

HOCKLEY COUNTY, TEXAS
FINANCIAL STATEMENT REPORT
DECEMBER 31, 2023

HOCKLEY COUNTY, TEXAS
FINANCIAL STATEMENT REPORT
DECEMBER 31, 2023

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HOCKLEY COUNTY, TEXAS

COUNTY OFFICIALS

Sharla D. Baldridge County Judge

Alan Wisdom..... Commissioner, Precinct 1

Larry Carter Commissioner, Precinct 2

Seth Graf..... Commissioner, Precinct 3

Tommy Clevenger..... Commissioner, Precinct 4

Anna Hord. County Attorney

Jennifer N. PalermoCounty Clerk

Kelli Martin County Treasurer

Debra Bramlett County Tax Assessor-Collector

Ray Scifres..... County Sheriff

Pat PhelanJudge, 286th Judicial District

Angela Overman..... District Attorney

Shirley Penner County Auditor

Oralie Gutierrez District Clerk

Wendi McNabb Justice of the Peace #1

Mike Richardson..... Justice of the Peace #2

Larry Wood Justice of the Peace #4

Christopher D. Lawless Justice of the Peace #5

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Judge and Commissioners' Court
Hockley County, Texas
802 Houston St
Levelland, Texas

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Hockley County, Texas, (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County 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

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the County'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 the County'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 the County'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 management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 operation, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The County's basic financial statements. The identify accompanying supplementary information such as the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

EMMS CPAs and Advisors, PLLC

Levelland, Texas
September 23, 2024

BASIC FINANCIAL STATEMENTS

HOCKLEY COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government		
	Governmental	Business - Type	Total
	Activities	Activities	
ASSETS			
Cash and Cash Equivalents	\$ 23,012,150	\$ 121,189	\$ 23,133,339
Taxes Receivable, Net	13,080,690	-	13,080,690
Due from Other Funds	10,468,722	-	10,468,722
Capital Assets:			
Land Purchase and Improvements	300,729	-	300,729
Infrastructure, Net	1,126,369	-	1,126,369
Buildings, Net	15,426,870	-	15,426,870
Furniture & Equipment, Net	4,583,931	-	4,583,931
Total Assets	67,999,461	121,189	68,120,650
DEFERRED OUTFLOWSS OF RESOURCES			
Deferred Outflow Related to Pension Plan	1,673,146	-	1,673,146
Total Deferred Outflows of Resources	1,673,146	-	1,673,146
LIABILITIES			
Accounts Payable	145,155	-	145,155
Intergovernmental Payment	1,034	-	1,034
Net Pension Liability	781,802	-	781,802
Total Liabilities	927,991	-	927,991
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	621,574	-	621,574
Total Deferred Inflows of Resources	621,574	-	621,574
NET POSITION			
Net Investment in Capital Assets	21,437,899	-	21,437,899
Restricted:			
Debt Service	125,979	-	125,979
Highways and Streets	7,410,592	-	7,410,592
Courthouse Projects	1,211,533	-	1,211,533
Federal Grant Restrictions	3,254,257	-	3,254,257
Unrestricted	34,682,782	121,189	34,803,971
Total Net Position	\$ 68,123,042	\$ 121,189	\$ 68,244,231

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES				
General Government	\$ 6,066,395	\$ 698,811	\$ 5,721	\$ -
Public Safety	7,000,288	157,342	23,680	-
Highways and Streets	4,417,468	376,159	-	275,320
Health and Welfare	700,920	1,104,573	-	-
Culture and Recreation	1,466,826	450,846	-	-
Total Governmental Activities	19,651,897	2,787,731	29,401	275,320
BUSINESS-TYPE ACTIVITIES:				
Sheriff Commissary Fund	9,492	11,907	-	-
Inmate Trust Fund	104,404	111,472	-	-
Total Business-Type Activities	113,896	123,379	-	-
TOTAL PRIMARY GOVERNMENT	\$ 19,765,793	\$ 2,911,110	\$ 29,401	\$ 275,320

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Property Taxes, Levied for Road & Bridge

Other Taxes

Miscellaneous Revenue

Investment Earnings

Sales of Assets

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (5,361,863)	\$ -	\$ (5,361,863)
(6,819,266)	-	(6,819,266)
(3,765,989)	-	(3,765,989)
403,653	-	403,653
(1,015,980)	-	(1,015,980)
<u>(16,559,445)</u>	<u>-</u>	<u>(16,559,445)</u>
-	2,415	2,415
<u>-</u>	<u>7,068</u>	<u>7,068</u>
-	9,483	9,483
<u>(16,559,445)</u>	<u>9,483</u>	<u>(16,549,962)</u>
13,042,731	-	13,042,731
670	-	670
3,106,121	-	3,106,121
169,799	-	169,799
1,472,984	-	1,472,984
1,059,490	5,950	1,065,440
236,724	-	236,724
<u>19,088,519</u>	<u>5,950</u>	<u>19,094,469</u>
2,529,074	15,433	2,544,507
<u>65,593,968</u>	<u>105,756</u>	<u>65,699,724</u>
<u>\$ 68,123,042</u>	<u>\$ 121,189</u>	<u>\$ 68,244,231</u>

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

HOCKLEY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Permanent Improvement Fund	COVID-19 SLFRF Fund
ASSETS			
Cash and Cash Equivalents	\$ 10,367,937	\$ 3,423,892	\$ 2,902,051
Taxes Receivable, Net	8,253,031	812,952	-
Due from Other Funds	7,245,440	695,976	-
Total Assets	<u>\$ 25,866,408</u>	<u>\$ 4,932,820</u>	<u>\$ 2,902,051</u>
LIABILITIES			
Accounts Payable	\$ 124,321	\$ -	\$ -
Intergovernmental Payable	1,034	-	-
Total Liabilities	<u>125,355</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	8,253,031	812,952	-
Total Deferred Inflows of Resources	<u>8,253,031</u>	<u>812,952</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
Federal or State Funds Grant Restriction	-	-	2,902,051
Debt Service	-	-	-
Highways and Streets	-	-	-
Courthouse Projects	-	-	-
Records Management/Preservation	-	-	-
Committed Fund Balance:			
Construction	-	4,119,868	-
Other Committed	-	-	-
Unassigned Fund Balance	17,488,022	-	-
Total Fund Balances	<u>17,488,022</u>	<u>4,119,868</u>	<u>2,902,051</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 25,866,408</u>	<u>\$ 4,932,820</u>	<u>\$ 2,902,051</u>

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

		Total	
Other		Governmental	
Funds		Funds	
\$	6,316,776	\$	23,010,656
	2,822,878		11,888,861
	2,527,306		10,468,722
\$	11,666,960	\$	45,368,239
\$	20,834	\$	145,155
	-		1,034
	20,834		146,189
	2,822,878		11,888,861
	2,822,878		11,888,861
	-		2,902,051
	125,979		125,979
	4,890,441		4,890,441
	1,130,616		1,130,616
	591,675		591,675
	24,808		4,144,676
	1,534,194		1,534,194
	525,535		18,013,557
	8,823,248		33,333,189
\$	11,666,960	\$	45,368,239

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

HOCKLEY COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total Fund Balances - Governmental Funds \$ 33,333,189

The County uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to Increase net position. 1,494

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term in the governmental activities is to increase net position. 22,572,440

Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2023 capital outlays is to increase net position. 1,857,567

Current year capital asset disposals are revenues in the fund financial statements, but they should be shown as decreases in capital assets in the government-wide financial statements. The net effect of including the 2023 capital asset disposals is to decrease net position. (545,964)

Included in the noncurrent assets is the recognition of the County's net pension asset required by GASB 68 in the amount of (\$781,802), and a deferred resource inflow in the amount of (\$621,574), and a deferred resource outflow in the amount of \$1,673,146. This resulted in decrease in net position by \$269,770. 269,770

The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. (2,446,144)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase net position. 13,080,690

Net Position of Governmental Activities \$ 68,123,042

HOCKLEY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Permanent Improvement Fund	COVID-19 SLFRF Fund
REVENUE:			
Taxes:			
Property Taxes	\$ 10,617,533	\$ 862,177	\$ -
Other Taxes	169,799	-	-
Licenses and Permits	(149)	-	-
Intergovernmental Revenue Grants	13,614	-	-
Charge for Services	711,230	-	-
Fines	-	-	-
Investment Earnings	497,693	168,204	180,300
Rents and Royalties	191,621	-	-
Other Revenue	421,824	-	47,250
Total Revenues	<u>12,623,165</u>	<u>1,030,381</u>	<u>227,550</u>
EXPENDITURES:			
Current:			
General Government	4,785,686	372,247	-
Public Safety	6,059,413	-	883,633
Highways and Streets	-	-	-
Health and Welfare	-	-	-
Culture and Recreation	45,564	-	-
Capital Outlay:			
Capital Outlay	105,790	47,977	352,206
Total Expenditures	<u>10,996,453</u>	<u>420,224</u>	<u>1,235,839</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,626,712</u>	<u>610,157</u>	<u>(1,008,289)</u>
OTHER FINANCING SOURCES (USES):			
Sale of Assets	34,853	-	-
Transfer In	5,454,356	-	-
Transfer Out (Uses)	(6,020,044)	-	-
Total Other Financing (Uses)	<u>(530,835)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,095,877	610,157	(1,008,289)
Fund Balance - December 31, 2022	<u>16,392,145</u>	<u>3,509,711</u>	<u>3,910,340</u>
Fund Balance - December 31, 2023	<u>\$ 17,488,022</u>	<u>\$ 4,119,868</u>	<u>\$ 2,902,051</u>

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

		Total	
Other		Governmental	
Funds		Funds	
\$	3,610,283	\$	15,089,993
	-		169,799
	376,308		376,159
	291,107		304,721
	1,542,310		2,253,540
	184,164		184,164
	213,293		1,059,490
	20		191,641
	812,145		1,281,219
	<u>7,029,630</u>		<u>20,910,726</u>
	365,024		5,522,957
	126,141		7,069,187
	3,283,976		3,283,976
	700,920		700,920
	975,902		1,021,466
	<u>1,351,594</u>		<u>1,857,567</u>
	<u>6,803,557</u>		<u>19,456,073</u>
	<u>226,073</u>		<u>1,454,653</u>
	747,835		782,688
	565,688		6,020,044
	-		(6,020,044)
	<u>1,313,523</u>		<u>782,688</u>
	1,539,596		2,237,341
	<u>7,283,652</u>		<u>31,095,848</u>
\$	<u>8,823,248</u>	\$	<u>33,333,189</u>

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

HOCKLEY COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Total Net Change in Fund Balances - Governmental Funds \$ 2,237,341

The county uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to (decrease) the change in net position. 664

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase (decrease) the change in net position. 1,857,567

Current year capital asset disposals are revenues in the fund financial statements, but they should be shown as decreases in capital assets in the government-wide financial statements. The net effect of removing the 2023 capital asset disposals is to increase (decrease) the change in net position. (545,964)

The implementation of the requirements of GASB 68 for that certain expenditures be de-expanded and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/22 caused the change in the ending net position to increase in the amount of \$709,747. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$(722,921). The County's reported TCDRS net pension expense had to be recorded. The net pension expense increased the change in net position by \$379,255. The result of these changes is to increase the change in net position by \$366,081. 366,081

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position. (2,446,144)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase the change in net position. 1,059,529

