633)	\$ -	\$ -
Compensated absences	16,946	37,526	(34,099)	20,373	2,000
Governmental activity long-term liabilities	<u>\$ 42,579</u>	<u>\$ 37,526</u>	<u>\$ (59,732)</u>	<u>\$ 20,373</u>	<u>\$ 2,000</u>

The County incurred interest expense of \$484 during the fiscal year ended September 30, 2020.

NOTE 10 – 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 11 – 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.

Continued

HARTLEY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11 – PROBATION DEPARMENTS – Continuation

Juvenile Probation Department – Continuation

Summarized information of the Dallam, Hartley and Sherman Counties Juvenile Probation Department for the year ended August 31, 2020 is as follows:

Department revenues:	
TJJD grant revenues - audited	\$ 144,652
Local funding - unaudited	103,000
Other revenues - unaudited	1,314
	248,966
Total revenues	
	248,966
Department expenditures:	
Grant expenditures - audited	145,167
Local expenditures - unaudited	88,621
	233,788
Total expenditures	
	233,788
Excess of Revenues over / (under) Expenditures	\$ 15,178
	15,178
Total assets - unaudited	\$ 82,582
	82,582
Fund balance - unaudited	\$ 82,582
	82,582

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, 2020 was \$6,098. This funding was not audited after it was sent to the CSCD by the County.

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**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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 3,464,868	\$ 3,464,868	\$ 3,431,774	\$ (33,094)
Other taxes	10,000	10,000	9,092	(908)
Licenses and fees	207,500	207,500	227,242	19,742
Fines and forfeitures	219,500	219,500	305,994	86,494
Intergovernmental	84,366	142,005	125,823	(16,182)
Investment earnings	15,000	15,000	12,889	(2,111)
Miscellaneous	27,500	27,500	95,784	68,284
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	4,028,734	4,086,373	4,208,598	122,225
EXPENDITURES				
Current:				
Administrative				
County Judge	143,520	143,520	128,525	14,995
County Treasurer	95,596	95,596	91,041	4,555
District and County Clerk	282,412	282,412	265,582	16,830
Administrative	123,500	181,139	113,221	67,918
Tax Collector	303,004	303,004	304,538	(1,534)
	<hr/>	<hr/>	<hr/>	<hr/>
Total administrative	948,032	1,005,671	902,907	102,764
Judicial				
County Attorney	136,217	136,217	120,994	15,223
Justice of the Peace	184,507	184,507	169,399	15,108
District Judge	39,688	39,688	38,208	1,480
District Attorney	82,733	82,733	63,984	18,749
Judicial	232,039	232,039	221,012	11,027
	<hr/>	<hr/>	<hr/>	<hr/>
Total judicial	675,184	675,184	613,597	61,587
Public facilities				
Building operations	94,809	94,809	86,916	7,893
Rita Blanca Lake	35,000	35,000	35,000	-
Landfill operations	5,000	5,000	-	5,000
Bi-County Library	79,209	79,209	75,893	3,316
	<hr/>	<hr/>	<hr/>	<hr/>
Total public facilities	214,018	214,018	197,809	16,209

