

HEMPHILL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR YEAR ENDED
SEPTEMBER 30, 2023**

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

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PART I

INTRODUCTORY SECTION

HEMPHILL COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2023

Lisa Johnson	County Judge
Dawn Webb	Commissioner, Precinct #1
Tim Alexander	Commissioner, Precinct #2
Dale Schafer	Commissioner, Precinct #3
Nicholas Thomas	Commissioner, Precinct #4
Steven Emmert	Judge, 31 st Judicial District
Franklin McDonough	District Attorney
Sylvia Guerrero	District/County Clerk
Kyle Miller	County Attorney
Chris Jackson	County Tax Assessor/Collector
Kay Smallwood	County Treasurer
Brent Clapp	County Sheriff
Jay Moseley	Justice of the Peace

PART II
FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hemphill County, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Hemphill County, Texas's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Hemphill County, Texas, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions on pages 33 – 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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

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

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

December 20, 2023

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash	\$ 25,704,126
Accounts receivable, net	46,068
Delinquent taxes receivable, net	127,695
Due from other governmental entities	19,714
Prepaid expenses	148,431
Investment in real estate	40,719
Deposits	50,000
Net pension asset	5,329,347
Capital assets, net of accumulated depreciation	14,104,441
Total assets	45,570,541
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	180,803
Pension deficient earnings	379,152
Pension assumption changes	228,190
Total deferred outflows of resources	788,145
LIABILITIES	
Accounts payable	309,326
Due to other governmental entities	14,540
Noncurrent liabilities:	
Due within one year	18,834
Due in more than one year	186,222
Total liabilities	528,922
DEFERRED INFLOWS OF RESOURCES	
Pension economic/demographic gains	400,151
Pension assumption changes	53,144
Total deferred inflows of resources	453,295
NET POSITION	
Net investment in capital assets	13,996,392
Restricted:	
By enabling legislation for special projects	264,931
By donation for special projects	120,820
Unrestricted	30,994,326
Total net position	\$ 45,376,469

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary government					
Governmental Activities:					
General government	\$ 1,641,898	\$ 98,971	\$ 25,200	\$ 100,000	\$ (1,417,727)
Judicial	436,207	92,248	25,666	-	(318,293)
Public facilities	2,704,351	173,802	22,715	-	(2,507,834)
Public safety	1,638,240	19,459	530,061	12,500	(1,076,220)
Road and bridge	2,223,637	305,324	177,088	-	(1,741,225)
Public service	247,346	8,300	-	-	(239,046)
Interest on long-term debt	2,158	-	-	-	(2,158)
Total	\$ 8,893,837	\$ 698,104	\$ 780,730	\$ 112,500	(7,302,503)
General revenues:					
Property taxes, levied for general purposes					5,176,768
Property taxes, levied for road and bridge					1,873,970
Payments in lieu of taxes					293,670
Investment earnings					1,339,401
Miscellaneous					322,963
Gain on sale of capital assets					65,942
Total general revenues					9,072,714
Change in net position					1,770,211
Net position - beginning					43,606,897
Prior period adjustment					(639)
Net position - beginning, as restated					43,606,258
Net position - ending					\$ 45,376,469

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

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 21,740,852	\$ 3,196,219	\$ 767,055	\$ 25,704,126
Accounts receivable, net	46,068	-	-	46,068
Taxes receivable, net	95,714	31,981	-	127,695
Due from other funds	-	2,446,256	-	2,446,256
Due from other governments	19,714	-	-	19,714
Prepaid expenditures	135,450	4,059	8,922	148,431
Investment in real estate	40,719	-	-	40,719
Deposits	-	-	50,000	50,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 22,078,517</u>	<u>\$ 5,678,515</u>	<u>\$ 825,977</u>	<u>\$ 28,583,009</u>
LIABILITIES				
Accounts payable	\$ 193,422	\$ 70,830	\$ 45,074	\$ 309,326
Due to other funds	2,446,256	-	-	2,446,256
Due to other governmental entities	14,540	-	-	14,540
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,654,218</u>	<u>70,830</u>	<u>45,074</u>	<u>2,770,122</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	91,137	30,422	-	121,559
Unavailable revenue - other receivables	29,774	-	-	29,774
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>120,911</u>	<u>30,422</u>	<u>-</u>	<u>151,333</u>
FUND BALANCES				
Non-spendable:				
Prepaid expenditures	135,450	4,059	8,922	148,431
Restricted:				
By enabling legislation				
for special projects	-	-	264,931	264,931
By donation for special project	-	-	120,820	120,820
Committed for:				
Road and bridge operation	-	5,573,204	-	5,573,204
Juvenile probation department	213,378	-	-	213,378
Airport operation	-	-	386,230	386,230
Unassigned	18,954,560	-	-	18,954,560
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>19,303,388</u>	<u>5,577,263</u>	<u>780,903</u>	<u>25,661,554</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,078,517</u>	<u>\$ 5,678,515</u>	<u>\$ 825,977</u>	<u>\$ 28,583,009</u>

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

HEMPHILL COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total fund balance - governmental funds	\$	25,661,554
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		14,104,441
Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements.		151,333
The net pension asset is not a current financial resource and therefore, is not reported in the fund financial statement, but is reported in the governmental activities of the Statement of Net Position.		5,329,347
Pension losses, deficient earnings and assumption changes are shown as deferred outflows of resources in the government-wide financial statements.		
Pension deficient earnings		379,152
Pension assumption changes		228,190
Pension contributions paid after the measurement date, December 31, 2022, and before September 30, 2023 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.		180,803
Pension gains and excess earnings are shown as deferred outflows of resources in the government-wide financial statements.		
Pension economic/demographic gains		(400,151)
Pension assumption changes		(53,144)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:		
Capital lease payable		(108,049)
Accrued compensated absences		(97,007)
Net position - governmental activities	\$	45,376,469