Change in Net Position of Governmental Activities \$ 2,529,074

HOCKLEY COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-Type Activities	Governmental Activities
	Total	Internal
	Enterprise	Service
	Funds	Fund
<hr/>		
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 121,189	\$ 1,494
Total Current Assets	<u>121,189</u>	<u>1,494</u>
NET POSITION		
Unrestricted	<u>121,189</u>	<u>1,494</u>
Total Net Position	<u><u>\$ 121,189</u></u>	<u><u>\$ 1,494</u></u>

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES:		
Charges for Services	\$ 123,379	\$ 739
Total Operating Revenue	123,379	739
OPERATING EXPENSES:		
Other Operating Costs	19,688	150
Supplies	94,208	-
Total Operating Expenses	113,896	150
Operating Income/(Loss)	9,483	589
NONOPERATING (EXPENSES):		
Investment Earnings	5,950	75
Total Nonoperating Revenues/(Expenses)	5,950	75
Change in Net Position	15,433	664
Total Net Position - December 31, 2022	105,756	830
Total Net Position - December 31, 2023	\$ 121,189	\$ 1,494

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 123,379	\$ 739
Cash Payments for Suppliers	(94,208)	-
Cash Payments for Other Operating Expenses	(19,688)	(150)
Net Cash Provided by (Used for) Operating Activities	9,483	589
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	5,950	75
Net Increase (Decrease) in Cash and Cash Equivalents	15,433	664
Cash and Cash Equivalents at the Beginning of the Year	105,756	830
Cash and Cash Equivalents at the End of the Year	\$ 121,189	\$ 1,494

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 19,919,572
Accounts Receivable	8,373
Due from Fiduciary Funds	<u>2,141,161</u>
Total Assets	<u><u>\$ 22,069,106</u></u>
LIABILITIES	
Held for Others	\$ 811,071
Due to Other Governments	8,287,061
Due to Other Funds	10,468,722
Due to Fiduciary Funds	<u>2,141,161</u>
Total Liabilities	<u><u>\$ 21,708,015</u></u>
NET POSITION	
Individuals, Organizations, and Other Governments	<u>\$ 361,091</u>
Total Net Position	<u><u>\$ 361,091</u></u>

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Custodial Funds
<hr/>	
ADDITIONS	
Tax Collections for Other	
Governments	\$ 78,132,609
Held for Others	1,483,516
Investment Earnings	<u>787,756</u>
Total Additions	<u>80,403,881</u>
DEDUCTIONS	
Payments to Other Governments	79,193,805
Payments to Individuals	<u>1,229,879</u>
Total Deductions	<u>80,423,684</u>
Change in Net Position	(19,803)
Total Net Position - Beginning	<u>380,894</u>
Total Net Position - Ending	<u><u>\$ 361,091</u></u>

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hockley County, Texas (the "County") is a political subdivision and was created in 1921 under the provisions of the State of Texas. The County operates under an elected Commissioners' Court form of government. The County's major operations include county road maintenance, principally within the unincorporated areas of the County, law enforcement, court system maintenance and recording services, and health and social services.

The County prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 61* of the American Institute of Certified Public Accountants; and the requirements of contracts and grants of agencies from which it receives funds. The following is a summary of the more significant accounting policies the County utilizes to prepare its basic financial statements.

A. REPORTING ENTITY

The members of the County's Commissioners' Court ("Court") are elected by the public, and the Court has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in *GASB 61 – The Financial Reporting Entity: Omnibus* (GASB 61). Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise control. The most significant manifestation of this ability is financial interdependency. Other manifestations of this ability include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relations, regardless of whether the government is able to exercise control.

Blended Component Unit

Hockley County Industrial Development Corporation – the Corporation is a non-profit industrial development corporation of the State of Texas created with the approval of the Commissioners' Court pursuant to the Development Corporation Act of 1979, as amended, for the purpose of promoting and developing industrial and manufacturing enterprises in order to eliminate unemployment and underemployment, and promoting and encouraging employment and the public welfare of, for, and on behalf of the County.

The Commissioners' Court appoints all five Directors, and can remove them at will. The Court can also change the structure, organization, programs, or activities of the Corporation, and it may terminate or dissolve the Corporation. The Corporation was incorporated on January 30, 2004, and as of December 31, 2021, no financial transactions had taken place.

B. STATEMENT PRESENTATION, BASIS OF ACCOUNTING, AND MEASUREMENT FOCUS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the County non-fiduciary activities. Eliminations have been made to minimize the duplication of internal activities. These statements distinguish between *Governmental activities*, which include programs supported primarily by taxes, intergovernmental revenues and other non-exchange transactions, and *Business-type activities*, which include operations that rely to a significant extent on fees and charges for support.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. STATEMENT PRESENTATION, BASIS OF ACCOUNTING, AND MEASUREMENT FOCUS (Cont.)

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities presents a comparison between expense and program revenues for each function of the County's governmental and business-type activities. Direct expenses are those that specifically associate with a program or function and therefore are clearly identifiable to a particular function. Program revenues typically include a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. If revenues are not considered program revenues, they are considered general revenues used to support all of the County's functions. Taxes are always general revenues.

Interfund activities within governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and the Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions within governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

Fund Financial Statements

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Remaining governmental funds, internal service funds and fiduciary funds are reported as nonmajor funds.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The County considers all revenues available if they are collectible within 60 days after year end. Revenues not considered available are recorded as deferred inflows of resources. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are only recorded when payment is due.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. STATEMENT PRESENTATION, BASIS OF ACCOUNTING, AND MEASUREMENT FOCUS (Cont.)

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the "susceptible to accrual" concept. In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one type, monies are expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures incurred. In the other type, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Property taxes are recognized as revenue in the year for which the taxes are levied if they will be collected within 60 days of the end of the fiscal year. Sales tax, fines and forfeitures, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

The proprietary fund types and fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

The County reports the following major governmental funds:

General Fund – The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Permanent Improvement Fund – The permanent improvement fund accounts for the resources accumulated and expended for the improvements made to the County.

COVID-19 SLFRF Fund – The COVID-19 SLFRF fund accounts for the resources accumulated and expended for the uses made with the Federal grant funds..

Nonmajor Governmental funds are used to account for the County's expendable financial resources and related liabilities (except those accounted for in the proprietary funds). Currently, the County maintains several special revenue funds as nonmajor funds.

The County reports the following fund types as nonmajor governmental funds:

Special Revenue Funds – The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in special revenue funds. Some federal and state financial assistance is accounted for in special revenue funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The County has twenty-three funds designated as special revenue funds.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. STATEMENT PRESENTATION, BASIS OF ACCOUNTING, AND MEASUREMENT FOCUS (Cont.)

With the implementation of GASB 54, the County now reports fund balances of governmental funds in the following classifications depending on the relative strength of the spending constraints placed on the purpose for which resources can be used:

Nonspendable Fund Balance – Represents the amount that cannot be spent because the assets are either not in a spendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – Represents the amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – Represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the Commissioners' Court removes the restrictions by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Commissioners' Court. Commitments are typically done through adoption and amendment of the budget. Committed fund balances differ from restricted balances in that the constraints on the funds' usage is internally generated, rather from external sources, constitutional provisions, or enabling legislation.

Assigned Fund Balance – Represents amounts which the County intends to use for a specific purpose but does not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of the amounts is for a specific purpose that is narrower than the general purpose of the County itself. The Commissioners have not yet delegated authority to assign fund balance amounts to a specific individual.

Unassigned Fund Balance – Represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative fund balance in this classification because of overspending for specific purposes for which amounts have been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is 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.

Proprietary funds are used to account for activities that are similar to those often found in the private sector. Currently, the County reports two enterprise funds and one internal service fund as its proprietary funds. None of these funds are considered major funds. The enterprise funds are used to account for services and supplies provided to the inmates of the County's jail. The internal service fund accounts for medical care provided to the employees of the County. These funds are intended to be entirely or predominantly self-supported through user charges to customers.

Currently, the County maintains the following types of proprietary funds:

Enterprise Funds – The County's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in enterprise funds. The County has two enterprise funds.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. STATEMENT PRESENTATION, BASIS OF ACCOUNTING, AND MEASUREMENT FOCUS (Cont.)

Internal Service Funds – Revenues and expenses related to services provided to organizations inside the County on a cost reimbursement basis are accounted for in internal service funds. The County currently has one internal service fund. Internal service funds are reported as proprietary funds at the fund level, but are combined with the governmental funds at the government-wide financial statement level, and are reconciling items.

The County has adopted the provisions of Statement 34 of the Governmental Accounting Standards Board - *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments* (GASB 34). This statement established standards for external financial reporting for all state and local government entities, which includes statements of net position, revenues, expenses and changes in net position, and a direct method for the statement of cash flows for proprietary funds. GASB 34 requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These components are reported in the proprietary fund financial statements as well in the government-wide financial statements. These classifications are defined as follows:

Net Investment in Capital Assets - This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributed to the acquisition, construction, or improvement of the capital assets.

Restricted – This component consists of net positions which are restricted through external constraints either by creditors, grantors, contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation.

Unrestricted - This component consists of the net positions which do not meet the definition of the first two categories.

Additionally, the County maintains and reports the following fiduciary funds:

Custodial Funds – The County accounts for resources held in a custodial capacity in custodial funds. This includes amounts received for County operations but not transferred to the governmental funds. The County has twenty-one custodial funds.

C. OTHER ACCOUNTING POLICIES

- a. For purposes of the statement of cash flows for proprietary funds, the County considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
- b. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the General Fund. All appropriations lapse at the end of each fiscal year, and encumbrances outstanding at that time are either cancelled or appropriately provided for in the subsequent year's budget. Encumbrances do not constitute expenditures or liabilities.
- c. Capital assets, which include land, buildings, furniture, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than; \$5,000 for equipment and machinery; \$100,000 for buildings (and building improvements) and infrastructure; and an estimated useful life in excess of two years. Land is always capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. OTHER ACCOUNTING POLICIES (Cont.)

c. (cont.) The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, furniture, and equipment of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	15-25
Infrastructure	20-25
Vehicles	5
Office Equipment	5-10
Machinery & Equipment	5-30
Water Rights	12-40

- d. Since internal service funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the County as a whole.
- e. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- f. County employees are entitled to certain compensated absences based on their length of employment. Except for extenuating circumstances, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.
- g. When the County incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
- h. Any inventory or materials and supplies on hand at year-end are considered insignificant, and, therefore, not reflected in the financial statements. A small inventory of food and supplies is kept for the inmates in the Sheriff's Commissary Fund.
- i. FASB ASC 855-10-50-1 requires reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or available to be issued. Management has evaluated subsequent events through the date on the auditor's report, the date the financial statements were available to be issued.
- j. The County is exposed to various risks of loss related to torts; errors and omissions; violations of civil rights; theft of, damage to, and destruction of assets; natural disasters; injuries to employees; and other claims of various natures. The County participates in both the Texas Association of Counties Intergovernmental Risk Pool (TAC Pool) and the West Texas Rural Counties Association, which provide protection for risks of loss. TAC Pool was established by the Texas Association of Counties to provide self-insurance for its members and to obtain lower costs for insurance. The County pays annual premiums for liability, property, workers' compensation, and unemployment coverage. Annual contribution rates are determined by each Pool Board. Such rates are estimated to include all claims expected to occur during the policy period, including claims incurred but not reported.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. OTHER ACCOUNTING POLICIES (Cont.)

j. (cont.) TAC Pool has established Claims Reserves for each of the types of insurance offered. Thus, although TAC Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions and the member's policies' deductibles. If losses incurred are significantly higher than actuarially estimated, TAC Pool adjusts the contribution rate for subsequent years. Members are also entitled to returns of contributions if actual results are more favorable than estimated. Any losses reported but unsettled or incurred and not reported are believed to be insignificant to the County's basic financial statements.