Continued

HARTLEY COUNTY, TEXAS
GENERAL
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	\$ 623,992	\$ 623,992	\$ 613,293	\$ 10,699
Fire protection	221,155	221,155	222,616	(1,461)
Ambulance service	51,500	51,500	51,500	-
Probation	45,896	45,896	44,311	1,585
Dallam/Hartley County Jail	499,000	499,000	566,116	(67,116)
Total public safety	<u>1,441,543</u>	<u>1,441,543</u>	<u>1,497,836</u>	<u>(56,293)</u>
Public service				
Public service	28,000	28,000	26,600	1,400
Extension service	131,273	131,273	116,403	14,870
Veteran's service	12,231	12,231	11,631	600
Total public service	<u>171,504</u>	<u>171,504</u>	<u>154,634</u>	<u>16,870</u>
Debt service:				
Principal	26,500	26,500	25,633	867
Interest	-	-	704	(704)
Total debt service	<u>26,500</u>	<u>26,500</u>	<u>26,337</u>	<u>163</u>
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>42,740</u>	<u>(2,740)</u>
Total expenditures	<u>3,516,781</u>	<u>3,574,420</u>	<u>3,435,860</u>	<u>138,560</u>
EXCESS OF REVENUES				
OVER EXPENDITURES	<u>511,953</u>	<u>511,953</u>	<u>772,738</u>	<u>260,785</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from disposition of assets	-	-	6,500	6,500
Transfers out	(510,000)	(511,106)	(760,000)	(248,894)
Total other financing sources (uses)	<u>(510,000)</u>	<u>(511,106)</u>	<u>(753,500)</u>	<u>(242,394)</u>
NET CHANGE IN FUND BALANCE	1,953	847	19,238	18,391
FUND BALANCE - BEGINNING	<u>1,246,350</u>	<u>1,246,350</u>	<u>1,246,350</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,248,303</u>	<u>\$ 1,247,197</u>	<u>\$ 1,265,588</u>	<u>\$ 18,391</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and fees	\$ 353,000	\$ 353,000	\$ 360,893	\$ 7,893
Intergovernmental	15,000	322,500	320,001	(2,499)
Investment earnings	9,500	9,500	6,531	(2,969)
Miscellaneous	6,000	6,000	322	(5,678)
	<u>383,500</u>	<u>691,000</u>	<u>687,747</u>	<u>(3,253)</u>
EXPENDITURES				
Current:				
Road and bridge				
Precinct 1	163,304	163,304	159,864	3,440
Precinct 2	143,918	128,018	126,116	1,902
Precinct 3	142,197	142,197	121,290	20,907
Precinct 4	164,427	164,427	120,794	43,633
County Wide	130,000	437,500	368,999	68,501
	<u>743,846</u>	<u>1,035,446</u>	<u>897,063</u>	<u>138,383</u>
Capital outlay	300,000	15,900	556,388	(540,488)
	<u>1,043,846</u>	<u>1,051,346</u>	<u>1,453,451</u>	<u>(402,105)</u>
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>(660,346)</u>	<u>(360,346)</u>	<u>(765,704)</u>	<u>(405,358)</u>
OTHER FINANCING SOURCES				
Proceeds from disposition of assets	18,000	18,000	240,500	222,500
Transfers in	500,000	500,000	500,000	-
	<u>518,000</u>	<u>518,000</u>	<u>740,500</u>	<u>222,500</u>
NET CHANGE IN FUND BALANCE	(142,346)	157,654	(25,204)	(182,858)
FUND BALANCE - BEGINNING	<u>127,605</u>	<u>127,605</u>	<u>127,605</u>	<u>-</u>
FUND BALANCE - ENDING (DEFICIT)	<u>\$ (14,741)</u>	<u>\$ 285,259</u>	<u>\$ 102,401</u>	<u>\$ (182,858)</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,			
	2019	2018	2017	2016
Total Pension Liability:				
Service cost	\$ 187,723	184,608	\$ 173,241	\$ 178,859
Interest on total pension liability	526,265	494,060	473,244	436,667
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	-	52,073	-
Effect of economic/demographic (gains) or losses	35,454	35,687	(158,674)	44,181
Benefit payments/refunds of contributions	(349,651)	(291,235)	(297,169)	(290,355)
Net change in total pension liability	399,791	423,120	242,715	369,352
Total pension liability, beginning	6,480,799	6,057,679	5,814,964	5,445,612
Total pension liability, ending (a)	<u>\$ 6,880,590</u>	<u>6,480,799</u>	<u>\$ 6,057,679</u>	<u>\$ 5,814,964</u>
Fiduciary Net Position:				
Employer contributions	\$ 148,787	158,658	\$ 147,463	\$ 140,902
Member contributions	89,477	86,160	83,111	78,528
Investment income net of investment expenses	968,183	(113,421)	780,100	370,431
Benefit payments/refunds of contributions	(349,651)	(291,235)	(297,169)	(290,355)
Administrative expenses	(5,139)	(4,735)	(4,030)	(4,021)
Other	(2,874)	(774)	(930)	54,547
Net change in fiduciary net position	848,783	(165,347)	708,545	350,032
Fiduciary net position, beginning	5,894,962	6,060,309	5,351,764	5,001,732
Fiduciary net position, ending (b)	<u>\$ 6,743,745</u>	<u>5,894,962</u>	<u>\$ 6,060,309</u>	<u>\$ 5,351,764</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 136,845</u>	<u>585,837</u>	<u>\$ (2,630)</u>	<u>\$ 463,200</u>
Fiduciary net position as a % of total pension liability	98.01%	90.96%	100.04%	92.03%
Pensionable covered payroll	\$ 1,278,240	1,230,857	\$ 1,187,304	\$ 1,121,830
Net pension liability as a % of covered payroll	10.71%	47.60%	-0.22%	41.29%