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

HEMPHILL COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Road and Bridge</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 5,363,000	\$ 1,940,811	\$ -	\$ 7,303,811
Payments in lieu of taxes	293,670	-	-	293,670
Licenses and fees	156,562	305,324	160,512	622,398
Fines and forfeitures	86,120	-	-	86,120
Intergovernmental	841,243	-	23,825	865,068
Investment earnings	955,006	364,197	20,198	1,339,401
Miscellaneous	272,889	68,874	9,362	351,125
	<u>7,968,490</u>	<u>2,679,206</u>	<u>213,897</u>	<u>10,861,593</u>
EXPENDITURES				
Current:				
General government	1,718,105	-	-	1,718,105
Judicial	469,314	-	2,343	471,657
Public facilities	1,848,896	-	188,856	2,037,752
Public safety	1,399,861	-	12,603	1,412,464
Road and bridge	118,915	1,714,128	-	1,833,043
Public service	254,024	-	-	254,024
Debt service:				
Principal	17,137	-	-	17,137
Interest	2,158	-	-	2,158
Capital outlay	200,518	96,968	-	297,486
	<u>6,028,928</u>	<u>1,811,096</u>	<u>203,802</u>	<u>8,043,826</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,939,562</u>	<u>868,110</u>	<u>10,095</u>	<u>2,817,767</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	50,210	-	-	50,210
Transfers in	15,000	-	10,000	25,000
Transfers out	(10,000)	-	(15,000)	(25,000)
	<u>55,210</u>	<u>-</u>	<u>(5,000)</u>	<u>50,210</u>
NET CHANGE IN FUND BALANCES	1,994,772	868,110	5,095	2,867,977
FUND BALANCES - BEGINNING	<u>17,308,616</u>	<u>4,709,153</u>	<u>775,808</u>	<u>22,793,577</u>
FUND BALANCES - ENDING	<u><u>\$ 19,303,388</u></u>	<u><u>\$ 5,577,263</u></u>	<u><u>\$ 780,903</u></u>	<u><u>\$ 25,661,554</u></u>

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

HEMPHILL COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total governmental funds:	\$	2,867,977
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<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>		
This is the amount by which capital outlays, \$297,486, were exceeded by depreciation, \$1,653,773, in the current period.		(1,356,287)
<p>In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the 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 disposed of.</p>		
		(6,768)
<p>The Statement of Activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.</p>		
		22,500
<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>		
		(263,487)
<p>In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p>		
<p>Principal repayments:</p>		
Capital lease financing		17,137
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Compensated absences, net change		5,333
Deferred outflows of resources - pension		151,921
Deferred inflows of resources - pension		3,047,610
Net pension asset, net change		(2,715,725)
		(2,715,725)
Change in net position - governmental activities	\$	1,770,211

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

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

	ASSETS	Custodial Funds
Cash and cash equivalents		\$ 712,427
Total assets		<u>712,427</u>
	LIABILITIES	
Accounts payable		5,617
Due to other governments		<u>55,678</u>
Total liabilities		<u>61,295</u>
	NET POSITION	
Restricted for: Individuals		<u>651,132</u>
Total net position		<u><u>\$ 651,132</u></u>

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

HEMPHILL COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
Additions	
Tax collections	\$ 18,937,645
Trust/Escrow contributions	515,476
Inmate accounts	13,642
Investment earnings	<u>28,201</u>
Total additions	<u>19,494,964</u>
 Deductions	
Payments to local governments	18,932,910
Trust/Escrow disbursements	298,171
Inmate accounts	<u>13,721</u>
Total deductions	<u>19,244,802</u>
 NET CHANGE IN NET POSITION	 250,162
 NET POSITION - BEGINNING	 <u>400,970</u>
 NET POSITION - ENDING	 <u><u>\$ 651,132</u></u>

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hemphill 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 1876, is a public corporation and political subdivision of the State of Texas. The County is governed by the Commissioner’s 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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

Government-Wide Statements – Continuation

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

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

Fund-Level Statements

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

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

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

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 and other taxes, licenses and fees, intergovernmental revenues and investment earnings. Primary expenditures are for administrative, judicial, public facilities, public safety, road and bridge, public service, debt service, and capital acquisition.

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

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.

Additionally, the County reports the following fund types:

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

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

C. Use of Estimates

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

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

1. Deposits and Investments

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

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

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

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

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.

Charges for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$1,053,619.

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. Tax collections during the months of October through December are entitled to discounts offered by the County. 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 \$135,532.

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 restoration of public records, establishment and maintenance of the law library, personnel and security for the courthouse, technology requirements for the justice court, enhancement of the county attorney operations with fees from processing dishonored and forged checks, maintenance of the commissary in the Sheriff’s Department, administration of pre-trial diversion programs, training to increase the ethical standards and education of law enforcement officers, funding to pay correctional officers for incarcerating undocumented criminals, and enhancement of the Sheriff operations through the seizure of confiscated assets). All restrictions are enacted according to Texas statutes.
- In addition to the statutory restrictions, the County has also received funds from outside donors. Those donations are restricted by the donors for operations of the County Library.

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

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

6. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. The County has opted to retroactively report infrastructure assets (assets acquired prior to October 1, 2003). According to the County’s capitalization policy, capital assets 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	7 - 30 years
Machinery and equipment	3 - 20 years
Infrastructure	7 - 30 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow or 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.

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

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

8. 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.

9. 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.

The County provides compensated vacation leave for all full-time regular employees. Employees earn the vacation leave on a per month basis of employment and earn greater amounts for longer term employment with the County. The maximum amount of unused vacation an employee is allowed to have at one time is the amount the employee would normally earn in one year at that employee's current accrued rate plus five additional work-days. Employees are not allowed to receive pay for vacation in lieu of taking time off except upon termination of employment with the County. Accrued compensated vacation time is accrued in the government-wide financial statements.

10. 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.

Continued

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

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

10. Fund Balances – Continuation

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.

11. Net Position

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

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

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

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

12. 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.

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

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 Special Revenue Funds.
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 the General Fund and 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 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

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation

Expenditures exceeded the budget in various departments of the General Fund.

Action Taken

A combination of underspending in other departments have covered such overspending.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Cash and deposit balances consist of:

Petty cash funds	\$ 1,362
Bank deposits	26,415,191
	26,415,191
Total	\$ 26,416,553
	26,416,553

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

Government-wide Statement of Net Position:	
Unrestricted	\$ 25,704,126
Fiduciary Funds Statement of Net Position	712,427
	712,427
Total	\$ 26,416,553
	26,416,553

Custodial credit risk – deposits. As of September 30, 2023, the carrying amount of the County's deposits with financial institutions was \$26,415,191 and the banks’ balance was \$26,468,378. Of the bank balance, \$636,609 was insured through the Federal Depository Insurance Corporation (FDIC) and the remaining \$25,831,769 was collateralized with letters of credit held by the pledging institution’s agent in the County’s name.

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.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single insurer. As of September 30, 2023, 100% of the County’s carrying value of cash deposited with the County’s depository banks and was adequately secured as described above.

NOTE 4 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is \$0.80 on each \$100 of assessed valuation. The tax rate on the 2022 tax roll was \$0.33 per \$100, which means that the County has a tax margin of \$0.47 per \$100 and could raise up to \$6,771,387 additional revenue from the 2022 assessed valuation of \$1,431,576,504 before the limit is reached.