TAC Pool also makes available to the County loss control services to assist the County in following a plan of loss control that may result in reduced losses. The County agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by TAC Pool.

For the year ended December 31, 2023, the County contributed \$297,471 for its property, liability, workers' compensation, and unemployment coverage.

The County also carries insurance on most other risks of loss including employee health and accident insurance and surety bond coverage.

No significant reductions in insurance coverage occurred in the past fiscal year and settled claims have not exceeded insurance coverage in any of the past three fiscal years.

- k. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has the following items that qualify for reporting in that category:

- Deferred outflow related to pensions, which result from pension contributions after the measurement date (deferred and recognized in the following fiscal year) and differences in projected and actual earnings on pension liabilities. This amount is amortized over a five year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting on the government-wide statement of net position.

- Deferred inflow related to pensions, which result from differences in projected and actual earnings on pension liabilities. This amount is amortized over a five year period.

Additionally, the County has one type of this item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported on in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

D. LEASES

Leases Effective January 1, 2021, the County implemented GASB No. 87, Leases. As the lessee, the County determines whether a contract is, or contains a lease at inception. Lease agreements with a maximum lease term of twelve months or less, including options to extend, are accounted for as a short-term lease. Lease agreements that transfer ownership of the underlying asset to the County at the end of the contract are recorded as a finance purchase with a related lease liability.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. LEASES (Cont.)

Lease agreements not classified as a short-term lease, or a finance purchase are accounted for as an intangible right to use lease asset. An intangible right to use lease asset represents the County's right to use an underlying asset during the lease term and the lease liability represents the County's obligation to make lease payments arising from the lease. Intangible right to use lease assets and lease liabilities are recognized at lease commencement based upon the estimate present value of unpaid lease payments over the lease term. The County uses its incremental borrowing rate based on information available at lease commencement in determining the present value of unpaid lease payments. As the lessor, the County applies the same criteria but recognizes a lease receivable and a deferred inflow of resources equal to the present value of the lease payments. The implementation of GASB No. 87, Leases did not have a material impact on the County's Beginning Net Position.

The County did not have any leases during the year end December 31, 2023. Therefore, GASB No. 87 does not affect the financial statement presentation and disclosure.

E. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Effective January 1, 2022, the County implemented GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA). The County determines whether a contract conveys control of the right to use another party's (SBITA vendor's) IT software, infrastructure, or data warehouse, alone or in combination with tangible capital assets (underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The SBITA liability is the present value of the annual payments using the County's incremental borrowing rate. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA asset is measured as the SBITA liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is depreciated (amortized) using a straight-line depreciation method over the term of the SBITA arrangement.

The County did not have any SBITA's that were material or applicable to the implementation of the new standard during the year ended December 31, 2023. Therefore, GASB No. 96 did not affect the financial statement presentation and disclosure.

F. CORONAVIRUS DISEASE (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The County may be adversely affected through lack of personnel available to work, interruptions in work being completed, and/or a decrease in revenue. The County continues to monitor the situation surrounding COVID-19. Management will continue to evaluate the impact it will have on future operations.

G. BUDGETARY DATA

The State of Texas requires annual budgets to be prepared for the general and special revenue funds. The budgets are prepared on the cash basis (budget basis) in order to comply with the Constitution of the State of Texas. The County Commissioners' Court, on a departmental basis, exercises budgetary controls over expenditures. The actual results of operations for the County's General Fund are presented in Exhibit G-1 in accordance with the budget (cash) basis to provide a meaningful comparison of actual results with the original and final budget. The differences between the cash basis (budget basis) and the modified accrual basis (generally accepted accounting principles [GAAP] basis) are that revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid (budget) as opposed to when incurred (GAAP).

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. BUDGETARY DATA (cont.)

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. As required by the State of Texas, the County Judge, with the assistance of the County Auditor, prepares an annual budget prior to the beginning of the fiscal year. Budgeted funds include the general and special revenue funds.
2. The budget is filed in the County Clerk's office and is open to public inspection. The Commissioners' Court is required to hold at least one public hearing on the budget no less than 15 days subsequent to the filing by the County Judge.
3. The budget is then adopted at the conclusion of the last public hearing by the favorable votes of a majority of the members of the Commissioners' Court. The original budget was adopted by the Commissioners' Court on August 22, 2022, in accordance with the above process. The final fiscal 2023 budget revision was adopted by the Commissioners' Court on August 22, 2022.
4. The Commissioners' Court approves all revisions of the budget, including transfers of budgeted amounts between departments within a specific fund, transfers between funds, and increases to total expenditures of any fund.
5. The fiscal 2023 budget was prepared on the cash basis using estimated beginning and ending cash balances. There is not a significant difference in the budgeted revenues and expenditures between the cash basis and the modified accrual basis.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Compliance with the Public Funds Investment Act – The County's investment policies are governed by State statutes and County ordinances. The Public Funds Investment Act (PFIA, Chapter 2256) requires the County to adopt, implement, and publicize the investment policy which covers specific provisions in the Act regarding investment practices, management reporting, and policy establishment. The investment policy is available for public inspection at the County Courthouse. The PFIA establishes authorized investment vehicles for the County. The County is in substantial compliance with the PFIA at the end of the 2023 fiscal year.

Restricted Cash - Under the normal course of conducting its activities, the County will become the custodian of funds that can only be paid on behalf of, for, or to certain third-party beneficiaries. These funds are held in either bank accounts or short-term certificates of deposit until use of the funds is required. As of December 31, 2023, the County had restricted cash in the amount of \$95,761 that was payable to third-party beneficiaries held in the Custodial funds.

Custodial Credit Risk for Deposits – Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County manages its custodial credit risk by depositing its funds with institutions participating in the FDIC insurance programs and is able to collateralize the deposits in accordance with State statutes.

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent.

In accordance with the FDIC, funds owned by the County are public unit deposits. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit held at a financial institution will be insured up to \$250,000 in aggregate and separate from the coverage for public unit demand deposits held at the same institution. All County deposits at December 31, 2023 were covered by the federal depository insurance, a line of credit or the financial institution's pledged collateral, and were not subject to custodial credit risk.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Cont.)

The County's deposits and collateralization by institution as of December 31, 2023 are as follows:

	First Bank & Trust
Carrying Amounts:	
Demand Deposits	\$ 16,416,207
Total Public Funds on Deposit	<u>16,416,207</u>
Less FDIC Coverage	<u>(250,000)</u>
Amount to be Collateralized	39,668,686
Collateralization by Institution	<u>(42,000,000)</u>
Under (Over) Collateralized	<u>\$ (18,497,521)</u>

NOTE 3 - CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 300,729	\$ -	\$ -	\$ 300,729
Infrastructure	6,773,959	-	-	6,773,959
Buildings	41,061,173	400,183	-	41,461,356
Machinery and Equipment	<u>14,720,143</u>	<u>1,457,384</u>	<u>(1,039,962)</u>	<u>15,137,565</u>
Totals at Historic Cost	<u>62,856,004</u>	<u>1,857,567</u>	<u>(1,039,962)</u>	<u>63,673,609</u>
Less Accumulated Depreciation:				
Infrastructure – Roads	(5,550,790)	(96,800)	-	(5,647,590)
Buildings	(25,032,247)	(954,262)	-	(25,986,509)
Machinery and Equipment	<u>(9,700,527)</u>	<u>(1,395,082)</u>	<u>493,998</u>	<u>(10,601,611)</u>
Total Accumulated Depreciation	<u>(40,283,564)</u>	<u>(2,446,144)</u>	<u>493,998</u>	<u>(42,235,710)</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,572,440</u>	<u>\$ (588,577)</u>	<u>\$ (545,964)</u>	<u>\$ 21,437,899</u>

Depreciation expense for governmental activities is charged to functions as follows:

General Government	\$ 597,252
Public Safety	164,759
Highways and Streets	1,218,057
Culture and Recreation	<u>466,076</u>
Total	<u>\$ 2,446,144</u>

The County's business-type activities had no capital assets as of December 31, 2023.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Reimbursements from one fund to another for expenditures or expenses already made are recorded as expenditures or expenses in the reimbursing fund. Non-recurring or non-routine transfers of equity between funds are treated as residual equity transfers and are reported as additions to or deductions from the fund balance of governmental funds. All other transfers are treated as operating transfers and are included in the results of operations of the governmental funds.

The County had the following interfund balances as of the end of the year:

Due From	General Fund	Debt Service Fund	Special Revenue Funds	Totals
Custodial Funds	<u>7,245,440</u>	<u>\$ -</u>	<u>\$ 3,223,282</u>	<u>\$ 10,468,722</u>
Totals	<u>\$ 7,245,440</u>	<u>\$ -</u>	<u>\$ 3,223,282</u>	<u>\$ 10,468,722</u>

During the year ended December 31, 2023, the County transferred \$565,688 from the General Fund to the Mallet MPEC Operating Fund for general operation purposes.

NOTE 5 - PROPERTY TAXES

In accordance with state law, all appraisals of County property for tax purposes are made by the county-wide appraisal authority, Hockley County Appraisal District. Assessed values are based upon 100 percent of appraised market value and are reviewed every three years. Taxpayers have the right to challenge the assessed value.

The County's property taxes are levied each October 1 based upon 100 percent of the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property by state law to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the County's fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General Fund, the special revenue funds, and the debt service funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The County's fiscal year is the calendar year, while the tax years have a September 30 year end. This overlap in fiscal year requires the County to recognize the 2022 tax levy as income for government-wide financial statement purposes under the full accrual basis of accounting, but only recognize what is collected during the fiscal year as revenue for the governmental fund financial statements. The remainder of the 2022 tax levy is reported as a tax receivable and a deferred inflow in the governmental funds.

The tax rates for the 2023 fiscal year (2022 and 2023 tax levies) are \$0.46474 and \$0.473945 per \$100 assessed value for County operations, respectively. The maximum allowable tax rate for the County is \$1.10 for each \$100 assessed value. The County is subject to a tax rate rollback if the total amount of property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceding year, as defined by statute, by 3.5%.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 5 - PROPERTY TAXES (Cont.)

The original appraised taxable values upon which the 2022 and 2023 tax levies are based are \$3,197,721,287 and \$3,541,751,139, respectively, resulting in tax levies of \$14,813,989 and \$16,785,951 respectively after supplemental adjustments made by the Hockley County Appraisal District. The County has collected approximately 98.35% of 2022's tax levy and 98.60% of 2023's levy as of December 31, 2023.

Concentration of Risk – A significant percentage of the County's property tax revenue comes from the oil and gas industry. Should the industry continue to decline in production, the County's revenue and resulting services may be severely impacted.

NOTE 6 - MEDICAL/HEALTH CARE COVERAGE – SELF-INSURANCE FUND

The County utilized an internal service fund to account for its medical self-insurance program until June 1, 2006. The purpose of this fund was to pay medical insurance claims of the County employees and their covered dependents and minimize the total costs of annual insurance to the County. Employees who had met the requirements necessary to be classified as "fully vested" remained on the medical and health plan for life, while employees not "fully vested" were eligible to remain on the medical and health plan in accordance with laws established by COBRA. Such laws provide different time limits depending on whether the employment separation was due to voluntary or involuntary termination.

NOTE 6 - MEDICAL/HEALTH CARE COVERAGE – SELF-INSURANCE FUND (Cont.)

A private insurance carrier determined premium payments to be made by the County. Any dependent coverage was funded by charges to employees. Annual claims were paid from accumulated premium payments, and claims exceeding specified limits are paid by the private insurance carrier.

