




HOCKLEY COUNTY Jennifer Palermo Hockley County Clerk 802 Houston St. Suite 213 Levelland, TX 79336 Phone: 806-894-3185	DOCUMENT #: CM-2020-0077 RECORDED DATE: 12/01/2020 02:43:59 PM 	
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	 Jennifer Palermo Hockley County Clerk	

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OCT 08 2020

Jennifer Palermo

County Clerk, Hockley County, Texas

**NOTICE OF MEETING OF THE COMMISSIONERS' COURT OF
HOCKLEY COUNTY, TEXAS**

Notice is hereby given that a Special Meeting of the above named Commissioners' Court will be held on the 13th day of October, 2020 at 9:00 a.m. in the Commissioners' Courtroom, Hockley County Courthouse, Levelland, Texas, at which time the following subjects will be discussed to-wit:

1. Read for approval the minutes of the Regular Meeting held on October 5, 2020 at 9:00 a.m.
2. Read for approval all monthly bills and claims submitted to the Court and dated through October 13, 2020.
3. Consider and take necessary action to approve and accept the 2019 Audit from Myatt, Blume and Associates.
4. Consider and take necessary action to approve the 2021 Hockley County Resolution Indigent Defense Grant Program.
5. **DISCUSSION AND POTENTIAL ACTION** – Discussion and potential action shall occur regarding the following matters pertaining to the County's pending RFQ No. 2020-002 ("RFQ") for the engagement of a qualified Forensic Auditor: (1) to open and discuss the responses received by the County to the RFQ; (2) to evaluate and score the RFQ responses; (3) to designate the highest scoring RFQ Respondent for proposed contract negotiation for engagement; and/or (3) all related matters, including (a) the rejection of Responses to the RFQ, (b) the reliance on all protections afforded the County by the competitive procurement procedure allowed by law, and (c) proceeding with an alternative procurement procedure allowed by law, should no RFQ responses be submitted or an RFQ response be deemed insufficient.

COMMISSIONERS' COURT OF HOCKLEY COUNTY, TEXAS.

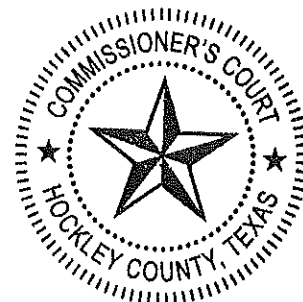
Sharla Baldrige
BY: _____
Sharla Baldrige, Hockley County Judge

I, the undersigned County Clerk, do hereby certify that the above Notice of Meeting of the above named Commissioners' Court, is a true and correct copy of said Notice on the bulletin board at the Courthouse, and at the east door of the Courthouse of Hockley County, Texas, as place readily accessible to the general public at all times on the 8th day of October, 2020, and said Notice remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

Dated this 8th day of October, 2020.

Jennifer Palermo

Jennifer Palermo, County Clerk, and Ex-Officio
Clerk of Commissioners' Court, Hockley County, Texas



THE STATE OF TEXAS
COUNTY OF HOCKLEY

IN THE COMMISSIONER'S COURT
OF HOCKEY COUNTY, TEXAS

SPECIAL MEETING
OCTOBER 13, 2020

Be it remembered that on this the 13th day of October A.D. 2020, there came on to be held a Special Meeting of the Commissioners Court, and the court having convened in Special session at the usual meeting place thereof at the Courthouse in Levelland, Texas, with the following members present to-wit:

Sharla Baldridge	County Judge
Curtis D. Thrash	Commissioner Precinct No. 1
Larry Carter	Commissioner Precinct No. 2
J.L. "Whitey" Barnett	Commissioner Precinct No. 3
Thomas R "Tommy" Clevenger ABSENT	Commissioner Precinct No. 4

Jennifer Palermo, County Clerk, and Ex-Officio Clerk of Commissioners Court when the following proceedings were had to-wit:

Motion by Commissioner Barnett, second by Commissioner Thrash, 3 Votes Yes, 0 Votes No, that the Minutes of a Special meeting of the Commissioner's Court, held on October 5, 2020, A.D. be approved and stand as read.

Motion by Commissioner Thrash, second by Commissioner Carter, 3 Votes Yes, 0 Votes No, that all monthly claims and bills submitted to the court and dated through October 13, 2020, A.D. be approved and stand as read.

Motion by Commissioner Carter, second by Commissioner Thrash, 3 votes yes, 0 votes No, that Commissioners Court approved the 2019 Audit from Myatt, Blume and Associates. As per Audited Financial Statements for The Year Ended December 31, 2019 recorded below.

HOCKLEY COUNTY, TEXAS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

HOCKLEY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2019

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HOCKLEY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
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HOCKLEY COUNTY, TEXAS

COUNTY OFFICIALS

Sharla D. Baldrige County Judge
Curtis Thrash Commissioner, Precinct 1
Larry Carter Commissioner, Precinct 2
J. L. Barnett Commissioner, Precinct 3
Tommy Clevenger Commissioner, Precinct 4
Anna Hord County Attorney
Jennifer N. Palermo County Clerk
Denise Bohannon County Treasurer
Debra Bramlett County Tax Assessor-Collector
Ray Scifres County Sheriff
Pat Phelan Judge, 286th Judicial District
Christopher Dennis District Attorney
Shirley Penner County Auditor
Dennis Price District Clerk
Sue Coker Justice of the Peace #1
Linda J. Canon Justice of the Peace #2
Larry Wood Justice of the Peace #4
Brenda Nock Justice of the Peace #5

FINANCIAL SECTION

MYATT, BLUME, AND ASSOCIATES LTD., L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

812 9TH STREET
LEVELLAND, TX 79336
806-894-7324
FAX: 806-894-8693

MEMBERS

TEXAS SOCIETY AND AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

Sham L. Myatt CPA
Phelps Blume CPA
Fermin V. Ramirez CPA

INDEPENDENT AUDITOR'S REPORT

To the Hockley County Commissioners' Court
Hockley County, Texas
802 Houston St.
Levelland, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hockley County, Texas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hockley County, Texas, as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the Table of Contents be presented to supplement the basic financial statements. Such 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 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.