The State of Texas Constitutional tax rate limit for the maintenance of farm-to-market roads is \$0.30 on each \$100 of assessed valuation. The tax rate on the 2022 tax roll was \$0.12 per \$100, which means that the County has a tax margin of \$0.18 per \$100 and could raise up to \$2,581,733 additional revenue from the 2022 assessed valuation of \$1,434,295,964 before the limit is reached.

Continued

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

NOTE 4 – PROPERTY TAX – Continuation

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 in October through December are entitled to discounts offered by the County. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

NOTE 5 – 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 opted to report its infrastructure retroactively.

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

	Beginning Balance	Increases	Decreases	Transfers / Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 363,713	\$ -	\$ -	\$ -	\$ 363,713
Leased land	91,364	-	-	-	91,364
Construction in progress	-	32,605	-	-	32,605
	<u>455,077</u>	<u>32,605</u>	<u>-</u>	<u>-</u>	<u>487,682</u>
Total capital assets, not being depreciated					
	<u>455,077</u>	<u>32,605</u>	<u>-</u>	<u>-</u>	<u>487,682</u>
Capital assets, being depreciated					
Buildings and improvements	22,362,856	-	-	-	22,362,856
Machinery and equipment	11,885,360	287,381	(120,165)	-	12,052,576
Leased equipment	66,093	-	-	-	66,093
Infrastructure	6,558,127	-	-	-	6,558,127
	<u>40,872,436</u>	<u>287,381</u>	<u>(120,165)</u>	<u>-</u>	<u>41,039,652</u>
Total capital assets, being depreciated					
	<u>40,872,436</u>	<u>287,381</u>	<u>(120,165)</u>	<u>-</u>	<u>41,039,652</u>
Less accumulated depreciation for:					
Buildings and improvements	(11,413,270)	(957,970)	-	-	(12,371,240)
Machinery and equipment	(10,128,319)	(514,429)	113,397	-	(10,529,351)
Leased equipment	(32,910)	(17,029)	-	-	(49,939)
Infrastructure	(4,308,018)	(164,345)	-	-	(4,472,363)
	<u>(25,882,517)</u>	<u>(1,653,773)</u>	<u>113,397</u>	<u>-</u>	<u>(27,422,893)</u>
Total accumulated depreciation					
	<u>(25,882,517)</u>	<u>(1,653,773)</u>	<u>113,397</u>	<u>-</u>	<u>(27,422,893)</u>
Total capital assets, being depreciated, net					
	<u>14,989,919</u>	<u>(1,366,392)</u>	<u>(6,768)</u>	<u>-</u>	<u>13,616,759</u>
Governmental activities capital assets, net					
	<u>\$ 15,444,996</u>	<u>\$ (1,333,787)</u>	<u>\$ (6,768)</u>	<u>\$ -</u>	<u>\$ 14,104,441</u>

Continued

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

NOTE 5 – CAPITAL ASSETS – Continuation

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

Governmental activities	
General government	\$ 21,857
Judicial	4,282
Public safety	337,559
Public facilities	767,352
Road and bridge	522,723
	<hr/>
Total Depreciation expense	\$ 1,653,773
	<hr/> <hr/>

NOTE 6 – RETIREMENT PLAN

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

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

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

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

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	72
Active employees	60

Continued

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

NOTE 6 – RETIREMENT PLAN – Continuation

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

The County contributed using the actuarially determined rate of 1.49% plus an additional 6.51% for the months of the accounting year in 2022 and the actuarially determined rate of 0.00% plus an additional 8.00% for the months of the accounting year in 2023. The contribution rate payable by the employee members is 7.0% for fiscal year 2023 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

The actuarial assumptions that determined the total pension liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Continued

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

NOTE 6 – RETIREMENT PLAN – Continuation

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

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

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

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	3.00%

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Note that the valuation assumption for the long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

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

NOTE 6 – RETIREMENT PLAN – Continuation

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

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

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

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

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Continued

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

NOTE 6 – RETIREMENT PLAN – Continuation

Discount Rate: The discount rate used to measure the total pension liability was 7.60%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, 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 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued

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

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, 2021	\$ 19,554,959	\$ 27,600,031	\$ (8,045,072)
Changes for the year:			
Service cost	421,448	-	421,448
Interest on total pension liability (1)	1,469,845	-	1,469,845
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(398,926)	-	(398,926)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(25,031)	(25,031)	-
Benefit payments	(1,271,379)	(1,271,379)	-
Administrative expenses	-	(14,698)	14,698
Member contributions	-	202,597	(202,597)
Net investment income	-	(1,544,419)	1,544,419
Employer contributions	-	231,503	(231,503)
Other (3)	-	(98,341)	98,341
Balances as of December 31, 2022	<u>\$ 19,750,916</u>	<u>\$ 25,080,263</u>	<u>\$ (5,329,347)</u>

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

(2) No plan changes valued.

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

Sensitivity of the net pension liability / (asset) to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County’s net pension liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 22,093,315	\$ 19,750,916	\$ 17,769,838
Fiduciary net position	<u>25,080,263</u>	<u>25,080,263</u>	<u>25,080,263</u>
Net pension liability / (asset)	<u>\$ (2,986,948)</u>	<u>\$ (5,329,347)</u>	<u>\$ (7,310,425)</u>

Continued

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

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):

	<u>January 1, 2022 to December 31, 2022</u>
Service cost	\$ 421,448
Interest on total pension liability (1)	1,469,845
Effect of plan changes	-
Administrative expenses	14,698
Member contributions	(202,597)
Expected investment return net of investment expenses	(2,061,218)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(192,698)
Recognition of assumption changes or inputs	175,044
Recognition of investment gains or losses	33,784
Other (2)	<u>98,341</u>
 Pension expense / (income)	 <u><u>\$ (243,353)</u></u>

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

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

Deferred Inflows / Outflows of Resources: As of September 30, 2023, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 400,151	\$ -
Changes of assumptions	53,144	228,190
Net difference between projected and actual earnings	-	379,152
Contributions made subsequent to measurement date	N/A	180,803

Continued

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

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:	
2023	\$ (389,502)
2024	(139,909)
2025	(37,671)
2026	721,129
2027	-
Thereafter	-

NOTE 7 – POSTEMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN

Plan Description

Hemphill 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. Hemphill County, Texas contributions to the GTLF for the years ended September 30, 2023, 2022 and 2021, were \$5,479, \$7,778, and \$7,021, respectively, which equaled the contractually required contributions each year.