Beginning June 1, 2006, the County discontinued the self-insurance fund and converted to Blue Cross Blue Shield of Texas for health insurance benefits. The Texas Association of Counties Health Benefits Department serves as plan administrator. The County pays premiums for full-time employees. Employees may add spouses and children and pay premiums through payroll deductions. For the calendar year 2023, the County paid approximately \$1,917,101 for health insurance.

The internal service fund is still active to account for any pending claims under the old self-insurance program. Activity for the 2023 fiscal year reported \$739 in operating revenues, \$150 in expenditures and \$75 in interest income in the fund. The fund has a cash balance of \$1,494 at December 31, 2023.

NOTE 7 - PENSION PLAN

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined pension plan through 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 830 nontraditional defined pension plans from various county and district governmental entities statewide. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon request through TCDRS, PO Box 2034, Austin, TX 78768-2034, or through the www.tcdrs.org website.

All eligible employees of the County are required to participate in TCDRS plan.

Benefits Provided - The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 or above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of the member's age and years of service equal 80 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed contributions. Members who withdraw their personal contributions in a lump sum prior to retirement are not entitled to the employer contributions.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 7 - PENSION PLAN (Cont.)

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer 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 deposits 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 valuation and measurement date, the following employees were covered by the benefits terms:

Inactive employees entitled to but not yet receiving benefits	123
Inactive employees receiving benefits	116
Active employees	<u>122</u>
Total	<u>3</u>

Contributions – The contribution rates for employees in TCDRS are either 4%, 5%, 6% or 7% of the employee's gross earnings, as adopted by the County's governing body. Participating employers are required to contribute at actuarially determines rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. The employee deposit rate and the employer contribution rate may be changed by the governing body of the County within the options available to the TCDRS Act.

Employees for the County are required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the County were 13.80% and 12.90% in calendar 2022 and 2023, respectively. The County's contributions to TCDRS for the year ended December 31, 2023, were \$709,747 and were equal to the required contributions.

Net Pension Liability/(Asset) – The County's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date. The December 31, 2022 actuarial valuation is the most recent valuation.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation using following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	4.70%
Investment Rate of Return	7.50%

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS's investment consultants and are based on January 2021 information for a 7-10 year time horizon.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 7 - PENSION PLAN (Cont.)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Inflation)
US Equities	11.50%	4.95%
Private Equity	25.00%	7.95%
Global Equities	2.50%	4.95%
International Equities - Developed	5.00%	4.95%
International Equities - Emerging	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Hedge Funds	6.00%	2.90%
Cash Equivalents	<u>2.00%</u>	0.20%
Total	100.00%	

Net Pension Liability/(asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 34,402,260	\$ 37,570,760	\$ (3,168,500)
Changes for the year:			
Service cost	713,989	-	713,989
Interest	2,590,925	-	2,590,925
Change in benefit terms	-	-	-
Diff between expected/actual experience	(511,616)	-	(511,616)
Contributions - employer	-	722,921	(722,921)
Contributions - employee	-	366,699	(366,699)
Net investment income	-	(2,117,272)	2,117,272
Benefit payments, including refunds of employee contributions	(2,088,498)	(2,088,498)	-
Administrative expenses	-	(20,115)	20,115
Other charges	-	(109,236)	109,236
Net changes	704,800	(3,245,502)	3,950,302
Balance at 12/31/2022	\$ 35,107,060	\$ 34,325,258	\$ 781,802

Discount Rate – The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine Total Pension Liability.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 7 - PENSION PLAN (Cont.)

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 would be if it were calculated using a discount rate that is 1 percent point lower (6.60%) or 1 percent point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	Increase in Discount Rate (8.60%)
County's net pension liability/(asset)	\$ 4,663,575	\$ 781,802	\$ (2,534,523)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's Fiduciary Net Position is available in the separately-issued TCDRS financial report. That report may be obtained on the Internet at www.tcds.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

For the year ended December 31, 2023, the County recognized pension expense of 343,665.

At December 31, 2023, the County reported deferred outflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 547,012
Changes in actuarial assumptions	414,925	74,562
Differences between projected and actual investment earnings (net of current year amortization)	548,474	-
Contributions subsequent to the measurement date	709,747	-
Total	<u>\$ 1,673,146</u>	<u>\$ 621,574</u>

The County reported \$709,747 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2024	\$ (432,022)
2025	(174,196)
2026	(38,071)
2027	<u>986,114</u>
Total	<u>\$ 341,825</u>

REQUIRED SUPPLEMENTARY INFORMATION

HOCKLEY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Varaince With
	Original	Final	Amounts	Final Budget
			(GAAP Basis)	Positive or
				(Negative)
REVENUE:				
Taxes:				
Property Taxes	\$ 10,635,107	10,635,107	\$ 10,617,533	\$ (17,574)
Other Taxes	128,800	128,800	169,799	40,999
Licenses and Permits	-	-	(149)	(149)
Intergovernmental Revenue Grants	14,000	14,000	13,614	(386)
Charge for Services	543,700	543,700	711,230	167,530
Investment Earnings	105,090	105,090	497,693	392,603
Rents and Royalties	204,265	204,265	191,621	(12,644)
Other Revenue	310,916	310,916	421,824	110,908
Total Revenues	11,941,878	11,941,878	12,623,165	681,287
EXPENDITURES:				
Current:				
General Government	5,099,796	5,099,796	4,785,686	314,110
Public Safety	6,268,394	6,268,394	6,059,413	208,981
Culture and Recreation	8,000	8,000	45,564	(37,564)
Capital Outlay:				
Capital Outlay	-	-	105,790	(105,790)
Total Expenditures	11,376,190	11,376,190	10,996,453	379,737
Excess (Deficiency) of Revenues Over Expenditures	565,688	565,688	1,626,712	1,061,024
OTHER FINANCING SOURCES (USES):				
Sale of / Total Other Financial Sources (Uses)	-	-	34,853	34,853
Transfer In	5,431,273	5,431,273	5,454,356	23,083
Transfer Out (Uses)	(5,996,961)	(5,996,961)	(6,020,044)	(23,083)
Total Other Financing (Uses)	(565,688)	(565,688)	(530,835)	34,853
Net Change in Fund Balances	-	-	1,095,877	1,095,877
Fund Balance - December 31, 2022	16,392,145	16,392,145	16,392,145	-
Fund Balance - December 31, 2023	\$ 16,392,145	\$ 16,392,145	\$ 17,488,022	\$ 1,095,877

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

HOCKLEY COUNTY, TEXAS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS ⁽¹⁾
FOR THE YEAR ENDED DECEMBER 31, 2023

	2022 ⁽²⁾	2021 ⁽²⁾	2020 ⁽²⁾
Total Pension Liability			
Service cost	\$ 713,989	\$ 707,489	\$ 653,216
Interest (on the total pension liability)	2,590,925	2,532,981	2,489,662
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(511,616)	(201,530)	(384,499)
Change of assumptions	-	(223,686)	1,659,706
Benefit payments, including refunds of employee contributions	(2,088,498)	(2,031,218)	(1,732,688)
Net Change in Total Pension Liability	<u>704,800</u>	<u>784,036</u>	<u>2,685,397</u>
Total Pension Liability - Beginning	<u>34,402,260</u>	<u>33,618,224</u>	<u>30,932,827</u>
Total Pension Liability - Ending (a)	<u><u>\$ 35,107,060</u></u>	<u><u>\$ 34,402,260</u></u>	<u><u>\$ 33,618,224</u></u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 722,921	\$ 728,526	\$ 722,632
Contributions - employee	366,699	364,263	364,178
Net investment income	(2,117,272)	6,853,683	3,030,677
Benefit payments, including refunds of employee contributions	(2,088,498)	(2,031,218)	(1,732,688)
Administrative expense	(20,115)	(20,326)	(23,191)
Other	(109,237)	(17,858)	(17,404)
Net Change in Plan Fiduciary Net Position	<u>(3,245,502)</u>	<u>5,877,070</u>	<u>2,344,204</u>
Plan Fiduciary Net Position - Beginning	<u>37,570,760</u>	<u>31,693,690</u>	<u>29,349,486</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 34,325,258</u></u>	<u><u>\$ 37,570,760</u></u>	<u><u>\$ 31,693,690</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 781,802</u></u>	<u><u>\$ (3,168,500)</u></u>	<u><u>\$ 1,924,534</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.77%	109.21%	94.28%
Covered Employee Payroll	\$ 5,238,556	\$ 5,203,760	\$ 5,202,540
Net Pension Liability as a Percentage of Covered Employee Payroll	14.92%	-60.89%	36.99%

⁽¹⁾ This schedule is intended to show 10 years - additional information will be presented as it becomes available.

⁽²⁾ Years have a December 31 year end per valuation report.

2019 ⁽²⁾	2018 ⁽²⁾	2017 ⁽²⁾	2016 ⁽²⁾	2015 ⁽²⁾	2014 ⁽²⁾
\$ 642,719	\$ 635,836	\$ 661,083	\$ 719,931	\$ 689,376	\$ 654,382
2,385,065	2,293,843	2,167,614	2,061,725	1,992,208	1,884,149
-	-	-	(666,522)	(60,296)	-
(44,270)	(190,606)	84,412	(88,177)	(323,072)	(31,684)
-	-	151,022	-	301,437	-
(1,673,852)	(1,567,726)	(1,396,598)	(1,314,240)	(1,308,612)	(1,307,737)
1,309,662	1,171,347	1,667,533	712,717	1,291,041	1,199,110
28,451,818	28,451,818	26,784,285	26,071,568	24,780,527	23,581,417
<u>\$ 29,761,480</u>	<u>\$ 29,623,165</u>	<u>\$ 28,451,818</u>	<u>\$ 26,784,285</u>	<u>\$ 26,071,568</u>	<u>\$ 24,780,527</u>
\$ 675,284	\$ 653,533	\$ 611,866	\$ 645,326	\$ 689,962	\$ 914,506
356,214	354,631	350,493	359,084	354,344	344,180
4,236,763	(507,334)	3,478,201	1,666,519	128,614	1,459,207
(1,673,852)	(1,567,726)	(1,396,598)	(1,314,240)	(1,308,612)	(1,307,737)
(22,365)	(20,719)	(17,886)	(18,102)	(16,241)	(16,884)
(17,904)	(13,969)	(5,988)	8,996	28,792	48,359
3,554,140	(1,101,584)	3,020,088	1,347,583	(123,141)	1,441,631
25,795,346	26,896,930	23,876,842	22,529,259	22,652,400	21,210,769
<u>\$ 29,349,486</u>	<u>\$ 25,795,346</u>	<u>\$ 26,896,930</u>	<u>\$ 23,876,842</u>	<u>\$ 22,529,259</u>	<u>\$ 22,652,400</u>
<u>\$ 411,994</u>	<u>\$ 3,827,819</u>	<u>\$ 1,554,888</u>	<u>\$ 2,907,443</u>	<u>\$ 3,542,309</u>	<u>\$ 2,128,127</u>
98.62%	87.08%	94.54%	89.14%	86.41%	91.41%
\$ 5,088,778	\$ 5,066,160	\$ 5,007,048	\$ 5,129,776	\$ 5,062,061	\$ 4,916,857
8.10%	75.56%	31.05%	56.68%	69.98%	43.28%

HOCKLEY COUNTY, TEXAS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS⁽¹⁾
FOR THE YEAR ENDED DECEMBER 31, 2023

	Fiscal Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Actuarially determined contribution	\$ 709,747	\$ 722,921	\$ 728,526	\$ 722,632	\$ 675,284	\$ 653,533	\$ 611,866	\$ 645,326	\$ 659,083	
Contributions in relation to actuarially determined contribution	(709,747)	(722,921)	(728,526)	(722,632)	(675,284)	(653,533)	(611,866)	(645,326)	(659,083)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered employee payroll	\$ 5,523,327	\$ 5,238,552	\$ 5,203,740	\$ 5,202,522	\$ 5,088,778	\$ 5,066,160	\$ 5,007,048	\$ 5,129,786	\$ 5,062,061	
Contributions as a percentage of covered employee payroll	12.85%	13.80%	14.00%	13.89%	13.27%	12.90%	12.22%	12.58%	13.02%	

⁽¹⁾ This schedule is intended to show 10 years - additional information will be presented as it becomes available.