Hockley County, Texas has not presented the management's discussion and analysis (MD&A) that the Governmental Accounting Standards Board has determined necessary to supplement, although not required to be a part of, the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hockley County, Texas' basic financial statements. The introductory section, combining nonmajor fund financial statements, and other schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 introductory section, combining nonmajor fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2020, on our consideration of Hockley County, Texas' 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 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 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 Hockley County, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

Myatt, Blume, & Associates, Ltd., L.L.P

Myatt, Blume, & Associates, Ltd., L.L.P.
Certified Public Accountants
Levelland, Texas
September 21, 2020

BASIC FINANCIAL STATEMENTS

HOCKLEY COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2019

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,510,438	\$ 54,239	\$ 10,564,677
Taxes Receivable, Net	9,494,861	-	9,494,861
Due from Fiduciary Funds	9,453,980	-	9,453,980
Prepaid Items	85,000	-	85,000
Capital Assets:			
Land	300,729	-	300,729
Infrastructure, Net	1,513,835	-	1,513,835
Buildings, Net	18,834,544	-	18,834,544
Furniture and Equipment, Net	4,933,518	-	4,933,518
Total Assets	<u>55,126,905</u>	<u>54,239</u>	<u>55,181,144</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	2,409,804	-	2,409,804
Total Deferred Outflows of Resources	<u>2,409,804</u>	<u>-</u>	<u>2,409,804</u>
LIABILITIES			
Accounts Payable	354,191	-	354,191
Intergovernmental Payable	1,034	-	1,034
Noncurrent Liabilities:			
Net Pension Liability	3,827,820	-	3,827,820
Total Liabilities	<u>4,183,045</u>	<u>-</u>	<u>4,183,045</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	164,999	-	164,999
Total Deferred Inflows of Resources	<u>164,999</u>	<u>-</u>	<u>164,999</u>
NET POSITION			
Net Investment in Capital Assets	25,582,626	-	25,582,626
Restricted for:			
Debt Service	109,703	-	109,703
Highway and Streets	3,110,275	-	3,110,275
Courthouse Projects	499,355	-	499,355
Records Management/Retention	306,340	-	306,340
Unrestricted Net Position	23,580,366	54,239	23,634,605
Total Net Position	<u>\$ 53,188,665</u>	<u>\$ 54,239</u>	<u>\$ 53,242,904</u>

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, 2019

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 6,466,775	\$ 802,255	\$ -
Public Safety	4,426,154	175,494	27,340
Highways and Streets	3,649,178	1,030,270	-
Health and Welfare	186,815	200,000	-
Culture and Recreation	1,583,121	323,074	12,797
Interest on Debt	7,675	-	-
Total Governmental Activities	<u>16,319,718</u>	<u>2,531,093</u>	<u>40,137</u>
BUSINESS-TYPE ACTIVITIES:			
Sheriff Commissary Fund	12,150	23,833	-
Inmate Trust Fund	91,835	96,555	-
Total Business-Type Activities	<u>103,985</u>	<u>120,388</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 16,423,703</u>	<u>\$ 2,651,481</u>	<u>\$ 40,137</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Property Taxes, Levied for Debt Service

Penalty and Interest on Taxes

Miscellaneous Revenue

Investment Earnings

Sale 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.

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (5,664,520)	\$ -	\$ (5,664,520)
(4,223,320)	-	(4,223,320)
(2,618,908)	-	(2,618,908)
13,185	-	13,185
(1,247,250)	-	(1,247,250)
(7,675)	-	(7,675)
<u>(13,748,488)</u>	<u>-</u>	<u>(13,748,488)</u>
-	11,683	11,683
-	4,720	4,720
-	<u>16,403</u>	<u>16,403</u>
<u>(13,748,488)</u>	<u>16,403</u>	<u>(13,732,085)</u>
11,495,309	-	11,495,309
2,217	-	2,217
2,413,442	-	2,413,442
138,772	-	138,772
190,308	-	190,308
189,796	1,188	190,984
463,088	-	463,088
<u>14,892,932</u>	<u>1,188</u>	<u>14,894,120</u>
1,144,444	17,591	1,162,035
52,044,221	36,648	52,080,869
<u>\$ 53,188,665</u>	<u>\$ 54,239</u>	<u>\$ 53,242,904</u>

HOCKLEY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Other Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 6,434,203	\$ 4,073,413	\$ 10,507,616
Taxes Receivable	6,885,456	2,759,325	9,644,781
Allowance for Uncollectible Taxes (credit)	(821,393)	(329,167)	(1,150,560)
Due from Other Funds	6,702,391	2,751,589	9,453,980
Prepaid Items	-	85,000	85,000
Total Assets	<u>\$ 19,200,657</u>	<u>\$ 9,340,160</u>	<u>\$ 28,540,817</u>
LIABILITIES			
Accounts Payable	\$ 158,561	\$ 195,630	\$ 354,191
Intergovernmental Payable	1,034	-	1,034
Total Liabilities	<u>159,595</u>	<u>195,630</u>	<u>355,225</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	6,064,063	2,430,158	8,494,221
Total Deferred Inflows of Resources	<u>6,064,063</u>	<u>2,430,158</u>	<u>8,494,221</u>
FUND BALANCES			
Restricted Fund Balance:			
Debt Service	-	109,703	109,703
Highways and Streets	-	3,110,275	3,110,275
Courthouse Projects	-	499,355	499,355
Records Management/Preservation	-	306,340	306,340
Committed Fund Balance:			
Construction	-	1,819,199	1,819,199
Other Committed Fund Balance	-	770,522	770,522
Unassigned Fund Balance	12,976,999	98,978	13,075,977
Total Fund Balances	<u>12,976,999</u>	<u>6,714,372</u>	<u>19,691,371</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 19,200,657</u>	<u>\$ 9,340,160</u>	<u>\$ 28,540,817</u>

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
 FOR THE YEAR ENDED DECEMBER 31, 2019

Total Fund Balances - Governmental Funds	\$	19,691,371
<p>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 (decrease) net position.</p>		
		2,822
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.</p>		
		23,822,621
<p>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 including the 2019 capital outlays and debt principal payments is to increase (decrease) net position.</p>		
		3,663,729
<p>This if the second year of the implementation of GASB 68 for the TMRS Pension plan. This fiscal year required that the County report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of (\$3,827,820), Deferred Resource Inflow in the amount of (\$164,999) and a Deferred Resource Outflow of \$2,409,804. The net effect of these was to decrease the ending net position by (\$1,583,015).</p>		
		(1,583,015)
<p>The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,903,724)
<p>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, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.</p>		
		9,494,861
Net Position of Governmental Activities	\$	53,188,665