NOTE 8 – CONCENTRATION OF TAXPAYERS

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

Taxpayer	Industry	Taxes	Percent of Total Levy
Taxpayer A	Oil & Gas	\$ 904,730	14.04 %
Taxpayer B	Oil & Gas	527,963	8.19
Taxpayer C	Oil & Gas	364,391	5.65
Taxpayer D	Railroad	341,608	5.30

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

NOTE 9 – TAX ABATEMENTS

During the year ended September 30, 2013, Hemphill County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business’ property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Hemphill County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a minimum capacity of 70 megawatts and an anticipated addition of \$1,000,000 of eligible property to the tax roll. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner’s tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$2,600 per megawatt of turbine nameplate capacity during the abatement period, this resulted in payments in lieu of taxes for the current year of \$293,670.

For the fiscal year ended September 30, 2023, Hemphill County abated property taxes totaling \$164,075 under this program, including the following tax abatement agreements:

- A 100 percent tax abatement to Miami Wind I, LLC, and the abatement amounted to \$164,075.

NOTE 10 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual Fund Inter-fund Receivables and Payables

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ -	\$ 2,446,256
Special Revenue:		
Road and bridge	2,446,256	-
	\$ 2,446,256	\$ 2,446,256

The primary purpose of inter-fund receivables and payables are the reimbursement of the special revenue funds for cash expenditures made on behalf of the General Fund.

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ 15,000	\$ 10,000
Special Revenue:		
Airport	10,000	15,000
	\$ 25,000	\$ 25,000

Transfers are primarily used to take unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

NOTE 11 – LONG-TERM LIABILITIES

The County has entered into multiple capital leases for copiers and postage machines. The interest rates range from 1.098% - 2.291%, with various maturity dates from the fiscal year ending September 30, 2024 to the fiscal year ending September 30, 2027.

The County has entered into a capital lease for the right to use private land for the placement of a communications tower. The total payments on the lease increase by 2% each year. The lease bears an interest rate of 2.607%, with an initial maturity date of May 1, 2071, but with an option for a 10-year extension that the County is planning on exercising when the time comes.

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 125,186	\$ -	\$ (17,137)	\$ 108,049	\$ 9,134
Compensated absences	102,340	128,748	(134,081)	97,007	9,700
 Governmental activity long-term liabilities	 <u>\$ 227,526</u>	 <u>\$ 128,748</u>	 <u>\$ (151,218)</u>	 <u>\$ 205,056</u>	 <u>\$ 18,834</u>

The County incurred interest expense of \$2,158 during the fiscal year ended September 30, 2023.

The annual debt service requirement on long-term liabilities outstanding as of September 30, 2023 is as follows:

Fiscal Year	Total	Capital leases			
		Land		Equipment	
		Interest	Principal	Interest	Principal
2024	\$ 11,112	\$ 1,831	\$ -	\$ 147	\$ 9,134
2025	5,454	1,687	-	87	3,680
2026	5,672	1,905	-	47	3,720
2027	3,826	1,943	-	8	1,875
2028	1,981	1,981	-	-	-
2029-2033	10,518	10,518	-	-	-
2034-2038	11,615	11,502	113	-	-
2039-2043	12,821	11,622	1,199	-	-
2044-2048	14,156	11,388	2,768	-	-
2049-2053	15,629	10,930	4,699	-	-
2054-2058	17,256	10,200	7,056	-	-
2059-2063	19,052	9,137	9,915	-	-
2064-2068	21,035	7,671	13,364	-	-
2069-2073	23,224	5,721	17,503	-	-
2074-2078	25,641	3,190	22,451	-	-
2079-2080	10,989	417	10,572	-	-
	<u>\$ 209,981</u>	<u>\$ 101,643</u>	<u>\$ 89,640</u>	<u>\$ 289</u>	<u>\$ 18,409</u>

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

NOTE 12 – RISK MANAGEMENT

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

NOTE 13 – PROBATION DEPARTMENT

Community Supervision and Corrections (Adult Probation)

The 31st District CSCD is a joint venture between Wheeler, Lipscomb, Hemphill and Roberts Counties. The County’s local funding to this department for the year ended September 30, 2023 was \$3,248. There is not an issued audit opinion on the restitution, probation fees, or any county funding.

NOTE 14 – PRIOR PERIOD RESTATEMENT

The prior period net assets were reduced due to the implementation of GASB Statement 87 – *Leases*. The statements requires the recording of long-term right to use assets, “leased equipment” and “leased land” and the corresponding long-term obligation of the leases on the Statement of Net Position.

	Governmental Activities
Net book value of leased assets at October 1, 2022	\$ 124,547
Carrying value of capital lease liability for leased assets at October 1, 2022	(125,186)
 Prior period adjustment - government-wide statement of activities	 \$ (639)

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 4,541,658	\$ 4,541,658	\$ 5,363,000	\$ 821,342
Payments in lieu of taxes	293,410	293,410	293,670	260
Licenses and fees	114,000	114,000	156,562	42,562
Fines and forfeitures	68,000	68,000	86,120	18,120
Intergovernmental	1,057,840	1,057,840	841,243	(216,597)
Investment earnings	70,000	70,000	955,006	885,006
Miscellaneous	68,000	79,500	272,889	193,389
	<u>6,212,908</u>	<u>6,224,408</u>	<u>7,968,490</u>	<u>1,744,082</u>
EXPENDITURES				
Current:				
General government				
General assistance	917,143	912,143	709,383	202,760
County and District Clerk	311,749	311,749	303,030	8,719
County Treasurer	116,338	116,338	108,329	8,009
County Tax Assessor/Collector	285,692	285,692	274,987	10,705
County Judge	322,622	322,622	322,376	246
	<u>1,953,544</u>	<u>1,948,544</u>	<u>1,718,105</u>	<u>230,439</u>
Judicial				
General assistance	91,000	91,000	83,585	7,415
Jury and election	50,450	50,450	49,574	876
District court	84,691	84,691	62,277	22,414
County Attorney	151,274	151,274	126,308	24,966
Justice of the Peace	153,310	153,310	147,570	5,740
	<u>530,725</u>	<u>530,725</u>	<u>469,314</u>	<u>61,411</u>
Public facilities				
Museum, golf, rodeo, historical	41,500	41,500	39,655	1,845
Jail operations	551,187	551,187	520,080	31,107
Facilities, landfill	775,500	754,300	687,497	66,803
Cemetery	70,200	70,200	54,899	15,301
Complex	259,261	299,461	285,579	13,882
Library	266,027	279,527	261,186	18,341
	<u>1,963,675</u>	<u>1,996,175</u>	<u>1,848,896</u>	<u>147,279</u>