HOCKLEY COUNTY, TEXAS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age (level percentage of pay)
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	9.2 years (based on contribution rate calculated in 12/31/21 valuation)
Asset Valuation Method	5-yr 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: Employer contributions reflect that a 10% CPI COLA was adopted. 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.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

HOCKLEY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Indigent Health Care	Jury Fund	Road & Bridge #1 Fund	Road & Bridge #2 Fund
ASSETS				
Cash and Cash Equivalents	\$ 531,367	\$ 786,586	\$ 464,790	\$ 797,292
Taxes Receivable, Net	-	401,684	570,813	570,813
Due from Other Funds	-	344,030	516,116	516,115
Total Assets	<u>\$ 531,367</u>	<u>\$ 1,532,300</u>	<u>\$ 1,551,719</u>	<u>\$ 1,884,220</u>
LIABILITIES				
Accounts Payable	\$ 5,832	\$ -	\$ 1,856	\$ 1,060
Total Liabilities	<u>5,832</u>	<u>-</u>	<u>1,856</u>	<u>1,060</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	401,684	570,813	570,813
Total Deferred Inflows of Resources	<u>-</u>	<u>401,684</u>	<u>570,813</u>	<u>570,813</u>
FUND BALANCES				
Restricted Fund Balance:				
Debt Service	-	-	-	-
Highways and Streets	-	-	979,050	1,312,347
Courthouse Projects	-	1,130,616	-	-
Records Management/Preservation	-	-	-	-
Committed Fund Balance:	-	-	-	-
Construction	-	-	-	-
Other Committed	-	-	-	-
Unassigned Fund Balance	525,535	-	-	-
Total Fund Balances	<u>525,535</u>	<u>1,130,616</u>	<u>979,050</u>	<u>1,312,347</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 531,367</u>	<u>\$ 1,532,300</u>	<u>\$ 1,551,719</u>	<u>\$ 1,884,220</u>

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

Road & Bridge #3 Fund	Road & Bridge #4 Fund	Road & Bridge #5 Fund	Law Library Fund	Library Fund	District Clerk Perservation	County Clerk Perservation	Records Management Office
\$ 1,139,863	\$ 370,084	\$ 57,338	\$ 6,446	\$ 136,492	\$ 33,185	\$ 160,815	\$ 28,593
570,813	570,813	-	-	137,942	-	-	-
516,114	516,113	-	350	118,093	28	-	96
<u>\$ 2,226,790</u>	<u>\$ 1,457,010</u>	<u>\$ 57,338</u>	<u>\$ 6,796</u>	<u>\$ 392,527</u>	<u>\$ 33,213</u>	<u>\$ 160,815</u>	<u>\$ 28,689</u>
\$ -	\$ 5,239	\$ 481	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,239	481	-	-	-	-	-
570,813	570,813	-	-	137,942	-	-	-
570,813	570,813	-	-	137,942	-	-	-
-	-	-	-	-	-	-	-
1,655,977	880,958	56,857	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	6,796	254,585	33,213	160,815	28,689
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,655,977</u>	<u>880,958</u>	<u>56,857</u>	<u>6,796</u>	<u>254,585</u>	<u>33,213</u>	<u>160,815</u>	<u>28,689</u>
<u>\$ 2,226,790</u>	<u>\$ 1,457,010</u>	<u>\$ 57,338</u>	<u>\$ 6,796</u>	<u>\$ 392,527</u>	<u>\$ 33,213</u>	<u>\$ 160,815</u>	<u>\$ 28,689</u>

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

HOCKLEY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Courthouse Security	Court Technology	Road Bond Fund	Mallet Operating Fund
ASSETS				
Cash and Cash Equivalents	\$ 90,076	\$ 17,250	\$ 24,808	\$ 1,173,003
Taxes Receivable, Net	-	-	-	-
Due from Other Funds	251	-	-	-
Total Assets	<u>\$ 90,327</u>	<u>\$ 17,250</u>	<u>\$ 24,808</u>	<u>\$ 1,173,003</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 6,366
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,366</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Debt Service	-	-	-	-
Highways and Streets	-	-	-	-
Courthouse Projects	-	-	-	-
Records Management/Preservation	90,327	17,250	-	-
Committed Fund Balance:				
Construction	-	-	24,808	-
Other Committed	-	-	-	1,166,637
Unassigned Fund Balance	-	-	-	-
Total Fund Balances	<u>90,327</u>	<u>17,250</u>	<u>24,808</u>	<u>1,166,637</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 90,327</u>	<u>\$ 17,250</u>	<u>\$ 24,808</u>	<u>\$ 1,173,003</u>

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

Farmer to Market & Lateral Road	District Attorney Forfeiture	District Attorney Proceeds	County Attorney Restitution	District Attorney Restitution	CA Pre-Trial Diversion	Total Nonmajor Special Revenue	Debt Service Hospital
\$ 5,252	\$ 98,585	\$ 80,917	\$ 35,229	\$ 2,229	\$ 150,597	\$ 6,190,797	\$ 42,526
-	-	-	-	-	-	2,822,878	-
-	-	-	-	-	-	2,527,306	-
<u>\$ 5,252</u>	<u>\$ 98,585</u>	<u>\$ 80,917</u>	<u>\$ 35,229</u>	<u>\$ 2,229</u>	<u>\$ 150,597</u>	<u>\$ 11,540,981</u>	<u>\$ 42,526</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,834	\$ -
-	-	-	-	-	-	20,834	-
-	-	-	-	-	-	2,822,878	-
-	-	-	-	-	-	2,822,878	-
-	-	-	-	-	-	-	42,526
5,252	-	-	-	-	-	4,890,441	-
-	-	-	-	-	-	1,130,616	-
-	-	-	-	-	-	591,675	-
-	-	-	-	-	-	24,808	-
-	98,585	80,917	35,229	2,229	150,597	1,534,194	-
-	-	-	-	-	-	525,535	-
<u>5,252</u>	<u>98,585</u>	<u>80,917</u>	<u>35,229</u>	<u>2,229</u>	<u>150,597</u>	<u>8,697,269</u>	<u>42,526</u>
<u>\$ 5,252</u>	<u>\$ 98,585</u>	<u>\$ 80,917</u>	<u>\$ 35,229</u>	<u>\$ 2,229</u>	<u>\$ 150,597</u>	<u>\$ 11,540,981</u>	<u>\$ 42,526</u>

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

HOCKLEY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Debt Service Mallet	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 83,453	\$ 125,979	\$ 6,316,776
Taxes Receivable, Net	-	-	2,822,878
Due from Other Funds	-	-	2,527,306
Total Assets	<u>\$ 83,453</u>	<u>\$ 125,979</u>	<u>\$ 11,666,960</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 20,834
Total Liabilities	<u>-</u>	<u>-</u>	<u>20,834</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	-	-	2,822,878
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>2,822,878</u>
FUND BALANCES			
Restricted Fund Balance:			
Debt Service	83,453	125,979	125,979
Highways and Streets	-	-	4,890,441
Courthouse Projects	-	-	1,130,616
Records Management/Preservation	-	-	591,675
Committed Fund Balance:			
Construction	-	-	24,808
Other Committed	-	-	1,534,194
Unassigned Fund Balance	-	-	525,535
Total Fund Balances	<u>83,453</u>	<u>125,979</u>	<u>8,823,248</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 83,453</u>	<u>\$ 125,979</u>	<u>\$ 11,666,960</u>

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

HOCKLEY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Indigent Health Care	Jury Fund	Road & Bridge #1 Fund	Road & Bridge #2 Fund
REVENUE:				
Taxes:				
Property Taxes	\$ -	\$ 523,731	\$ 729,110	\$ 723,223
Licenses and Permits	-	-	94,078	94,078
Intergovernmental Revenue Grants	-	15,787	12,954	94,490
Charge for Services	944,500	5,860	-	-
Fines	-	-	26,143	26,143
Investment Earnings	16,210	1,310	16,612	23,926
Rents and Royalties	-	-	-	-
Other Revenue	-	376,364	76,073	182,247
Total Revenues	<u>960,710</u>	<u>923,052</u>	<u>954,970</u>	<u>1,144,107</u>
EXPENDITURES:				
Current:				
General Government	-	338,019	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	609,853	944,911
Health and Welfare	700,920	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	378,250	35,373
Total Expenditures	<u>700,920</u>	<u>338,019</u>	<u>988,103</u>	<u>980,284</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>259,790</u>	<u>585,033</u>	<u>(33,133)</u>	<u>163,823</u>
OTHER FINANCING SOURCES (USES):				
Sale of Assets	-	-	236,500	5,000
Transfer In	-	-	-	-
Transfer Out (Uses)	-	-	-	-
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>236,500</u>	<u>5,000</u>
Net Change in Fund Balances	259,790	585,033	203,367	168,823
Fund Balance - December 31, 2022	<u>265,745</u>	<u>545,583</u>	<u>775,683</u>	<u>1,143,524</u>
Fund Balance - December 31, 2023	<u>\$ 525,535</u>	<u>\$ 1,130,616</u>	<u>\$ 979,050</u>	<u>\$ 1,312,347</u>

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

Road & Bridge #3 Fund	Road & Bridge #4 Fund	Road & Bridge #5 Fund	Law Library Fund	Library Fund	District Clerk Perservation	County Clerk Perservation	Records Management Office
\$ 678,758	\$ 717,297	\$ 54,253	\$ -	\$ 183,241	\$ -	\$ -	\$ -
94,076	94,076	-	-	-	-	-	-
78,803	89,073	-	-	-	-	-	-
-	-	-	-	1,180	10,732	87,622	2,037
26,143	26,143	69,029	9,730	833	-	-	-
48,064	12,456	2,586	313	7,969	1,506	6,199	1,450
-	-	-	-	-	-	-	-
99,549	74,437	-	-	-	-	-	-
<u>1,025,393</u>	<u>1,013,482</u>	<u>125,868</u>	<u>10,043</u>	<u>193,223</u>	<u>12,238</u>	<u>93,821</u>	<u>3,487</u>
-	-	-	-	-	3,963	3,652	2,213
-	-	-	-	-	-	-	-
961,518	679,494	88,200	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	9,472	180,927	-	-	-
<u>486,493</u>	<u>441,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,448,011</u>	<u>1,120,562</u>	<u>88,200</u>	<u>9,472</u>	<u>180,927</u>	<u>3,963</u>	<u>3,652</u>	<u>2,213</u>
<u>(422,618)</u>	<u>(107,080)</u>	<u>37,668</u>	<u>571</u>	<u>12,296</u>	<u>8,275</u>	<u>90,169</u>	<u>1,274</u>
265,535	240,800	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>265,535</u>	<u>240,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(157,083)</u>	<u>133,720</u>	<u>37,668</u>	<u>571</u>	<u>12,296</u>	<u>8,275</u>	<u>90,169</u>	<u>1,274</u>
<u>1,813,060</u>	<u>747,238</u>	<u>19,189</u>	<u>6,225</u>	<u>242,289</u>	<u>24,938</u>	<u>70,646</u>	<u>27,415</u>
<u>\$ 1,655,977</u>	<u>\$ 880,958</u>	<u>\$ 56,857</u>	<u>\$ 6,796</u>	<u>\$ 254,585</u>	<u>\$ 33,213</u>	<u>\$ 160,815</u>	<u>\$ 28,689</u>