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Other Funds	Total Governmental Funds
REVENUES:			
Property Taxes	\$ 10,098,036	\$ 3,954,749	\$ 14,052,785
Licenses and Permits	-	365,578	365,578
Intergovernmental Revenue and Grants	30,533	9,604	40,137
Charges for Services	686,626	638,034	1,324,660
Fines	-	175,494	175,494
Forfeits	-	6,930	6,930
Investment Earnings	100,831	88,875	189,706
Rents and Royalties	183,368	10	183,378
Other Revenue	371,704	293,380	665,084
Total Revenues	<u>11,471,098</u>	<u>5,532,654</u>	<u>17,003,752</u>
EXPENDITURES:			
Current:			
General Government	5,063,703	757,248	5,820,951
Public Safety	4,090,258	19,726	4,109,984
Highways and Streets	-	2,856,234	2,856,234
Health and Welfare	-	186,815	186,815
Culture and Recreation	49,263	1,001,211	1,050,474
Debt Service:			
Principal on Debt	-	1,730,000	1,730,000
Interest on Debt	-	34,600	34,600
Capital Outlay:			
Capital Outlay	252,572	2,209,965	2,462,537
Total Expenditures	<u>9,455,796</u>	<u>8,795,799</u>	<u>18,251,595</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,015,302</u>	<u>(3,263,145)</u>	<u>(1,247,843)</u>
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	56,894	970,758	1,027,652
Transfers In	4,742,471	2,319,000	7,061,471
Transfers Out (Use)	(7,061,471)	-	(7,061,471)
Total Other Financing Sources (Uses)	<u>(2,262,106)</u>	<u>3,289,758</u>	<u>1,027,652</u>
Net Change in Fund Balances	<u>(246,804)</u>	<u>26,613</u>	<u>(220,191)</u>
Fund Balance - January 1 (Beginning)	<u>13,223,803</u>	<u>6,687,759</u>	<u>19,911,562</u>
Fund Balance - December 31 (Ending)	<u>\$ 12,976,999</u>	<u>\$ 6,714,372</u>	<u>\$ 19,691,371</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, 2019

Total Net Change in Fund Balances - Governmental Funds	\$	(220,191)
<p>The city 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 increase (decrease) the change in net position.</p>		
		(633)
<p>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 2019 capital outlays and debt principal payments is to increase (decrease) the change in net position.</p>		
		3,663,729
<p>The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred outflows. The contributions made after the measurement date of 12/31/18 cause an increase in the ending net position in the amount of \$675,284. Contributions made before the measurement date but after the previous measurement date were reversed from deferred source outflows and recorded as current year expense. This causes a decrease in the change in net position totaling (\$653,533). The County's reported TCDRS net position expense had to be recorded. The net position expense increased the change in net position by (\$413,443). The result of these changes is to increase the change in net position by (\$391,692).</p>		
		(391,692)
<p>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.</p>		
		(1,903,724)
<p>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, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.</p>		
		(3,045)
Change in Net Position of Governmental Activities	\$	1,144,444

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-Type Activities		Governmental Activities	
	Total Enterprise Funds		Internal Service Fund	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$	54,239	\$	2,822
Total Assets		54,239		2,822
NET POSITION		54,239		2,822
Unrestricted Net Position		54,239		2,822
Total Net Position	\$	54,239	\$	2,822

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, 2019

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES:		
Charges for Services	\$ 120,388	\$ 277
Total Operating Revenues	<u>120,388</u>	<u>277</u>
OPERATING EXPENSES:		
Purchased Property Services	726	-
Other Operating Costs	11,786	1,000
Supplies	91,473	-
Total Operating Expenses	<u>103,985</u>	<u>1,000</u>
Operating Income (Loss)	<u>16,403</u>	<u>(723)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment Earnings	1,188	90
Total Nonoperating Revenue (Expenses)	<u>1,188</u>	<u>90</u>
Change in Net Position	17,591	(633)
Total Net Position - January 1 (Beginning)	<u>36,648</u>	<u>3,455</u>
Total Net Position - December 31 (Ending)	<u>\$ 54,239</u>	<u>\$ 2,822</u>

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, 2019

EXHIBIT D-3

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 120,388	\$ 277
Cash Payments for Suppliers	(103,985)	(1,000)
Net Cash Provided by (Used for) Operating Activities	<u>16,403</u>	<u>(723)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	<u>1,188</u>	<u>90</u>
Net Increase (Decrease) in Cash and Cash Equivalents	17,591	(633)
Cash and Cash Equivalents at Beginning of the Year	<u>36,648</u>	<u>3,455</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 54,239</u>	<u>\$ 2,822</u>

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 17,159,507
Accounts Receivable (Net)	40,414
Due from Fiduciary Funds	1,935,117
Total Assets	<u>\$ 19,135,038</u>
LIABILITIES	
Accounts Payable	\$ 625,807
Claims and Judgments Payable	55,585
Intergovernmental Payable	6,742,080
Due to Other Funds	9,453,980
Due to Fiduciary Funds	1,935,117
Due to Others	322,469
Total Liabilities	<u>\$ 19,135,038</u>

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE A - 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. 69* 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.

1. 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, 2018, no financial transactions had taken place.

2. 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 Hockley County, Texas' 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 (CONT.)
YEAR ENDED DECEMBER 31, 2019

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

2. 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 (CONT.)
YEAR ENDED DECEMBER 31, 2019

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

2. 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.

I & S Multipurpose Events Center Debt Service Fund – The debt service fund accounts for the resources accumulated and payments made for principal and interest on the long-term debt associated with construction of the Mallet Multipurpose Events Center.

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 (CONT.)
YEAR ENDED DECEMBER 31, 2019

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

2. 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 (CONT.)
YEAR ENDED DECEMBER 31, 2019

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

2. 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.

Hockley 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:

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

3. 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 (CONT.)
 YEAR ENDED DECEMBER 31, 2019

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

3. 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 (CONT.)
YEAR ENDED DECEMBER 31, 2019

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

3. 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, 2019, the County contributed \$267,699 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.

4. 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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED DECEMBER 31, 2019

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

4. BUDGETARY DATA (cont.)

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).

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 20, 2018, in accordance with the above process. The final fiscal 2019 budget revision was adopted by the Commissioners' Court on November 20, 2019.
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 2019 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 B - 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 Hockley 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 2019 fiscal year.

Restricted Cash - Under the normal course of conducting its activities, Hockley 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, 2019, Hockley County had restricted cash in the amount of \$115,364 that was payable to third-party beneficiaries held in the Agency 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.

HOCKLEY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)
 YEAR ENDED DECEMBER 31, 2019

NOTE C - CAPITAL ASSET ACTIVITY (cont.)