Continued

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

Continuation	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Public safety				
General assistance	\$ 45,000	\$ 45,000	\$ 53,845	\$ (8,845)
Juvenile Probation Department *	359,791	359,791	416,364	(56,573)
Local juvenile probation	83,799	83,799	82,907	892
Canadian fire department	130,000	130,000	76,739	53,261
County Sheriff	965,897	965,897	770,006	195,891
Total public safety	<u>1,584,487</u>	<u>1,584,487</u>	<u>1,399,861</u>	<u>184,626</u>
Road and bridge				
Maintenance	<u>120,000</u>	<u>120,000</u>	<u>118,915</u>	<u>1,085</u>
Total road and bridge	<u>120,000</u>	<u>120,000</u>	<u>118,915</u>	<u>1,085</u>
Public service				
General assistance	62,900	67,900	61,352	6,548
Extension services	183,452	183,452	192,672	(9,220)
Total public services	<u>246,352</u>	<u>251,352</u>	<u>254,024</u>	<u>(2,672)</u>
Debt service:				
Principal	-	-	17,137	(17,137)
Interest	-	-	2,158	(2,158)
Total debt service	<u>-</u>	<u>-</u>	<u>19,295</u>	<u>(19,295)</u>
Capital outlay	<u>654,124</u>	<u>635,124</u>	<u>200,518</u>	<u>434,606</u>
Total expenditures	<u>7,052,907</u>	<u>7,066,407</u>	<u>6,028,928</u>	<u>1,037,479</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(839,999)</u>	<u>(841,999)</u>	<u>1,939,562</u>	<u>2,781,561</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	50,210	50,210
Transfers in	850,000	850,000	15,000	(835,000)
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total other financing sources / (uses)	<u>840,000</u>	<u>840,000</u>	<u>55,210</u>	<u>(784,790)</u>
NET CHANGE IN FUND BALANCE	1	(1,999)	1,994,772	1,996,771
FUND BALANCE - BEGINNING	<u>17,308,616</u>	<u>17,308,616</u>	<u>17,308,616</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 17,308,617</u>	<u>\$ 17,306,617</u>	<u>\$ 19,303,388</u>	<u>\$ 1,996,771</u>

* - This department is budgeted on an August 31 year end based on the requirements of the State. The actual amounts are based on the September 30 year end of Hemphill County.

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,656,521	\$ 1,656,521	\$ 1,940,811	\$ 284,290
Licenses and fees	263,800	263,800	305,324	41,524
Intergovernmental	20,900	20,900	-	(20,900)
Investment earnings	29,500	29,500	364,197	334,697
Miscellaneous	33,900	36,400	68,874	32,474
	<u>2,004,621</u>	<u>2,007,121</u>	<u>2,679,206</u>	<u>672,085</u>
EXPENDITURES				
Current:				
Road and bridge				
Precinct 1	368,628	383,628	395,098	(11,470)
Precinct 2	368,715	383,715	317,955	65,760
Precinct 3	634,974	637,474	489,321	148,153
Precinct 4	552,359	552,359	511,754	40,605
	<u>1,924,676</u>	<u>1,957,176</u>	<u>1,714,128</u>	<u>243,048</u>
Capital outlay				
Precinct 3	64,458	64,458	15,750	48,708
Precinct 4	68,803	68,803	81,218	(12,415)
	<u>333,261</u>	<u>303,261</u>	<u>96,968</u>	<u>206,293</u>
Total expenditures	<u>2,257,937</u>	<u>2,260,437</u>	<u>1,811,096</u>	<u>449,341</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(253,316)</u>	<u>(253,316)</u>	<u>868,110</u>	<u>1,121,426</u>
OTHER FINANCING SOURCES				
Transfers in	253,316	253,316	-	(253,316)
Total other financing sources	<u>253,316</u>	<u>253,316</u>	<u>-</u>	<u>(253,316)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>868,110</u>	<u>868,110</u>
FUND BALANCE - BEGINNING	<u>4,709,153</u>	<u>4,709,153</u>	<u>4,709,153</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,709,153</u>	<u>\$ 4,709,153</u>	<u>\$ 5,577,263</u>	<u>\$ 868,110</u>

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

	Year Ended December 31,			
	2022	2021	2020	2019
Total Pension Liability:				
Service cost	\$ 421,448	410,250	388,134	384,980
Interest on total pension liability	1,469,845	1,453,565	1,424,437	1,367,085
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	(159,434)	912,757	-
Effect of economic/demographic (gains) or losses	(398,926)	(266,794)	(48,106)	31,965
Benefit payments/refunds of contributions	(1,296,410)	(1,174,945)	(1,142,588)	(1,018,095)
Net change in total pension liability	195,957	262,642	1,534,634	765,935
Total pension liability, beginning	19,554,958	19,292,316	17,757,682	16,991,747
Total pension liability, ending (a)	<u>\$ 19,750,915</u>	<u>\$ 19,554,958</u>	<u>\$ 19,292,316</u>	<u>\$ 17,757,682</u>
Fiduciary Net Position:				
Employer contributions	\$ 231,503	229,101	292,915	289,311
Member contributions	202,597	200,464	205,039	202,518
Investment income net of investment expenses	(1,544,419)	5,039,907	2,247,303	3,149,429
Benefit payments/refunds of contributions	(1,296,410)	(1,174,945)	(1,142,588)	(1,018,095)
Administrative expenses	(14,698)	(14,932)	(17,075)	(16,587)
Other	(98,341)	(14,691)	(16,918)	(14,986)
Net change in fiduciary net position	(2,519,768)	4,264,904	1,568,676	2,591,590
Fiduciary net position, beginning	27,600,030	23,335,126	21,766,450	19,174,860
Fiduciary net position, ending (b)	<u>\$ 25,080,262</u>	<u>\$ 27,600,030</u>	<u>\$ 23,335,126</u>	<u>\$ 21,766,450</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (5,329,347)</u>	<u>\$ (8,045,072)</u>	<u>\$ (4,042,810)</u>	<u>\$ (4,008,768)</u>
Fiduciary net position as a % of total pension liability	126.98%	141.14%	120.96%	122.57%
Pensionable covered payroll	\$ 2,894,245	\$ 2,863,773	\$ 2,929,134	\$ 2,893,116
Net pension liability as a % of covered payroll	-184.14%	-280.93%	-138.02%	-138.56%