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

HOCKLEY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Courthouse Security	Court Technology	Road Bond Fund	Mallet Operating Fund
REVENUE:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue Grants	-	-	-	-
Charge for Services	11,048	2,555	-	436,738
Fines	-	-	-	-
Investment Earnings	4,450	974	1,269	41,313
Rents and Royalties	20	-	-	-
Other Revenue	649	-	-	-
Total Revenues	<u>16,167</u>	<u>3,529</u>	<u>1,269</u>	<u>478,051</u>
EXPENDITURES:				
Current:				
General Government	4,168	6,907	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	785,503
Capital Outlay:				
Capital Outlay	-	-	-	10,410
Total Expenditures	<u>4,168</u>	<u>6,907</u>	<u>-</u>	<u>795,913</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>11,999</u>	<u>(3,378)</u>	<u>1,269</u>	<u>(317,862)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Assets	-	-	-	-
Transfer In	-	-	-	565,688
Transfer Out (Uses)	-	-	-	-
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>565,688</u>
Net Change in Fund Balances	11,999	(3,378)	1,269	247,826
Fund Balance - December 31, 2022	<u>78,328</u>	<u>20,628</u>	<u>23,539</u>	<u>918,811</u>
Fund Balance - December 31, 2023	<u>\$ 90,327</u>	<u>\$ 17,250</u>	<u>\$ 24,808</u>	<u>\$ 1,166,637</u>

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

Farmer to Market & Lateral Road	District Attorney Forfeiture	District Attorney Proceeds	County Attorney Restitution	District Attorney Restitution	CA Pre-Trial Diversion	Total Nonmajor Special Revenue	Debt Service Hospital
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,609,613	\$ -
-	-	-	-	-	-	376,308	-
-	-	-	-	-	-	291,107	-
-	32,460	-	642	75	6,861	1,542,310	-
-	-	-	-	-	-	184,164	-
268	4,581	6,236	1,839	110	7,472	207,113	2,020
-	-	-	-	-	-	20	-
-	-	-	-	-	2,826	812,145	-
268	37,041	6,236	2,481	185	17,159	7,022,780	2,020
-	6,102	-	-	-	-	365,024	-
-	-	123,986	2,155	-	-	126,141	-
-	-	-	-	-	-	3,283,976	-
-	-	-	-	-	-	700,920	-
-	-	-	-	-	-	975,902	-
-	-	-	-	-	-	1,351,594	-
-	6,102	123,986	2,155	-	-	6,803,557	-
268	30,939	(117,750)	326	185	17,159	219,223	2,020
-	-	-	-	-	-	747,835	-
-	-	-	-	-	-	565,688	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,313,523	-
268	30,939	(117,750)	326	185	17,159	1,532,746	2,020
4,984	67,646	198,667	34,903	2,044	133,438	7,164,523	40,506
\$ 5,252	\$ 98,585	\$ 80,917	\$ 35,229	\$ 2,229	\$ 150,597	\$ 8,697,269	\$ 42,526

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

HOCKLEY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Debt Service Mallet	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUE:			
Taxes:			
Property Taxes	\$ 670	\$ 670	\$ 3,610,283
Licenses and Permits	-	-	376,308
Intergovernmental Revenue Grants	-	-	291,107
Charge for Services	-	-	1,542,310
Fines	-	-	184,164
Investment Earnings	4,160	6,180	213,293
Rents and Royalties	-	-	20
Other Revenue	-	-	812,145
Total Revenues	<u>4,830</u>	<u>6,850</u>	<u>7,029,630</u>
EXPENDITURES:			
Current:			
General Government	-	-	365,024
Public Safety	-	-	126,141
Highways and Streets	-	-	3,283,976
Health and Welfare	-	-	700,920
Culture and Recreation	-	-	975,902
Capital Outlay:			
Capital Outlay	-	-	1,351,594
Total Expenditures	<u>-</u>	<u>-</u>	<u>6,803,557</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>4,830</u>	<u>6,850</u>	<u>226,073</u>
OTHER FINANCING SOURCES (USES):			
Sale of Assets	-	-	747,835
Transfer In	-	-	565,688
Transfer Out (Uses)	-	-	-
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>1,313,523</u>
Net Change in Fund Balances	4,830	6,850	1,539,596
Fund Balance - December 31, 2022	<u>78,623</u>	<u>119,129</u>	<u>7,283,652</u>
Fund Balance - December 31, 2023	<u>\$ 83,453</u>	<u>\$ 125,979</u>	<u>\$ 8,823,248</u>

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

NONMAJOR ENTERPRISE FUNDS

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2023

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 82,036	\$ 39,153	\$ 121,189
Total Current Assets	<u>82,036</u>	<u>39,153</u>	<u>121,189</u>
NET POSITION			
Unrestricted	<u>82,036</u>	<u>39,153</u>	<u>121,189</u>
Total Net Position	<u><u>\$ 82,036</u></u>	<u><u>\$ 39,153</u></u>	<u><u>\$ 121,189</u></u>

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

HOCKLEY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 11,907	\$ 111,472	\$ 123,379
Total Operating Revenue	<u>11,907</u>	<u>111,472</u>	<u>123,379</u>
OPERATING EXPENSES:			
Other Operating Costs	-	19,688	19,688
Supplies	<u>9,492</u>	<u>84,716</u>	<u>94,208</u>
Total Operating Expenses	<u>9,492</u>	<u>104,404</u>	<u>113,896</u>
Operating Income/(Loss)	<u>2,415</u>	<u>7,068</u>	<u>9,483</u>
NONOPERATING (EXPENSES):			
Investment Earnings	<u>4,241</u>	<u>1,709</u>	<u>5,950</u>
Total Nonoperating Revenues/(Expenses)	<u>4,241</u>	<u>1,709</u>	<u>5,950</u>
Change in Net Position	6,656	8,777	15,433
Total Net Position - December 31, 2022	<u>75,380</u>	<u>30,376</u>	<u>105,756</u>
Total Net Position - December 31, 2023	<u><u>\$ 82,036</u></u>	<u><u>\$ 39,153</u></u>	<u><u>\$ 121,189</u></u>

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

HOCKLEY COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 11,907	\$ 111,472	\$ 123,379
Cash Payments for Suppliers	-	(19,688)	(19,688)
Cash Payments for Other Operating Expenses	(9,492)	(84,716)	(94,208)
Net Cash Provided by (Used for) Operating Activities	<u>2,415</u>	<u>7,068</u>	<u>9,483</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	<u>4,241</u>	<u>1,709</u>	<u>5,950</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,656	8,777	15,433
Cash and Cash Equivalents at the Beginning of the Year	<u>75,380</u>	<u>30,376</u>	<u>105,756</u>
Cash and Cash Equivalents at the End of the Year	<u><u>\$ 82,036</u></u>	<u><u>\$ 39,153</u></u>	<u><u>\$ 121,189</u></u>

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

FIDUCIARY FUNDS

HOCKLEY COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2023

	L.E.O.S.E.	Road & Bridge	Sheriff Bond	Sheriff Forfiture	Juvenile & Adult Probation
	Fund	Fund	Fund	Fund	Fund
ASSETS					
Cash and Cash Equivalents	\$ 30,739	\$ 43,879	\$ 119,745	\$ 35,854	\$ 210,705
Accounts Receivable	-	-	-	-	-
Due from Fiduciary Funds	-	-	-	-	-
Total Assets	<u>\$ 30,739</u>	<u>\$ 43,879</u>	<u>\$ 119,745</u>	<u>\$ 35,854</u>	<u>\$ 210,705</u>
LIABILITIES					
Held for Others	\$ -	\$ -	\$ -	\$ -	\$ 98
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	43,879	-	35,854	-
Due to Fiduciary Funds	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ 43,879</u>	<u>\$ -</u>	<u>\$ 35,854</u>	<u>\$ 98</u>
NET POSITION					
Individuals, Organizations, and Other Governments	<u>\$ 30,739</u>	<u>\$ -</u>	<u>\$ 119,745</u>	<u>\$ -</u>	<u>\$ 210,607</u>
Total Net Position	<u>\$ 30,739</u>	<u>\$ -</u>	<u>\$ 119,745</u>	<u>\$ -</u>	<u>\$ 210,607</u>

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

Justice of the Peace #1 Fund	Justice of the Peace #2 Fund	Justice of the Peace #4 Fund	Justice of the Peace #5 Fund	County Clerk Fund	District Clerk Fund
\$ 2,002	\$ 1,184	\$ 898	\$ 11,970	\$ 83,768	\$ 244,029
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,002</u>	<u>\$ 1,184</u>	<u>\$ 898</u>	<u>\$ 11,970</u>	<u>\$ 83,768</u>	<u>\$ 244,029</u>
\$ -	\$ -	\$ -	\$ 8,201	\$ 57,872	\$ 231,897
-	-	-	-	-	1,462
2,002	1,184	898	3,769	25,896	10,670
-	-	-	-	-	-
<u>\$ 2,002</u>	<u>\$ 1,184</u>	<u>\$ 898</u>	<u>\$ 11,970</u>	<u>\$ 83,768</u>	<u>\$ 244,029</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HOCKLEY COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2023

	County Attorney Fund	District Attorney Fund	Sheriff's Work Release Fund	Tax Assessor- Collector-Tax Fund	Tax Assessor- Collector-Highway Fund
ASSETS					
Cash and Cash Equivalents	\$ 101,882	\$ 8,856	\$ 71,670	\$ 10,207,407	\$ 261,821
Accounts Receivable	-	-	-	-	8,373
Due from Fiduciary Funds	-	-	-	172,416	-
Total Assets	<u>\$ 101,882</u>	<u>\$ 8,856</u>	<u>\$ 71,670</u>	<u>\$ 10,379,823</u>	<u>\$ 270,194</u>
LIABILITIES					
Held for Others	\$ 95,331	\$ 8,856	\$ -	\$ 260,920	\$ 119,174
Due to Other Governments	-	-	-	8,142,952	142,647
Due to Other Funds	6,551	-	71,670	7,206	8,373
Due to Fiduciary Funds	-	-	-	1,968,745	-
TOTAL LIABILITIES	<u>\$ 101,882</u>	<u>\$ 8,856</u>	<u>\$ 71,670</u>	<u>\$ 10,379,823</u>	<u>\$ 270,194</u>
NET POSITION					
Individuals, Organizations, and Other Governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Tax Assessor- Collector-Dealer Escrow Fund	Tax Assessor- Collector-Office Expense Fund	Sheriff Fund	Auditor's Auto Registration Fund	Auditor's Ad Valorem Fund	TOTAL
\$ 173,479	\$ 28,722	\$ 5,662	\$ 65,862	\$ 8,209,438	\$ 19,919,572
-	-	-	-	-	8,373
-	-	-	-	1,968,745	2,141,161
<u>\$ 173,479</u>	<u>\$ 28,722</u>	<u>\$ 5,662</u>	<u>\$ 65,862</u>	<u>\$ 10,178,183</u>	<u>\$ 22,069,106</u>
\$ -	\$ 28,722	\$ -	\$ -	\$ -	\$ 811,071
-	-	-	-	-	8,287,061
1,063	-	5,662	65,862	10,178,183	10,468,722
<u>172,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,141,161</u>
<u>\$ 173,479</u>	<u>\$ 28,722</u>	<u>\$ 5,662</u>	<u>\$ 65,862</u>	<u>\$ 10,178,183</u>	<u>\$ 21,708,015</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361,091
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,091</u>