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

General Government	\$ 588,245
Public Safety	94,864
Highways and Streets	702,463
Culture and Recreation	<u>518,152</u>
Total	<u>\$ 1,903,724</u>

Hockley County's business-type activities had no capital assets as of December 31, 2019.

NOTE D - 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
Agency Funds	\$ 6,702,391	\$ 39	\$ 2,751,550	\$ 9,453,980
Totals	<u>\$ 6,702,391</u>	<u>\$ 39</u>	<u>\$ 2,751,550</u>	<u>\$ 9,453,980</u>

During the year ended December 31, 2019, the County transferred \$500,000 from the General Fund to the Mallet MPEC Operating Fund for general operation purposes, \$1,730,000 from the General fund to the I&S Multi-Purpose Events Center fund to cover for the bond payment, and \$89,000 from General Fund to Jury fund for general operation purposes.

NOTE E - BONDS PAYABLE

Hockley County, Texas issued a \$14,515,000 General Obligation Bond, Series 2009, for the construction and related equipment of the Mallet Multipurpose Event Center in September, 2009 with an interest rate of 3.04%. The bonds were payable over a ten year period, beginning February 15, 2010 and maturing February 15, 2019. The \$668,016 in bond premiums is being amortized on a straight-line basis over the life of the bonds. Designated property tax levies and revenues from the MPEC are to be used to fund the debt service.

Bond	Beginning Balance	Additions	Payments	Ending Balance
G.O. Bonds Series 2009	<u>\$ 1,730,000</u>	<u>\$ -</u>	<u>\$ 1,730,000</u>	<u>\$ -</u>

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED DECEMBER 31, 2019

NOTE F - LEASES

The County did not have any capital leases in effect as of December 31, 2019. The County leases multiple units of office equipment for several departments under multiple operating leases expiring in September, 2024. The County pays approximately \$3,086 in monthly lease payments for the equipment. Total payments for the fiscal year 2019 were approximately \$37,033.

NOTE G - 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 2019 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 2019 tax levy is reported as a tax receivable and a deferred inflow in the governmental funds.

The tax rates for the 2019 fiscal year (2018 and 2019 tax levies) are \$0.53361 and \$0.52867 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 8%.

The original appraised taxable values upon which the 2018 and 2019 tax levies are based are \$2,442,812,183 and \$2,627,212,870, respectively, resulting in tax levies of \$13,204,324 and \$14,171,741 respectively after supplemental adjustments made by the Hockley County Appraisal District. The County has collected approximately 95.00% of 2018's tax levy and 35.28% of 2019's levy as of December 31, 2019.

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.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED DECEMBER 31, 2019

NOTE H - 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.

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 2019, the County paid approximately \$2,164,167 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 2019 fiscal year reported \$277 in operating revenues, \$1,000 in expenditures and \$90 in interest income in the fund. The fund has a cash balance of \$2,822 at December 31, 2019.

NOTE I - PENSION PLAN

Hockley 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 677 nontraditional defined pension plans from various county and district governmental entities statewide. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon request through TCDRS, PO Box 2034, Austin, TX 78768-2034, or through the www.tcdrs.org website.

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.

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.

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 determined 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.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
YEAR ENDED DECEMBER 31, 2019

NOTE I - PENSION PLAN (cont.)

Employees for the Hockley County are required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the County were 12.90% and 13.27% in calendar 2018 and 2019, respectively. The County's contributions to TCDRS for the year ended December 31, 2019 were \$675,284 and were equal to the required contributions.

Net Pension Liability – Hockley County's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date. The December 31, 2018 actuarial valuation is the most recent valuation.

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 TDCRS's investment consultants and are based on January 2019 information for a 10-year time horizon.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Inflation)
US Equities	10.50%	5.40%
Private Equity	18.00%	8.40%
Global Equities	2.50%	5.70%
International Equities - Developed	10.00%	5.40%
International Equities - Emerging	7.00%	5.90%
Investment-Grade Bonds	3.00%	1.60%
Strategic Credit	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	<u>13.00%</u>	3.90%
Total	100.00%	

Discount Rate – The discount rate used to measure the Total Pension Liability was 8.1%. 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 (CONT.)
 YEAR ENDED DECEMBER 31, 2019

NOTE I - PENSION PLAN (cont.)

Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/17	\$ 28,451,818	\$ 26,896,930	\$ 1,554,888
Changes for the year:			
Service cost	635,836		635,836
Interest	2,293,843		2,293,843
Change in benefit terms	-		-
Diff between expected/actual experience	(190,605)		(190,605)
Changes of assumptions	-		-
Contributions - employer	-	653,533	(653,533)
Contributions - employee	-	354,631	(354,631)
Net investment income	-	(507,334)	507,334
Benefit payments, including refunds of employee contributions	(1,567,726)	(1,567,726)	-
Administrative expenses	-	(20,719)	20,719
Other charges	-	(13,969)	13,969
Net changes	1,171,348	(1,101,584)	2,272,932
Balance at 12/31/18	\$ 29,623,166	\$ 25,795,346	\$ 3,827,820

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (7.10%) or 1 percent point higher (9.10%) than the current rate:

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	Increase in Discount Rate (9.1%)
County's net pension liability	\$ 7,129,953	\$ 3,827,820	\$ 991,027

HOCKLEY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)
 YEAR ENDED DECEMBER 31, 2019

NOTE I - PENSION PLAN (cont.)

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.tcdrs.org.

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

For the year ended December 31, 2019, Hockley County recognized pension expense of \$1,066,972.

At December 31, 2019, Hockley 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)	\$ 50,647	\$ 164,999
Changes in actuarial assumptions	\$ 90,614	\$ -
Differences between projected and actual investment earnings (net of current year amortization)	\$ 1,593,259	\$ -
Contributions subsequent to the measurement date	<u>\$ 675,284</u>	<u>\$ -</u>
Total	<u>\$ 2,409,804</u>	<u>\$ 164,999</u>

Hockley County reported \$675,284 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, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2020	\$ 569,024
2021	\$ 248,575
2022	\$ 219,443
2023	\$ 532,479
2024	\$ -
Thereafter	\$ -