Year Ended December 31,

2018	2017	2016	2015	2014	2013
384,859	\$ 360,652	\$ 438,948	\$ 425,797	\$ 401,174	\$ N/A
1,326,464	1,283,776	1,229,294	1,178,050	1,131,926	N/A
-	-	-	(67,541)	-	N/A
-	159,990	-	173,884	-	N/A
(187,440)	(178,985)	(94,454)	(136,516)	(118,691)	N/A
(1,026,752)	(1,214,858)	(884,800)	(905,497)	(912,727)	N/A
497,131	410,575	688,988	668,177	501,682	N/A
16,494,616	16,084,041	15,395,053	14,726,876	14,225,194	N/A
<u>\$ 16,991,747</u>	<u>\$ 16,494,616</u>	<u>\$ 16,084,041</u>	<u>\$ 15,395,053</u>	<u>\$ 14,726,876</u>	<u>\$ N/A</u>
288,383	\$ 276,748	\$ 1,582,316	\$ 599,593	\$ 588,309	\$ N/A
201,872	193,722	203,809	209,857	206,014	N/A
(380,853)	2,650,305	1,190,170	(180,148)	1,032,376	N/A
(1,026,752)	(1,214,858)	(884,800)	(905,497)	(912,727)	N/A
(15,401)	(13,381)	(12,927)	(11,641)	(12,210)	N/A
(13,963)	(10,103)	71,838	77,066	(24,841)	N/A
(946,714)	1,882,433	2,150,406	(210,770)	876,921	N/A
20,121,574	18,239,141	16,088,735	16,299,505	15,422,584	N/A
<u>\$ 19,174,860</u>	<u>\$ 20,121,574</u>	<u>\$ 18,239,141</u>	<u>\$ 16,088,735</u>	<u>\$ 16,299,505</u>	<u>\$ N/A</u>
<u>\$ (2,183,113)</u>	<u>\$ (3,626,958)</u>	<u>\$ (2,155,100)</u>	<u>\$ (693,682)</u>	<u>\$ (1,572,629)</u>	<u>\$ N/A</u>
112.85%	121.99%	113.40%	104.51%	110.68%	N/A
\$ 2,883,882	\$ 2,767,455	\$ 2,911,563	\$ 2,997,950	\$ 2,941,563	\$ N/A
-75.70%	-131.06%	-74.02%	-23.14%	-53.46%	N/A

HEMPHILL COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 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	\$ 203,628	\$ 598,496	\$ (394,868)	\$ 2,992,478	20.0%
2016	162,565	1,602,308	(1,439,743)	3,011,540	53.2%
2017	123,450	338,419	(214,969)	2,718,266	12.4%
2018	67,118	288,887	(221,769)	2,888,874	10.0%
2019	31,868	285,379	(253,511)	2,853,792	10.0%
2020	19,492	297,224	(277,732)	2,972,240	10.0%
2021	3,956	243,326	(239,370)	2,864,991	8.5%
2022	32,008	228,264	(196,256)	2,853,305	8.0%
2023	11,116	240,488	(229,372)	3,006,102	8.0%

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

Notes to Schedule:

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation
Investment rate of return	7.50%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the PUB-2010 General Retirees Table for males and 120% of the PUB-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Law Library – The Law Library Fund accounts a statutory fee from each civil case filed in a County or District Court that is restricted to the establishment and maintenance of a law library for the use of the judges and litigants of the County.

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

Airport – The Airport Fund accounts for funds received from outside parties as well as payments from the Canadian Chamber of Commerce for the benefit of the County Airport. The funds are committed by the Commissioners' Court for the maintenance, operation and improvement of the Airport.

County Records Preservation – The County Records Preservation Fund accounts for revenues from fees collected on criminal and civil court cases by the District and County Clerk. The revenues are to be used for specific records preservation projects in any office in the County.

Clerk Records Preservation – The Clerk Records Preservation Fund accounts for revenues from fees collected on criminal and civil court cases by the District and County Clerk. The revenues are to be used for specific records preservation projects in offices of the County and District Clerks.

Justice Court Technology Fund – The Justice Court Technology Fund accounts for fees collected by the County Clerk from all defendants convicted of a misdemeanor offense in a Justice Court. The fees are dedicated by law to be expended only for the costs of continuing education for justice court judges and clerks regarding technological enhancements for justice courts and the costs of those enhancements.

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

LEOSE – The LEOSE Fund accounts for funds received from the State of Texas to be used to increase the ethical standards and education of law enforcement officers within the County.

Library – The Library Fund accounts for funds received from outside donors for the benefit of the County Library. The funds are restricted by the donors for the operation of the Library.

SCAAP – The SCAAP Fund accounts for grant funds from the State of Texas awarded to Hemphill County. The funds are to be used to pay for correctional officer salary costs for incarcerating undocumented criminal aliens.

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

Sheriff's Seizure – The Sheriff's Seizure Fund accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized by law enforcement officers. The funds are dedicated by law to be used solely for law enforcement purposes.

Pre-Trial Diversion – The Pre-Trial Diversion Fund accounts for fees collected for application to a pre-trial intervention program. The fees support the cost to administer the program.

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

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

Court Reporter Services – The Court Reporter Services Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to be used to maintain a court reporter who is available for assignment in the court.

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

County Dispute Resolution – The County Dispute Resolution Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to establish and maintain an alternative dispute resolution system in accordance with Chapter 152, Civil Practice and Remedies Code.

Court Initiated Guardian – The Court Initiated Guardian Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to supplement other available funds to pay the compensation of a guardian ad litem appointed by the Court, pay the compensation of an attorney ad litem appointed by the court, and fund local guardianship programs that provide guardians for indigent incapacitated persons.

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

Public Probate Administration – The Public Probate Administration Fund accounts for fees collected by all defendants convicted in the County or District Court. The fees are dedicated by law to support the office of public probate administrator.