HOCKLEY COUNTY, TEXAS
COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2023

	L.E.O.S.E.	Road & Bridge	Sheriff Bond	Sheriff Forfeiture	Juvenile & Adult Probation
	Fund	Fund	Fund	Fund	Fund
ADDITIONS					
Tax Collections for Other					
Governments	\$ -	\$ -	\$ -	\$ -	\$ -
Held for Others	2,352	175,156	12,184	195	271,905
Investment Earnings	<u>1,577</u>	<u>6,465</u>	<u>1,577</u>	<u>-</u>	<u>7,301</u>
Total Additions	<u>3,929</u>	<u>181,621</u>	<u>13,761</u>	<u>195</u>	<u>279,206</u>
DEDUCTIONS					
Payments to Other Governments	-	-	-	-	-
Payments to Individuals	<u>2,261</u>	<u>181,621</u>	<u>2,261</u>	<u>195</u>	<u>312,177</u>
Total Deductions	<u>2,261</u>	<u>181,621</u>	<u>2,261</u>	<u>195</u>	<u>312,177</u>
Change in Net Position	1,668	-	11,500	-	(32,971)
Total Net Position - Beginning	<u>29,071</u>	<u>-</u>	<u>108,245</u>	<u>-</u>	<u>243,578</u>
Total Net Position - Ending	<u>\$ 30,739</u>	<u>\$ -</u>	<u>\$ 119,745</u>	<u>\$ -</u>	<u>\$ 210,607</u>

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

Justice of the Peace #1 Fund	Justice of the Peace #2 Fund	Justice of the Peace #4 Fund	Justice of the Peace #5 Fund	County Clerk Fund	District Clerk Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52,292	21,740	23,900	379	305,483	209,077
-	-	-	-	-	-
<u>52,292</u>	<u>21,740</u>	<u>23,900</u>	<u>379</u>	<u>305,483</u>	<u>209,077</u>
-	-	-	-	-	-
<u>52,292</u>	<u>21,740</u>	<u>23,900</u>	<u>379</u>	<u>305,483</u>	<u>209,077</u>
<u>52,292</u>	<u>21,740</u>	<u>23,900</u>	<u>379</u>	<u>305,483</u>	<u>209,077</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>

HOCKLEY COUNTY, TEXAS
COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2023

	County Attorney Fund	District Attorney Fund	Sheriff's Work Release Fund	Tax Assessor- Collector-Tax Fund	Tax Assessor- Collector-Highway Fund
ADDITIONS					
Tax Collections for Other					
Governments	\$ -	\$ -	\$ -	\$ 62,927,974	\$ 365,913
Held for Others	5,581	1,443	42,046	-	-
Investment Earnings	<u>346</u>	<u>-</u>	<u>2,803</u>	<u>-</u>	<u>5,205</u>
Total Additions	<u>5,927</u>	<u>1,443</u>	<u>44,849</u>	<u>62,927,974</u>	<u>371,118</u>
DEDUCTIONS					
Payments to Other Governments	-	-	-	62,927,974	371,118
Payments to Individuals	<u>5,927</u>	<u>1,443</u>	<u>44,849</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>5,927</u>	<u>1,443</u>	<u>44,849</u>	<u>62,927,974</u>	<u>371,118</u>
Change in Net Position	-	-	-	-	-
Total Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Tax Assessor- Collector-Dealer Escrow Fund	Tax Assessor- Collector-Office Expense Fund	Sheriff Fund	Auditor's Auto Registration Fund	Auditor's Ad Valorem Fund	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 14,838,722	\$ 78,132,609
44,968	14,568	6,575	294,430	-	1,483,516
-	609	312	16,016	745,545	787,756
44,968	15,177	6,887	310,446	15,584,267	80,403,881
-	-	-	310,446	15,584,267	79,193,805
44,968	15,177	6,887	-	-	1,229,879
44,968	15,177	6,887	310,446	15,584,267	80,423,684
-	-	-	-	-	(19,803)
-	-	-	-	-	380,894
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361,091

OTHER SCHEDULES

HOCKLEY COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
DECEMBER 31, 2023

YEAR LEVIED OCTOBER 1,	YEAR BUDGETED DECEMBER 31,	TAX RATES		ASSESSED/ APPRAISED VALUE FOR TAX PURPOSES
		LOCAL	DEBT SERVICE	
2014 AND PRIOR	2015 AND PRIOR	\$ VARIOUS	\$ VARIOUS	\$ VARIOUS
2015	2016	\$ 0.40055	\$ 0.56780	\$ 3,020,899,109
2016	2017	\$ 0.56409	\$ 0.00000	\$ 2,124,056,018
2017	2018	\$ 0.53388	\$ 0.00000	\$ 2,293,764,239
2018	2019	\$ 0.53361	\$ 0.00000	\$ 2,442,812,183
2019	2020	\$ 0.52867	\$ 0.00000	\$ 2,627,212,870
2020	2021	\$ 0.54225	\$ 0.00000	\$ 2,570,391,968
2021	2022	\$ 0.59688	\$ 0.00000	\$ 2,311,898,512
2022	2023	\$ 0.46474	\$ 0.00000	\$ 3,197,721,287
2023	2024	\$ 0.47395	\$ 0.00000	\$ 3,541,751,139

TOTALS

BEGINNING BALANCE 1/01/2023	CURRENT YEAR'S TOTAL LEVY	COLLECTIONS		ADJUST- MENTS	ENDING BALANCE 12/31/2023
		LOCAL	DEBT SERVICE		
\$ 53,525	\$ -	\$ 3,257	\$ -	\$ (489)	\$ 49,779
27,399	-	1,574	-	(249)	25,576
37,265	-	2,521	-	(705)	34,039
37,063	-	3,374	-	(157)	33,532
41,167	-	6,127	-	(115)	34,925
60,186	-	12,369	-	70	47,887
96,122	-	27,165	-	187	69,144
177,493	-	59,025	-	1,131	119,599
11,645,387	-	11,439,532	-	(913)	204,942
-	16,785,951	4,097,801	-	(53,178)	12,634,972
<u>\$ 12,175,607</u>	<u>\$ 16,785,951</u>	<u>\$ 15,652,745</u>	<u>\$ -</u>	<u>\$ (54,418)</u>	<u>\$ 13,254,395</u>

HOCKLEY COUNTY, TEXAS
RECONCILIATION OF CURRENT TAX COLLECTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Taxes Assessed
	<hr/>
2023 Adjusted Tax Roll	\$ 16,785,951
Less: Current Tax Collections	(4,097,801)
Plus: Current Year Adjustments	<hr/> (53,178)
<i>Current Taxes Receivable</i>	<u>\$ 12,634,972</u>
Percent of current taxes collected through December 31, 2023	<hr/> <hr/> 24.41%

HOCKLEY COUNTY, TEXAS
RECONCILIATION OF DELINQUENT TAX COLLECTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

Delinquent Taxes Receivable - January 1, 2023		\$ 530,220
Plus: Taxes Transferred to Delinquent Roll - September 30, 2022		
Current Taxes Receivable - January 1, 2023	\$ 11,645,387	
Less: Tax Collections January through September, 2023	(11,519,244)	
Plus: Net Adjustments and Supplements	<u>17,866</u>	
2022 Taxes Transferred to Delinquent Roll - September 30, 2023		<u>144,009</u>
Available for Collection		\$ 674,229
More: Adjustments		(7,128)
Less: Tax Collections October through December, 2023		<u>(47,678)</u>
<i>Delinquent Taxes Receivable - December 31, 2023</i>		<u><u>\$ 619,423</u></u>

HOCKLEY COUNTY, TEXAS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
DECEMBER 31, 2023

Name of Depository	Pledged Collateral	Name and Location of Custodian	Fair Market Value December 31, 2023
First Bank & Trust	Line of Credit No. 100008637 Matures 02/24/2024	FHL Bank Dallas Dallas, TX	\$ 42,000,000

HOCKLEY COUNTY, TEXAS
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2023

Company	Policy Number	Policy Period		Type of Insurance
		From	To	
Texas Association of Counties	CAS-1100-2019401-1	04/01/23	04/01/24	General Liability
				Included Coverage
Texas Association of Counties	CAS-1100-2019401-1	04/01/23	04/01/24	Auto Liability
				Included Coverage
				Optional Coverage
Texas Association of Counties	PR-1100-20200322-1	07/01/23	07/01/24	Property Insurance
				Mobile Equipment Crime
Texas Association of Counties	CAS-1100-2019401-1	04/01/23	04/01/24	Public Officials Liability
				Optional Coverage
				Split Coverage Retroactive
Texas Association of Counties	CAS-1100-2019401-1	04/01/23	04/01/24	Law Enforcement Liability Policy
Texas Assoc.of Counties	CAS-1100-2019401-1	04/01/23	04/01/24	Auto Physical Damage
Chubb Inland Marine Insurance	0664-04-25WCE	03/23/23	03/23/24	Comprehensive Property Damage/Per Accident
Texas Association of Counties	WC 1100-20210101-1	01/01/23	01/01/24	Worker's Compensation
Insure All Inc	18242784	01/12/23	01/12/24	Errors and Omissions
National District Attorneys	CEM 701	04/01/23	04/01/24	Professional Liability
TLIE Texas Lawyers Insurance	90251	12/6/2023	12/6/2024	Judge's Professional Liability

Type of Coverage	Co-Insurance	Coverage Amount	Premium
Bodily Injury Liability-Each Person	\$0.00	\$ 100,000	\$ 6,205
Bodily Injury Liability-Each Accident	\$0.00	\$ 300,000	Included
Property Damage Liability-Each Accident	\$0.00	\$ 100,000	Included
Pers & Adv Injury Liability			
Per Person	\$0.00	\$ 100,000	Included
Per Offense/Aggregate	\$0.00	\$ 300,000	Included
Employee Benefits Liability	\$1,000.00	\$ 500,000	Included
Garage Keeper's Legal Liability	\$1,000.00	\$ 50,000	Included
Crisis Management Coverage	\$0.00	100,000	Included
Bodily Injury Liability-Each Person	\$0.00	\$ 100,000	
Bodily Injury Liability-Each Accident	\$0.00	\$ 300,000	
Property Damage Liability-Each Accident	\$0.00	100,000	\$ 9,863
Personal Injury Protection	\$0.00	5,000	
	\$0.00	5,000	
Uninsured/Undersinsured Motorist	\$250.00	Per Endorsement	\$ 1,157
Total Auto Liability Contribution			\$ 11,020
All risks of direct physical loss of or direct physical damage to Member Property	\$10000 Deductible	\$ 90,249,580	\$ 161,018
	\$5000 Deductible	As Scheduled	\$ 21,713
	\$1000 Deductible	250,000	Included
Public Officials Liability	\$10,000.00	\$ 2,000,000	
		Per Claim/Aggregate	\$ 13,895
Privacy/Security Event Liability and Expense Coverage	\$10,000.00	\$ 2,000,000	
		General Aggregate	
District Judge	Per Endorsement		\$ 500
District Atty-Malicious Prosecution	Per Endorsement		\$ 500
Privacy/Security Event Liability and Expense Coverage		\$ 1,000,000	
		General Aggregate	
Total Public Officials Liability Contribution			\$ 14,895
Comprehensive Law(Police) Enforcement Liability	\$20,000.00	\$ 2,000,000	\$ 17,168
		per Claim/Aggregate	
Comprehensive Coverage	\$1,000.00		\$ 21,022
Collision Coverage	\$1,000.00		
Computer and Printers Electronic Equipment	\$1,000 Deductible	\$ 442,973	\$ 5,050
Employees	No Deductible	\$ Unlimited	\$ 61,021
Notary Public Comprehensive		\$ 20,000	\$ 422
Lawyers	\$5,000 Deductible	\$ 100,000/300,000	\$ 2,491
District Judge Liability Michael "Pat" Phelan	\$1,000 Deductible	\$ 1,000,000	\$ 1,500
			\$ 337,420