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, 2019

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Property Taxes	\$ 9,386,996	\$ 9,386,996	\$ 10,098,036	\$ 711,040
Intergovernmental Revenue and Grants	10,580	10,580	30,533	19,953
Charges for Services	611,850	611,850	688,531	76,681
Investment Earnings	135,800	135,800	100,831	(34,969)
Rents and Royalties	154,265	154,265	183,368	29,103
Other Revenue	309,916	309,916	371,704	61,788
Total Revenues	10,609,407	10,609,407	11,473,003	863,596
EXPENDITURES:				
Current:				
General Government	5,630,758	5,630,758	5,063,703	567,055
Public Safety	4,300,569	4,300,569	4,112,109	188,460
Culture and Recreation	40,580	40,580	49,263	(8,683)
Capital Outlay:				
Capital Outlay	137,500	137,500	230,721	(93,221)
Total Expenditures	10,109,407	10,109,407	9,455,796	653,611
Excess (Deficiency) of Revenues Over (Under) Expenditures	500,000	500,000	2,017,207	1,517,207
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	56,894	56,894
Transfers In	4,742,471	4,742,471	4,742,471	-
Transfers Out (Use)	(5,242,471)	(5,242,471)	(7,061,471)	(1,819,000)
Total Other Financing Sources (Uses)	(500,000)	(500,000)	(2,262,106)	(1,762,106)
Net Change	-	-	(244,899)	(244,899)
Fund Balance - January 1 (Beginning)	13,223,803	13,223,803	13,223,803	-
Fund Balance - December 31 (Ending)	\$ 13,223,803	\$ 13,223,803	\$ 12,978,904	\$ (244,899)

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

HOCKLEY COUNTY, TEXAS
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Plan Year Ended December 31,			
	2018	2017	2016	2015
Total Pension Liability				
Service cost	635,836	661,083	719,931	689,376
Interest (on the total pension liability)	2,293,843	2,167,614	2,061,725	1,992,208
Changes of benefit terms	-	-	(666,522)	(60,296)
Difference between expected and actual experience	(190,606)	84,412	(88,177)	(323,072)
Change of assumptions	-	151,022	-	301,437
Benefit payments, including refunds of employee contributions	(1,567,726)	(1,296,598)	(1,314,240)	(1,308,612)
Net Change in Total Pension Liability	1,171,347	1,667,533	712,717	1,291,041
Total Pension Liability - Beginning	28,451,818	26,784,285	26,071,568	24,780,527
Total Pension Liability - Ending (a)	29,623,165	28,451,818	26,784,285	26,071,568
Plan Fiduciary Net Position				
Contributions - employer	653,533	611,866	645,326	689,962
Contributions - employee	354,631	350,493	359,084	354,344
Net investment income	(507,334)	3,478,201	1,666,519	128,614
Benefit payments, including refunds of employee contributions	(1,567,726)	(1,396,598)	(1,314,240)	(1,308,612)
Administrative expense	(20,719)	(17,886)	(18,102)	(16,241)
Other	(13,969)	(5,988)	8,996	28,792
Net Change in Plan Fiduciary Net Position	(1,101,584)	3,020,088	1,347,583	(123,141)
Plan Fiduciary Net Position - Beginning	26,896,930	23,876,842	22,529,259	22,652,400
Plan Fiduciary Net Position - Ending (b)	25,795,346	26,896,930	23,876,842	22,529,259
Net Pension Liability - Ending (a) - (b)	3,827,819	1,554,888	2,907,443	3,542,309
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.08%	94.54%	89.14%	86.41%
Covered Employee Payroll	5,066,160	5,007,048	5,129,776	5,062,061
Net Pension Liability as a Percentage of Covered Employee Payroll	75.56%	31.05%	56.68%	69.98%
				43.28%

HOCKLEY COUNTY, TEXAS
 SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Fiscal Year Ended December 31,			
	2019	2018	2017	2016
Actuarially determined contribution	\$ 675,284	\$ 653,533	\$ 611,866	\$ 645,326
Contributions in relation to actuarially determined contribution	(675,284)	(653,533)	(611,866)	(645,326)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 5,088,803	\$ 5,066,185	\$ 5,007,077	\$ 5,129,786
Contributions as a percentage of covered employee payroll	13.27%	12.90%	12.22%	12.58%
				13.02%

HOCKLEY COUNTY, TEXAS
 NOTES TO SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	11.2 years
Asset Valuation Method	5-yr smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Other Information:	There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

HOCKLEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2019

	Indigent Health Care	Jury Fund	Road & Bridge #1	Road & Bridge #2
ASSETS				
Cash and Cash Equivalents	\$ 104,299	\$ 46,326	\$ 55,090	\$ 381,216
Taxes Receivable	-	340,424	432,735	432,736
Allowance for Uncollectible Taxes (credit)	-	(40,610)	(51,622)	(51,623)
Due from Other Funds	-	326,408	440,898	440,898
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 104,299</u>	<u>\$ 672,548</u>	<u>\$ 877,101</u>	<u>\$ 1,203,227</u>
LIABILITIES				
Accounts Payable	\$ 5,321	-	\$ 5,077	\$ 2,807
Total Liabilities	<u>5,321</u>	<u>-</u>	<u>5,077</u>	<u>2,807</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	299,814	381,113	381,113
Total Deferred Inflows of Resources	<u>-</u>	<u>299,814</u>	<u>381,113</u>	<u>381,113</u>
FUND BALANCES				
Restricted Fund Balance:				
Debt Service	-	-	-	-
Highways and Streets	-	-	490,911	819,307
Courthouse Projects	-	372,734	-	-
Records Management/Preservation	-	-	-	-
Committed Fund Balance:				
Construction	-	-	-	-
Other Committed Fund Balance	-	-	-	-
Unassigned Fund Balance	98,978	-	-	-
Total Fund Balances	<u>98,978</u>	<u>372,734</u>	<u>490,911</u>	<u>819,307</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 104,299</u>	<u>\$ 672,548</u>	<u>\$ 877,101</u>	<u>\$ 1,203,227</u>

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

EXHIBIT H-1 (Cont'd)