Year Ended December 31,

2015	2014	2013	2012	2011	2010
\$ 169,108	\$ 161,733	\$ N/A	\$ N/A	\$ N/A	\$ N/A
414,343	382,961	N/A	N/A	N/A	N/A
(11,623)	-	N/A	N/A	N/A	N/A
55,658	-	N/A	N/A	N/A	N/A
(59,939)	70,159	N/A	N/A	N/A	N/A
(260,504)	(245,033)	N/A	N/A	N/A	N/A
307,043	369,820	N/A	N/A	N/A	N/A
5,138,569	4,768,749	N/A	N/A	N/A	N/A
<u>\$ 5,445,612</u>	<u>\$ 5,138,569</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 135,823	\$ 146,877	\$ N/A	\$ N/A	\$ N/A	\$ N/A
76,000	75,822	N/A	N/A	N/A	N/A
(10,034)	321,048	N/A	N/A	N/A	N/A
(260,504)	(245,033)	N/A	N/A	N/A	N/A
(3,607)	(3,750)	N/A	N/A	N/A	N/A
38,439	22,876	N/A	N/A	N/A	N/A
(23,883)	317,840	N/A	N/A	N/A	N/A
5,025,615	4,707,775	N/A	N/A	N/A	N/A
<u>\$ 5,001,732</u>	<u>\$ 5,025,615</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ 443,880</u>	<u>\$ 112,954</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
91.85%	97.80%	N/A	N/A	N/A	N/A
\$ 1,085,717	\$ 1,083,165	\$ N/A	\$ N/A	\$ N/A	\$ N/A
40.88%	10.43%	N/A	N/A	N/A	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%

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
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	10.4 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8.0%, net of 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
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
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

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 – The Records Management 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 projects of the office.

Records Preservation – The Records 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 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.

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, 2020**

Special Revenue Funds						
	Records Management	Records Preservation	Records Archives	Seized Property	Courthouse Security	Justice Court Technology
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	10,564	3,634	39,683	34,249	16,461	16,971
Total assets	\$ 10,564	\$ 3,634	\$ 39,683	\$ 34,249	\$ 16,461	\$ 16,971
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
FUND BALANCES						
Restricted:						
By enabling legislation for special projects	\$ 10,564	\$ 3,634	\$ 39,683	\$ 34,249	\$ 16,461	\$ 16,971
Committed for:						
Capital projects	-	-	-	-	-	-
Total fund balances	10,564	3,634	39,683	34,249	16,461	16,971
Total liabilities and fund balances	\$ 10,564	\$ 3,634	\$ 39,683	\$ 34,249	\$ 16,461	\$ 16,971

Continued

**HARTLEY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

Continuation

	Special Revenue Funds					
	Hot Check	Justice Building Security	District Clerk Technology	Pretrial Diversion	Truancy Prevention and Diversion	County Specialty Court
ASSETS						
Cash and cash equivalents	\$ 2,374	\$ -	\$ -	\$ 27,930	\$ -	\$ -
Due from other funds	-	3,552	719	-	3,871	856
Total assets	<u>\$ 2,374</u>	<u>\$ 3,552</u>	<u>\$ 719</u>	<u>\$ 27,930</u>	<u>\$ 3,871</u>	<u>\$ 856</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted:						
By enabling legislation for special projects	\$ 2,374	\$ 3,552	\$ 719	\$ 27,930	\$ 3,871	\$ 856
Committed for:						
Capital projects	-	-	-	-	-	-
Total fund balances	<u>2,374</u>	<u>3,552</u>	<u>719</u>	<u>27,930</u>	<u>3,871</u>	<u>856</u>
Total liabilities and fund balances	<u>\$ 2,374</u>	<u>\$ 3,552</u>	<u>\$ 719</u>	<u>\$ 27,930</u>	<u>\$ 3,871</u>	<u>\$ 856</u>