HOCKLEY COUNTY, TEXAS
SURETY BOND SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023

Name	Policy Number	Effective Dates	
		Beginning	Ending
CONSTABLES			
Kenny Greenlee	63019040	01/01/17	01/01/25
Robert Dalton	54939536	4/13/2019	Continuous
E. Jennifer Kinney	13748653	10/21/70	01/01/25
Toney Cowan	64905778	12/18/19	Indefinite
JUSTICE OF PEACE			
Wendi McNabb	66545579	02/13/23	Continuous
Linda Canon	54939508	01/01/19	01/01/23
Larry Wood	62917967	12/31/18	Continuous
Mike Richardson	65441093	04/05/21	Continuous
JP #5			
Derek Lawless	66488044	1/1/2023	Indefinite
Stacey Sisk	65580069	7/28/2021	Indefinite
Gina Sisk	66723956	7/13/2023	Indefinite
Stephanie Tienda	65650755	10/4/2023	Indefinite
COMMISSIONERS			
Larry R. Carter	66485724	1/1/2023	Continuous
Tommy Clevenger	15863951	1/1/2023	Continuous
Seth Graf	65310936	1/1/2021	01/01/25
Alan Wisdom	65311069	1/1/2021	01/01/25
COUNTY CLERK			
Janie Salazar	65365136	1/1/2023	Continuous
Anna Garza	54939539	4/11/2019	Continuous
Jennifer Nicole Palermo	63668157	1/1/2023	Indefinite
Pamela Dee Kiser	63631296	1/19/2023	Continuous
Tammy Doshier	62053889	5/6/2023	Continuous
TREASURER			
Kelli Martin	65735164	1/3/2023	Continuous
Brandon Walters	54939537	5/2/2019	Continuous

Office	Bond Amount	Bonding Company
Constable - Precinct #1	1,000	Western Surety Co
Constable - Precinct #2	1,000	Western Surety Company
Constable - Precinct #4	1,000	Western Surety Co.
Constable - Precinct #5	1,000	Western Surety Company
Justice of the Peace - Precinct #1	5,000	Old Republic Surety Co.
Justice of the Peace - Precinct #2	5,000	Western Surety Co.
Justice of the Peace - Precinct #4	5,000	Western Surety Co.
Justice of the Peace precinct #2	5,000	Western Surety Co.
Justice of the Peace precinct #5	5,000	Western Surety Co.
Justice of the Peace Clerk #5	5,000	Western Surety Co.
Justice of the Peace Clerk #5	5,000	Western Surety Co.
Justice of the Peace Clerk #5	5,000	Western Surety Co.
County Commissioner - Precinct #2	3,000	Old Republic Surety Co.
County Commissioner - Precinct #4	3,000	Western Surety Co.
County Commissioner - Precinct #1	3,000	Western Surety Co.
County Commissioner - Precinct #3	3,000	Western Surety Co.
Deputy Clerk	40,000	Western Surety Co.
Deputy Clerk	40,000	Western Surety Co.
County Clerk	75,000	Western Surety Co.
Deputy Clerk	40,000	Western Surety Co.
Deputy Clerk	40,000	Western Surety Co.
Hockley County Treasurer	10,000	Western Surety Co.
Chief Deputy Treasurer	10,000	Western Surety Co.

HOCKLEY COUNTY, TEXAS
SURETY BOND SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023

Name	Policy Number	Effective Dates	
		Beginning	Ending
COUNTY ATTORNEY			
Anna Hord	54939424	10/26/2021	1/10/2022
Stacy Schulle	15865339	6/29/2017	Continuous
Veronica Quintanilla	54939151	6/29/2017	Continuous
DISTRICT ATTORNEY			
Angela Overman	65330063	11/8/2019	11/08/20
RESERVE DEPUTY			
Larry Cardona	64757294	8/13/2021	Indefinite
Margaret Jeffcoat	61746089	7/5/2017	07/05/21
Jeff Pharis			
TAX ASSESSOR			
Melissa Lynn Hodge	71963442	8/28/2023	Continuous
Sylvia Ann Garza	64498087	1/16/2023	Continuous
Tammy Castro	64498070	9/30/2021	Indefinite
Debra C Bramlett	61392294	3/20/2020	07/02/20
Debra C Bramlett	61379351	7/2/2016	07/02/20
Linda Sehon	14383630	11/29/2017	Continuous
Ann marie Castellano	72249108	3/10/2023	Continuous
Karissa Ann Pompa	72249113	3/10/2020	Indefinite
Tristan Volanos	65119984	6/24/2020	Indefinite
Misty Taylor	65119968	6/24/2020	Indefinite
Nina Perez	65119997	6/24/2020	Indefinite
Melissa Lynn Land Hodge	71963442	5/10/2022	
JUVENILE PROBATION			
Norman Moore	54939509	8/11/2023	Continuous
Scott Winn	54939530	8/11/2016	Continuous
Patience Childers	66548157	2/16/2023	Continuous
Lisa G Richardson	61241858	1/3/2017	Continuous
AUDITOR			
Shirley Penner	63614843	4/18/2018	04/16/22
COUNTY JUDGE			
Sharla Baldridge	66487420	1/1/2023	Continuous

Office	Bond Amount	Bonding Company
County Attorney	2,500	Western Surety Company
County Attorney Clerk	5,000	Western Surety Co.
County Attorney Clerk	5,000	Western Surety Co.
District Attorney	5,000	Western Surety Co.
Reserve Deputy	2,000	Western Surety Company
Reserve Deputy	2,000	Western Surety Company
Reserve Deputy		
Deputy Tax Clerk	10,000	Western Surety Company
Deputy Clerk	10,000	Western Surety Company
Deputy Tax Clerk	10,000	Western Surety Company
Tax Collector-Assessor	10,000	Western Surety Co./ State of Texas Bond
Tax Collector-Assessor	100,000	Western Surety Company
Deputy Tax Collector	10,000	Western Surety Company
Deputy Tax Collector	10,000	Western Surety Company
Deputy Tax Collector	10,000	Western Surety Company
Deputy	10,000	Western Surety Company
Book Keeper	10,000	Western Surety Company
Deputy	10,000	Western Surety Company
Deputy	10,000	Western Surety Company
Juv Prob Officer	10,000	Western Surety Company
Chief Asst. Juv Prob Officer	10,000	Western Surety Company
Asst Probation Officer	10,000	Western Surety Company
Deputy Tax Collector	10,000	Western Surety Company
Hockley County Auditor	5,000	Western Surety Co.
County Judge	100,000	Western Surety Co.

HOCKLEY COUNTY, TEXAS
SURETY BOND SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023

Name	Policy Number	Effective Dates	
		Beginning	Ending
DISTRICT CLERK			
Oralie Gutierrez	66478495	1/1/2023	Continuous
Maggie Rodriguez	65357638	1/14/2023	Continuous
Oralie Gutierrez	65357479	1/14/2022	Indefine
ELECTION ADMINISTRATOR			
Jodi Rose	65537095	06/17/21	Indefinte
MALLET EVENT CENTER			
Tracy Evans	65330036	12/16/2021	Indefinite
Latrell Sehon	65330063	12/17/2021	Indefinite
Jeanette Jeffcoat	66230461	4/26/2023	Continuous
Annisten Sandlin	66232984	4/27/2023	Indefinite
SHERIFF			
Ray Scifres	63019040	1/1/2017	1/1/2025
Brandon Lewis	65524685	6/8/2023	Continuous
JAILER			
Elsa Cavazos	65614751	8/30/2021	Indefinite
Clint Overland	65614806	8/30/2021	Indefinite

Office	Bond Amount	Bonding Company
Hockley County District Clerk	30,000	Western Surety Co.
Hockley County District Clerk	30,000	Western Surety Co.
Hockley County District Clerk	30,000	Western Surety Co.
Elections Admin	10,000	Western Surety Company
Mallet Event Center	5,000	Western Surety Company
Mallet Event Center	5,000	Western Surety Company
Mallet Event Center	5,000	Western Surety Company
Mallet Event Center	5,000	Western Surety Company
Hockley County Sheriff	10,000	Western Surety Company
Hockley County Sheriff	2,000	Western Surety Company
Hockley County Sheriff's Office Jailer	5,000	Western Surety Company
Hockley County Sheriff's Office Jailer	5,000	Western Surety Company

FEDERAL AWARDS SECTION

HOCKLEY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Project Number	Federal Grantor Pass-through Grantor/ Program Title	Assistance Listing Number	Expenditures, Indirect Costs, and Refunds
	<u>U.S. Department of Treasury</u>		
	COVID-19 Coronavirus State and Local Recovery Funds	21.027	<u>\$ 1,235,839</u>
	Total U.S. Department of Treasury		<u><u>\$ 1,235,839</u></u>

HOCKLEY COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hockley County, Texas (the County) for the year ended December 31, 2023. Matching costs, the nonfederal share of certain program costs, are not included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Those federal programs presenting negative amounts on the Schedule are the result of adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 1.

NOTE 4 – INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

INTERNAL CONTROL AND COMPLIANCE SECTION

HOCKLEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Hockley County, Texas.
2. Internal control over financial reporting:
 - a) Material weakness identified? _____ Yes ✓ No
 - b) Significant deficiency identified? _____ Yes ✓ None Reported
3. No instances of noncompliance material to the financial statements of Hockley County, Texas are disclosed during the audit.
4. Internal control over major federal and state programs:
 - a) Material weakness identified? _____ Yes ✓ No
 - b) Significant deficiency identified? _____ Yes ✓ None Reported
5. The auditor's report on compliance for the major federal award programs of Hockley County, Texas expresses an unmodified opinion on all major federal and state programs.
6. Any audit findings disclosed that are required to be reported in accordance with 2 U.S. CFR Part 200.516(a)?
_____ Yes ✓ No
7. The programs tested as federal major programs include:

Name	Assistance Listing No.
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
8. The threshold for distinguishing Types A and B programs was \$750,000 for federal awards.
9. Hockley County, Texas does not qualified as a low-risk auditee.

HOCKLEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

B. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

CURRENT YEAR FINDINGS:

None.

PRIOR YEAR FINDINGS:

None

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Judge and Commissioners’ Court
Hockley County, Texas
802 Houston St.
Levelland, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Hockley County, Texas (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated September 23, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EMMS CPAs and Advisors, PLLC

Levelland, TX

September 23, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Judge and Commissioners’ Court
Hockley County, Texas
802 Houston St.
Levelland, Texas 79336

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Hockley County, Texas (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended December 31, 2023. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County’s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County’s compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County’s compliance with the requirements of each major federal program as a whole.



In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EMMS CPAs and Advisors, PLLC

Levelland, Texas
September 23, 2024