Road & Bridge #3	Road & Bridge #4	Road & Bridge #5	Law Library	Library	District Clerk Preservation	County Clerk Preservation	Records Management Office
\$ 912,450	\$ 71,876	\$ 11,894	\$ 14,515	\$ 50,081	\$ 16,976	\$ 68,191	\$ 24,424
432,736	432,733	-	-	135,913	-	-	-
(51,623)	(51,620)	-	-	(16,212)	-	-	-
440,897	440,900	-	120	130,317	1,598	-	118
85,000	-	-	-	-	-	-	-
<u>\$ 1,819,460</u>	<u>\$ 893,889</u>	<u>\$ 11,894</u>	<u>\$ 14,635</u>	<u>\$ 300,099</u>	<u>\$ 18,574</u>	<u>\$ 68,191</u>	<u>\$ 24,542</u>
\$ 22,581	\$ 106,417	\$ 38,766	\$ -	\$ -	\$ -	\$ -	\$ -
<u>22,581</u>	<u>106,417</u>	<u>38,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
381,113	381,113	-	-	119,701	-	-	-
<u>381,113</u>	<u>381,113</u>	<u>-</u>	<u>-</u>	<u>119,701</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
1,415,766	406,359	(26,872)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	14,635	180,398	18,574	68,191	24,542
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,415,766</u>	<u>406,359</u>	<u>(26,872)</u>	<u>14,635</u>	<u>180,398</u>	<u>18,574</u>	<u>68,191</u>	<u>24,542</u>
<u>\$ 1,819,460</u>	<u>\$ 893,889</u>	<u>\$ 11,894</u>	<u>\$ 14,635</u>	<u>\$ 300,099</u>	<u>\$ 18,574</u>	<u>\$ 68,191</u>	<u>\$ 24,542</u>

HOCKLEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2019

	Courthouse Security	Court Technology	Permanent Improvement Fund	Road Bond Fund
ASSETS				
Cash and Cash Equivalents	\$ 62,978	\$ 42,647	\$ 1,267,196	\$ 22,687
Taxes Receivable	-	-	552,048	-
Allowance for Uncollectible Taxes (credit)	-	-	(65,857)	-
Due from Other Funds	80	-	529,316	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 63,058</u>	<u>\$ 42,647</u>	<u>\$ 2,282,703</u>	<u>\$ 22,687</u>
LIABILITIES				
Accounts Payable	-	-	-	-
Total Liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	486,191	-
Total Deferred Inflows of Resources	-	-	<u>486,191</u>	-
FUND BALANCES				
Restricted Fund Balance:				
Debt Service	-	-	-	-
Highways and Streets	-	-	-	-
Courthouse Projects	63,058	42,647	-	-
Records Management/Preservation	-	-	-	-
Committed Fund Balance:				
Construction	-	-	1,796,512	22,687
Other Committed Fund Balance	-	-	-	-
Unassigned Fund Balance				
Total Fund Balances	<u>63,058</u>	<u>42,647</u>	<u>1,796,512</u>	<u>22,687</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 63,058</u>	<u>\$ 42,647</u>	<u>\$ 2,282,703</u>	<u>\$ 22,687</u>

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

EXHIBIT H-1 (Cont'd)

Mallet Operating Fund	Farm to Market & Lateral Road	District Attorney Forfeiture	District Attorney Proceeds	County Attorney Restitution	District Attorney Restitution	CA Pre-Trial Diversion	Total Nonmajor Special Revenue Funds
\$ 590,072	\$ 4,804	\$ 20,916	\$ 39,624	\$ 32,968	\$ 3,179	\$ 119,340	\$ 3,963,749
-	-	-	-	-	-	-	2,759,325
-	-	-	-	-	-	-	(329,167)
-	-	-	-	-	-	-	2,751,550
-	-	-	-	-	-	-	85,000
<u>\$ 590,072</u>	<u>\$ 4,804</u>	<u>\$ 20,916</u>	<u>\$ 39,624</u>	<u>\$ 32,968</u>	<u>\$ 3,179</u>	<u>\$ 119,340</u>	<u>\$ 9,230,457</u>
\$ 14,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,630
<u>14,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,630</u>
-	-	-	-	-	-	-	2,430,158
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,430,158</u>
-	-	-	-	-	-	-	-
-	4,804	-	-	-	-	-	3,110,275
-	-	20,916	-	-	-	-	499,355
-	-	-	-	-	-	-	306,340
-	-	-	-	-	-	-	1,819,199
575,411	-	-	39,624	32,968	3,179	119,340	770,522
-	-	-	-	-	-	-	98,978
<u>575,411</u>	<u>4,804</u>	<u>20,916</u>	<u>39,624</u>	<u>32,968</u>	<u>3,179</u>	<u>119,340</u>	<u>6,604,669</u>
<u>\$ 590,072</u>	<u>\$ 4,804</u>	<u>\$ 20,916</u>	<u>\$ 39,624</u>	<u>\$ 32,968</u>	<u>\$ 3,179</u>	<u>\$ 119,340</u>	<u>\$ 9,230,457</u>

HOCKLEY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Debt Service Fund-Hospital	Debt Service Fund - Mallet	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 39,459	\$ 70,205	\$ 109,664	\$ 4,073,413
Taxes Receivable	-	-	-	2,759,325
Allowance for Uncollectible Taxes (credit)	-	-	-	(329,167)
Due from Other Funds	-	39	39	2,751,589
Prepaid Items	-	-	-	85,000
Total Assets	<u>\$ 39,459</u>	<u>\$ 70,244</u>	<u>\$ 109,703</u>	<u>\$ 9,340,160</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 195,630
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,630</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	2,430,158
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,430,158</u>
FUND BALANCES				
Restricted Fund Balance:				
Debt Service	39,459	70,244	109,703	109,703
Highways and Streets	-	-	-	3,110,275
Courthouse Projects	-	-	-	499,355
Records Management/Preservation	-	-	-	306,340
Committed Fund Balance:				
Construction	-	-	-	1,819,199
Other Committed Fund Balance	-	-	-	770,522
Unassigned Fund Balance	-	-	-	98,978
Total Fund Balances	<u>39,459</u>	<u>70,244</u>	<u>109,703</u>	<u>6,714,372</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 39,459</u>	<u>\$ 70,244</u>	<u>\$ 109,703</u>	<u>\$ 9,340,160</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, 2019

	Indigent Health Care	Jury Fund	Road & Bridge #1	Road & Bridge #2
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ 481,750	\$ 605,083	\$ 605,083
Licenses and Permits	-	-	91,395	91,394
Intergovernmental Revenue and Grants	-	9,604	-	-
Charges for Services	200,000	3,819	-	-
Fines	-	-	28,217	28,216
Forfeits	-	-	-	-
Investment Earnings	3,596	2,045	3,786	11,029
Rents and Royalties	-	-	-	-
Other Revenue	-	2,993	67,030	79,573
Total Revenues	<u>203,596</u>	<u>500,211</u>	<u>795,511</u>	<u>815,295</u>
EXPENDITURES:				
Current:				
General Government	-	505,514	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	642,472	678,650
Health and Welfare	186,815	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	279,750	263,000
Total Expenditures	<u>186,815</u>	<u>505,514</u>	<u>922,222</u>	<u>941,650</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,781</u>	<u>(5,303)</u>	<u>(126,711)</u>	<u>(126,355)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	173,500	177,500
Transfers In	-	89,000	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>89,000</u>	<u>173,500</u>	<u>177,500</u>
Net Change in Fund Balance	16,781	83,697	46,789	51,145
Fund Balance - January 1 (Beginning)	<u>82,197</u>	<u>289,037</u>	<u>444,122</u>	<u>768,162</u>
Fund Balance - December 31 (Ending)	<u>\$ 98,978</u>	<u>\$ 372,734</u>	<u>\$ 490,911</u>	<u>\$ 819,307</u>