Continued

**HARTLEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020**

Continuation

	Total Special Revenue Funds	Capital Projects	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 30,304	\$ 59,137	\$ 89,441
Due from other funds	130,560	42,857	173,417
Total assets	\$ 160,864	\$ 101,994	\$ 262,858
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ -	\$ 2,970	\$ 2,970
Total liabilities	-	2,970	2,970
Fund balances:			
Restricted:			
By enabling legislation for special projects	\$ 160,864	\$ -	\$ 160,864
Committed for:			
Capital projects	-	99,024	99,024
Total fund balances	160,864	99,024	259,888
Total liabilities and fund balances	\$ 160,864	\$ 101,994	\$ 262,858

HARTLEY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds					
	Records Management	Records Preservation	Records Archives	Seized Property	Courthouse Security	Justice Court Technology
REVENUES						
Licenses and fees	\$ 14,187	\$ 1,208	\$ 11,531	\$ -	\$ 8,001	\$ 5,760
Fines and forfeitures	-	-	-	9,448	-	-
Investment earnings	28	179	425	363	166	227
Miscellaneous	-	-	-	2,600	-	-
Total revenues	<u>14,215</u>	<u>1,387</u>	<u>11,956</u>	<u>12,411</u>	<u>8,167</u>	<u>5,987</u>
EXPENDITURES						
Current:						
Administrative	5,512	9,482	125	-	-	-
Judicial	-	-	-	-	2,531	3,910
Public safety	-	-	-	6,326	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>5,512</u>	<u>9,482</u>	<u>125</u>	<u>6,326</u>	<u>2,531</u>	<u>3,910</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENDITURES	8,703	(8,095)	11,831	6,085	5,636	2,077
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8,703	(8,095)	11,831	6,085	5,636	2,077
FUND BALANCES - BEGINNING	<u>1,861</u>	<u>11,729</u>	<u>27,852</u>	<u>28,164</u>	<u>10,825</u>	<u>14,894</u>
FUND BALANCES - ENDING	<u>\$ 10,564</u>	<u>\$ 3,634</u>	<u>\$ 39,683</u>	<u>\$ 34,249</u>	<u>\$ 16,461</u>	<u>\$ 16,971</u>

HARTLEY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Continuation

	Special Revenue Funds					
	Hot Check	Justice Building Security	District Clerk Technology	Pretrial Diversion	Truancy Prevention and Diversion	County Specialty Court
REVENUES						
Licenses and fees	\$ 530	\$ 663	\$ 885	\$ 5,674	\$ -	\$ -
Fines and forfeitures	-	-	-	-	3,871	856
Investment earnings	-	43	141	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>530</u>	<u>706</u>	<u>1,026</u>	<u>5,674</u>	<u>3,871</u>	<u>856</u>
EXPENDITURES						
Current:						
Administrative	-	-	-	-	-	-
Judicial	-	-	9,478	3,500	-	-
Public safety	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>9,478</u>	<u>3,500</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENDITURES	530	706	(8,452)	2,174	3,871	856
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	530	706	(8,452)	2,174	3,871	856
FUND BALANCES - BEGINNING	<u>1,844</u>	<u>2,846</u>	<u>9,171</u>	<u>25,756</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,374</u>	<u>\$ 3,552</u>	<u>\$ 719</u>	<u>\$ 27,930</u>	<u>\$ 3,871</u>	<u>\$ 856</u>

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HARTLEY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Total Special Revenue Funds	Capital Projects	Total Nonmajor Funds
Continuation			
REVENUES			
Licenses and fees	\$ 48,439	\$ -	\$ 48,439
Fines and forfeitures	14,175	-	14,175
Interest	1,572	586	2,158
Miscellaneous	2,600	-	2,600
	<hr/>	<hr/>	<hr/>
Total revenues	66,786	586	67,372
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Administrative	15,119	-	15,119
Judicial	19,419	-	19,419
Public safety	6,326	-	6,326
Capital outlay	-	210,058	210,058
	<hr/>	<hr/>	<hr/>
Total expenditures	40,864	210,058	250,922
	<hr/>	<hr/>	<hr/>
EXCESS / (DEFICIENCY) OF REVENUES OVER / (UNDER) EXPENDITURES	25,922	(209,472)	(183,550)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	260,000	260,000
	<hr/>	<hr/>	<hr/>
SOURCES (USES)	-	260,000	260,000
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	25,922	50,528	76,450
FUND BALANCES - BEGINNING	134,942	48,496	183,438
	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING	\$ 160,864	\$ 99,024	\$ 259,888
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