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

	<u>Law Library</u>	<u>Security Fee</u>	<u>Airport</u>
ASSETS			
Cash and cash equivalents	\$ 19,654	\$ 84,266	\$ 380,994
Prepaid expenses	-	-	8,922
Deposits	-	-	50,000
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 19,654</u>	<u>\$ 84,266</u>	<u>\$ 439,916</u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,764</u>
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>44,764</u>
FUND BALANCES			
Non-spendable:			
Prepaid expenditures	-	-	8,922
Restricted:			
By enabling legislation for special projects	19,654	84,266	-
By donation for special project	-	-	
Committed for:			
Special projects	-	-	386,230
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>19,654</u>	<u>84,266</u>	<u>395,152</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 19,654</u>	<u>\$ 84,266</u>	<u>\$ 439,916</u>

<u>County Records Preservation</u>	<u>Clerk Records Preservation</u>	<u>Justice Court Technology</u>	<u>County Attorney Check Collection</u>	<u>LEOSE</u>	<u>Library</u>
\$ 24,321	\$ 12,389	\$ 2,323	\$ 9,101	\$ 13,235	\$ 121,130
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 24,321</u>	<u>\$ 12,389</u>	<u>\$ 2,323</u>	<u>\$ 9,101</u>	<u>\$ 13,235</u>	<u>\$ 121,130</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310</u>
-	-	-	-	-	-
24,321	12,389	2,323	9,101	13,235	-
-	-	-	-	-	120,820
-	-	-	-	-	-
<u>24,321</u>	<u>12,389</u>	<u>2,323</u>	<u>9,101</u>	<u>13,235</u>	<u>120,820</u>
<u>\$ 24,321</u>	<u>\$ 12,389</u>	<u>\$ 2,323</u>	<u>\$ 9,101</u>	<u>\$ 13,235</u>	<u>\$ 121,130</u>

Continued

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

Continuation	<u>SCAAP</u>	<u>Sheriff Commissary</u>	<u>Sheriff's Seizure</u>
ASSETS			
Cash and cash equivalents	\$ 53,230	\$ 13,885	\$ 10,865
Prepaid expenses	-	-	-
Deposits	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 53,230</u>	<u>\$ 13,885</u>	<u>\$ 10,865</u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-spendable:			
Prepaid expenditures	-	-	-
Restricted:			
By enabling legislation for special projects	53,230	13,885	10,865
By donation for special project	-	-	-
Committed for:			
Special projects	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>53,230</u>	<u>13,885</u>	<u>10,865</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 53,230</u>	<u>\$ 13,885</u>	<u>\$ 10,865</u>

<u>Pre-Trial Diversion</u>	<u>Clerk's Tech Fund</u>	<u>Court Facility Fee</u>	<u>Court Reporter Services</u>	<u>Language Access</u>	<u>County Dispute Resolution</u>
\$ 4,429	\$ 9,181	\$ 2,252	\$ 4,489	\$ 366	\$ 615
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,429</u>	<u>\$ 9,181</u>	<u>\$ 2,252</u>	<u>\$ 4,489</u>	<u>\$ 366</u>	<u>\$ 615</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
4,429	9,181	2,252	4,489	366	615
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,429</u>	<u>9,181</u>	<u>2,252</u>	<u>4,489</u>	<u>366</u>	<u>615</u>
<u>\$ 4,429</u>	<u>\$ 9,181</u>	<u>\$ 2,252</u>	<u>\$ 4,489</u>	<u>\$ 366</u>	<u>\$ 615</u>

Continued

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

Continuation	<u>Court Initiated Guardian</u>	<u>Judicial Education and Support</u>	<u>Public Probate Administration</u>
ASSETS			
Cash and cash equivalents	\$ 220	\$ 30	\$ 80
Prepaid expenses	-	-	-
Deposits	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 220</u>	<u>\$ 30</u>	<u>\$ 80</u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-spendable:			
Prepaid expenditures	-	-	-
Restricted:			
By enabling legislation for special projects	220	30	80
By donation for special project	-	-	-
Committed for:			
Special projects	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>220</u>	<u>30</u>	<u>80</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 220</u>	<u>\$ 30</u>	<u>\$ 80</u>

**Total
Non-Major
Governmental
Funds**

\$ 767,055
8,922

50,000

\$ 825,977

\$ 45,074

45,074

8,922

264,931
120,820

386,230

780,903

\$ 825,977

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

	<u>Law Library</u>	<u>Security Fee</u>	<u>Airport</u>
REVENUES			
Licenses and fees	\$ 2,542	\$ 3,654	\$ 139,492
Intergovernmental	-	-	7,053
Interest	-	-	18,726
Miscellaneous	-	-	6,018
	<u>2,542</u>	<u>3,654</u>	<u>171,289</u>
EXPENDITURES			
Current:			
Judicial	1,632	-	-
Public facilities	-	-	188,297
Public safety	-	-	-
	<u>1,632</u>	<u>-</u>	<u>188,297</u>
Total expenditures	<u>1,632</u>	<u>-</u>	<u>188,297</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>910</u>	<u>3,654</u>	<u>(17,008)</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	10,000
Transfers out	-	-	(15,000)
	<u>-</u>	<u>-</u>	<u>(5,000)</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>(5,000)</u>
NET CHANGE IN FUND BALANCES	910	3,654	(22,008)
FUND BALANCES - BEGINNING	<u>18,744</u>	<u>80,612</u>	<u>417,160</u>
FUND BALANCES - ENDING	<u>\$ 19,654</u>	<u>\$ 84,266</u>	<u>\$ 395,152</u>

<u>County Records Preservation</u>	<u>Clerk Records Preservation</u>	<u>Justice Court Technology</u>	<u>County Attorney Check Collection</u>	<u>LEOSE</u>	<u>Library</u>
\$ 6,644	\$ 1,410	\$ 52	\$ 63	\$ 1,197	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,644</u>	<u>1,410</u>	<u>52</u>	<u>63</u>	<u>1,197</u>	<u>-</u>
-	-	417	-	-	-
-	-	-	-	-	559
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>417</u>	<u>-</u>	<u>-</u>	<u>559</u>
<u>6,644</u>	<u>1,410</u>	<u>(365)</u>	<u>63</u>	<u>1,197</u>	<u>(559)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,644</u>	<u>1,410</u>	<u>(365)</u>	<u>63</u>	<u>1,197</u>	<u>(559)</u>
<u>17,677</u>	<u>10,979</u>	<u>2,688</u>	<u>9,038</u>	<u>12,038</u>	<u>121,379</u>
<u>\$ 24,321</u>	<u>\$ 12,389</u>	<u>\$ 2,323</u>	<u>\$ 9,101</u>	<u>\$ 13,235</u>	<u>\$ 120,820</u>