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

Road & Bridge #3	Road & Bridge #4	Road & Bridge #5	Law Library	Library	District Clerk Preservation	County Clerk Preservation	Records Management Office
\$ 605,086	\$ 605,086	\$ 12,600	\$ -	\$ 204,426	\$ -	\$ -	\$ -
91,394	91,395	-	-	-	-	-	-
-	-	-	-	1,310	6,133	64,111	5,747
28,217	28,216	58,699	3,190	739	-	-	-
18,381	3,870	393	396	3,074	367	892	532
74,716	67,584	-	-	-	-	-	-
<u>817,794</u>	<u>796,151</u>	<u>71,692</u>	<u>3,586</u>	<u>209,549</u>	<u>6,500</u>	<u>65,003</u>	<u>6,279</u>
-	-	-	-	-	3,847	34,579	2,144
696,889	718,379	119,844	-	-	-	-	-
-	-	-	6,153	206,205	-	-	-
-	-	-	-	-	-	-	-
395,000	580,523	-	-	-	-	-	-
<u>1,091,889</u>	<u>1,298,902</u>	<u>119,844</u>	<u>6,153</u>	<u>206,205</u>	<u>3,847</u>	<u>34,579</u>	<u>2,144</u>
<u>(274,095)</u>	<u>(502,751)</u>	<u>(48,152)</u>	<u>(2,567)</u>	<u>3,344</u>	<u>2,653</u>	<u>30,424</u>	<u>4,135</u>
184,104	355,000	-	-	-	-	-	-
184,104	355,000	-	-	-	-	-	-
(89,991)	(147,751)	(48,152)	(2,567)	3,344	2,653	30,424	4,135
<u>1,505,757</u>	<u>554,110</u>	<u>21,280</u>	<u>17,202</u>	<u>177,054</u>	<u>15,921</u>	<u>37,767</u>	<u>20,407</u>
<u>\$ 1,415,766</u>	<u>\$ 406,359</u>	<u>\$ (26,872)</u>	<u>\$ 14,635</u>	<u>\$ 180,398</u>	<u>\$ 18,574</u>	<u>\$ 68,191</u>	<u>\$ 24,542</u>

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Courthouse Security	Court Technology	Permanent Improvement Fund	Road Bond Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ 831,793	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	12,551	9,331	-	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	1,361	1,020	22,077	545
Rents and Royalties	10	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>13,922</u>	<u>10,351</u>	<u>853,870</u>	<u>545</u>
EXPENDITURES:				
Current:				
General Government	1,286	9,628	200,000	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	606,407	-
Total Expenditures	<u>1,286</u>	<u>9,628</u>	<u>806,407</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,636</u>	<u>723</u>	<u>47,463</u>	<u>545</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	12,636	723	47,463	545
Fund Balance - January 1 (Beginning)	<u>50,422</u>	<u>41,924</u>	<u>1,749,049</u>	<u>22,142</u>
Fund Balance - December 31 (Ending)	<u>\$ 63,058</u>	<u>\$ 42,647</u>	<u>\$ 1,796,512</u>	<u>\$ 22,687</u>

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

Mallet Operating Fund	Farm to Market & Lateral Road	District Attorney Forfeiture	District Attorney Proceeds	County Attorney Restitution	District Attorney Restitution	CA Pre-Trial Diversion	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,950,907
-	-	-	-	-	-	-	365,578
-	-	-	-	-	-	-	9,604
321,372	-	2,632	-	3,485	-	7,543	638,034
-	-	-	-	-	-	-	175,494
-	-	-	6,930	-	-	-	6,930
7,617	115	480	940	774	127	2,777	86,194
-	-	-	-	-	-	-	10
-	-	-	-	-	-	1,484	293,380
<u>328,989</u>	<u>115</u>	<u>3,112</u>	<u>7,870</u>	<u>4,259</u>	<u>127</u>	<u>11,804</u>	<u>5,526,131</u>
-	-	250	-	-	-	-	757,248
-	-	-	7,285	2,166	2,084	8,191	19,726
-	-	-	-	-	-	-	2,856,234
-	-	-	-	-	-	-	186,815
788,853	-	-	-	-	-	-	1,001,211
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>85,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,209,965</u>
<u>874,138</u>	<u>-</u>	<u>250</u>	<u>7,285</u>	<u>2,166</u>	<u>2,084</u>	<u>8,191</u>	<u>7,031,199</u>
<u>(545,149)</u>	<u>115</u>	<u>2,862</u>	<u>585</u>	<u>2,093</u>	<u>(1,957)</u>	<u>3,613</u>	<u>(1,505,068)</u>
-	-	-	-	-	-	-	-
80,654	-	-	-	-	-	-	970,758
500,000	-	-	-	-	-	-	589,000
<u>580,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,559,758</u>
35,505	115	2,862	585	2,093	(1,957)	3,613	54,690
539,906	4,689	18,054	39,039	30,875	5,136	115,727	6,549,979
<u>\$ 575,411</u>	<u>\$ 4,804</u>	<u>\$ 20,916</u>	<u>\$ 39,624</u>	<u>\$ 32,968</u>	<u>\$ 3,179</u>	<u>\$ 119,340</u>	<u>\$ 6,604,669</u>