Continued

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

Continuation	<u>SCAAP</u>	<u>Sheriff Commissary</u>	<u>Sheriff's Seizure</u>
REVENUES			
Licenses and fees	\$ -	\$ -	\$ -
Intergovernmental	16,772	-	-
Interest	-	718	540
Miscellaneous	-	3,344	-
	<u>16,772</u>	<u>4,062</u>	<u>540</u>
Total revenues	<u>16,772</u>	<u>4,062</u>	<u>540</u>
EXPENDITURES			
Current:			
Judicial	-	-	-
Public facilities	-	-	-
Public safety	6,623	4,450	1,530
	<u>6,623</u>	<u>4,450</u>	<u>1,530</u>
Total expenditures	<u>6,623</u>	<u>4,450</u>	<u>1,530</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,149</u>	<u>(388)</u>	<u>(990)</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	10,149	(388)	(990)
FUND BALANCES - BEGINNING	<u>43,081</u>	<u>14,273</u>	<u>11,855</u>
FUND BALANCES - ENDING	<u>\$ 53,230</u>	<u>\$ 13,885</u>	<u>\$ 10,865</u>

<u>Pre-Trial Diversion</u>	<u>Clerk's Tech Fund</u>	<u>Court Facility Fee</u>	<u>Court Reporter Services</u>	<u>Language Access</u>	<u>County Dispute Resolution</u>
\$ -	\$ 326	\$ 1,412	\$ 2,544	\$ 237	\$ 819
-	-	-	-	-	-
214	-	-	-	-	-
-	-	-	-	-	-
<u>214</u>	<u>326</u>	<u>1,412</u>	<u>2,544</u>	<u>237</u>	<u>819</u>
-	-	-	-	-	294
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294</u>
<u>214</u>	<u>326</u>	<u>1,412</u>	<u>2,544</u>	<u>237</u>	<u>525</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>214</u>	<u>326</u>	<u>1,412</u>	<u>2,544</u>	<u>237</u>	<u>525</u>
<u>4,215</u>	<u>8,855</u>	<u>840</u>	<u>1,945</u>	<u>129</u>	<u>90</u>
<u>\$ 4,429</u>	<u>\$ 9,181</u>	<u>\$ 2,252</u>	<u>\$ 4,489</u>	<u>\$ 366</u>	<u>\$ 615</u>

Continued

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

	<u>Court Initiated Guardian</u>	<u>Judicial Education and Support</u>	<u>Public Probate Administration</u>
Continuation			
REVENUES			
Licenses and fees	\$ 100	\$ -	\$ 20
Intergovernmental	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	100	-	20
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Judicial	-	-	-
Public facilities	-	-	-
Public safety	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100	-	20
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES	-	-	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	100	-	20
	<hr/>	<hr/>	<hr/>
FUND BALANCES - BEGINNING	120	30	60
	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING	\$ 220	\$ 30	\$ 80
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Total
Non-Major
Governmental
Funds**

\$ 160,512
23,825
20,198
9,362

213,897

2,343
188,856
12,603

203,802

10,095

10,000
(15,000)

(5,000)

5,095

775,808

\$ 780,903

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FIDUCIARY FUNDS

CUSTODIAL FUNDS

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

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

County and District Clerk – The County and District Clerk Fund accounts for registry funds held by the County and District Clerk.

Justice of the Peace – The Justice of the Peace Fund accounts for funds collected by the Justice of the Peace and remitted to various agencies.

Sheriff – The Sheriff's Fund accounts for funds collected by the Sheriff and remitted to various agencies.

County Attorney – The County Attorney Fund accounts for the payments of restitution and fees associated with the collection of hot checks within the County limits.

Inmate Trust – The Inmate Trust Fund accounts for monies an inmate has access to but not physical control of during their confinement.

Thomas Brown Reward Fund – The Thomas Brown Reward Fund accounts for money donated to a reward fund.

HEMPHILL COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

	<u>Tax Assessor Collector</u>	<u>County and District Clerk</u>	<u>Justice of the Peace</u>	<u>Sheriff</u>
ASSETS				
Cash and cash equivalents	\$ 68,728	\$ 638,026	\$ -	\$ 1
Total assets	<u>68,728</u>	<u>638,026</u>	<u>-</u>	<u>1</u>
LIABILITIES				
Accounts payable	-	-	-	-
Due to other governments	<u>55,678</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>55,678</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for:				
Individuals	<u>13,050</u>	<u>638,026</u>	<u>-</u>	<u>1</u>
Total net position	<u>\$ 13,050</u>	<u>\$ 638,026</u>	<u>\$ -</u>	<u>\$ 1</u>

<u>County Attorney</u>	<u>Inmate Trust</u>	<u>Thomas Brown Reward Fund</u>	<u>Total</u>
\$ 42	\$ 5,630	\$ -	\$ 712,427
<u>42</u>	<u>5,630</u>	<u>-</u>	<u>712,427</u>
-	5,617	-	5,617
<u>-</u>	<u>-</u>	<u>-</u>	<u>55,678</u>
-	5,617	-	61,295
<u>-</u>	<u>5,617</u>	<u>-</u>	<u>61,295</u>
<u>42</u>	<u>13</u>	<u>-</u>	<u>651,132</u>
<u>\$ 42</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 651,132</u>

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

	Tax Assessor Collector	County and District Clerk	Justice of the Peace	Sheriff
Additions				
Tax collections	\$ 18,937,645	\$ -	\$ -	\$ -
Trust/Escrow contributions	-	381,468	131,923	1,810
Inmate accounts	-	-	-	-
Investment earnings	3,638	24,114	445	1
Total additions	<u>18,941,283</u>	<u>405,582</u>	<u>132,368</u>	<u>1,811</u>
Deductions				
Payments to local governments	18,932,910	-	-	-
Trust/Escrow disbursements	-	161,799	132,368	1,810
Inmate accounts	-	-	-	-
Total deductions	<u>18,932,910</u>	<u>161,799</u>	<u>132,368</u>	<u>1,810</u>
NET CHANGE IN NET POSITION	8,373	243,783	-	1
NET POSITION - BEGINNING	<u>4,677</u>	<u>394,243</u>	<u>-</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 13,050</u>	<u>\$ 638,026</u>	<u>\$ -</u>	<u>\$ 1</u>

<u>County Attorney</u>	<u>Inmate Trust</u>	<u>Thomas Brown Reward Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 18,937,645
275	-	-	515,476
-	13,642	-	13,642
<u>2</u>	<u>-</u>	<u>1</u>	<u>28,201</u>
<u>277</u>	<u>13,642</u>	<u>1</u>	<u>19,494,964</u>
-	-	-	18,932,910
1,631	-	563	298,171
<u>-</u>	<u>13,721</u>	<u>-</u>	<u>13,721</u>
<u>1,631</u>	<u>13,721</u>	<u>563</u>	<u>19,244,802</u>
(1,354)	(79)	(562)	250,162
<u>1,396</u>	<u>92</u>	<u>562</u>	<u>400,970</u>
<u>\$ 42</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 651,132</u>