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Debt Service Fund-Hospital	Debt Service Fund - Mallet	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ 3,842	\$ 3,842	\$ 3,954,749
Licenses and Permits	-	-	-	365,578
Intergovernmental Revenue and Grants	-	-	-	9,604
Charges for Services	-	-	-	638,034
Fines	-	-	-	175,494
Forfeits	-	-	-	6,930
Investment Earnings	985	1,696	2,681	88,875
Rents and Royalties	-	-	-	10
Other Revenue	-	-	-	293,380
Total Revenues	<u>985</u>	<u>5,538</u>	<u>6,523</u>	<u>5,532,654</u>
EXPENDITURES:				
Current:				
General Government	-	-	-	757,248
Public Safety	-	-	-	19,726
Highways and Streets	-	-	-	2,856,234
Health and Welfare	-	-	-	186,815
Culture and Recreation	-	-	-	1,001,211
Debt Service:				
Principal on Debt	-	1,730,000	1,730,000	1,730,000
Interest on Debt	-	34,600	34,600	34,600
Capital Outlay:				
Capital Outlay	-	-	-	2,209,965
Total Expenditures	<u>-</u>	<u>1,764,600</u>	<u>1,764,600</u>	<u>8,795,799</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>985</u>	<u>(1,759,062)</u>	<u>(1,758,077)</u>	<u>(3,263,145)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	970,758
Transfers In	-	1,730,000	1,730,000	2,319,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,730,000</u>	<u>1,730,000</u>	<u>3,289,758</u>
Net Change in Fund Balance	985	(29,062)	(28,077)	26,613
Fund Balance - January 1 (Beginning)	<u>38,474</u>	<u>99,306</u>	<u>137,780</u>	<u>6,687,759</u>
Fund Balance - December 31 (Ending)	<u>\$ 39,459</u>	<u>\$ 70,244</u>	<u>\$ 109,703</u>	<u>\$ 6,714,372</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, 2019

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 36,161	\$ 18,078	\$ 54,239
Total Assets	36,161	18,078	54,239
NET POSITION			
Unrestricted Net Position	36,161	18,078	54,239
Total Net Position	\$ 36,161	\$ 18,078	\$ 54,239

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, 2019

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 23,833	\$ 96,555	\$ 120,388
Total Operating Revenues	<u>23,833</u>	<u>96,555</u>	<u>120,388</u>
OPERATING EXPENSES:			
Purchased Property Services	726	-	726
Other Operating Costs	-	11,786	11,786
Supplies	11,424	80,049	91,473
Total Operating Expenses	<u>12,150</u>	<u>91,835</u>	<u>103,985</u>
Operating Income	<u>11,683</u>	<u>4,720</u>	<u>16,403</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Earnings	719	469	1,188
Total Nonoperating Revenue (Expenses)	<u>719</u>	<u>469</u>	<u>1,188</u>
Change in Net Position	12,402	5,189	17,591
Total Net Position - January 1 (Beginning)	<u>23,759</u>	<u>12,889</u>	<u>36,648</u>
Total Net Position - December 31 (Ending)	<u>\$ 36,161</u>	<u>\$ 18,078</u>	<u>\$ 54,239</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, 2019

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 23,833	\$ 96,555	\$ 120,388
Cash Payments for Suppliers	(12,150)	(91,835)	(103,985)
Net Cash Provided by Operating Activities	<u>11,683</u>	<u>4,720</u>	<u>16,403</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	719	469	1,188
Net Increase in Cash and Cash Equivalents	12,402	5,189	17,591
Cash and Cash Equivalents at the Beginning of the Year	<u>23,759</u>	<u>12,889</u>	<u>36,648</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 36,161</u>	<u>\$ 18,078</u>	<u>\$ 54,239</u>

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

OTHER SCHEDULES

HOCKLEY COUNTY, TEXAS
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 DECEMBER 31, 2019

YEAR LEVIED OCTOBER 1,	YEAR BUDGETED DECEMBER 31,	TAX RATES		ASSESSED/ APPRAISED VALUE FOR TAX PURPOSES			
		LOCAL	DEBT SERVICE				
2010 AND PRIOR	2011 AND PRIOR	\$	VARIOUS	\$	VARIOUS	\$	VARIOUS
2011	2012	\$	0.30680	\$	0.04970	\$	3,623,455,322
2012	2013	\$	0.27541	\$	0.04126	\$	4,306,993,240
2013	2014	\$	0.30640	\$	0.04406	\$	4,007,382,865
2014	2015	\$	0.30442	\$	0.04392	\$	4,019,050,641
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
TOTALS							

EXHIBIT J-1

BEGINNING BALANCE 1/01/2019	CURRENT YEAR'S TOTAL LEVY	COLLECTIONS		ADJUST- MENTS	ENDING BALANCE 12/31/2019
		LOCAL	DEBT SERVICE		
\$ 67,059	\$ -	\$ 1,198	\$ 37	\$ (3,399)	\$ 62,425
9,828	-	336	55	(335)	9,102
12,728	-	844	137	(178)	11,569
15,137	-	1,872	280	(276)	12,709
23,912	-	3,465	498	(409)	19,540
47,612	-	8,637	1,246	(467)	37,262
103,428	-	27,672	-	(5,373)	70,383
166,412	-	62,394	-	(15,559)	88,459
9,199,378	-	8,978,439	-	(50,434)	170,505
-	14,196,599	5,008,914	-	(24,858)	9,162,827
<u>\$ 9,645,494</u>	<u>\$ 14,196,599</u>	<u>\$ 14,093,771</u>	<u>\$ 2,253</u>	<u>\$ (101,288)</u>	<u>\$ 9,644,781</u>

HOCKLEY COUNTY, TEXAS
RECONCILIATION OF CURRENT TAX COLLECTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Taxes Assessed</u>
2019 Adjusted Tax Roll	\$ 14,196,599
Less: Current Tax Collections	(5,008,914)
Plus: Current Year Adjustments	<u>(24,858)</u>
<i>Current Taxes Receivable</i>	<u>\$ 9,162,827</u>
 Percent of current taxes collected through December 31, 2019	 <u>35.28%</u>

HOCKLEY COUNTY, TEXAS
RECONCILIATION OF DELINQUENT TAX COLLECTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

Delinquent Taxes Receivable - January 1, 2019	\$	446,116
Plus: Taxes Transferred to Delinquent Roll - September 30, 2019		
Current Taxes Receivable - January 1, 2019	\$	9,199,378
Less: Tax Collections January through September, 2019		(8,944,755)
Plus: Net Adjustments and Supplements		<u>(48,043)</u>
 2018 Taxes Transferred to Delinquent Roll - September 30, 2019		 <u>206,580</u>
Available for Collection	\$	652,696
Less: Adjustments		(9,759)
Less: Write-Offs per State Statutes		(1,431)
Less: Prior Year Refund Collections		(17,196)
Less: Tax Collections January through September, 2019		(86,807)
Less: Tax Collections October through December, 2019		<u>(55,549)</u>
 <i>Delinquent Taxes Receivable - December 31, 2019</i>	 \$	 <u><u>481,954</u></u>

HOCKLEY COUNTY, TEXAS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
DECEMBER 31, 2019

Name of Depository	Pledged Collateral	Name and Location of Custodian	Fair Market Value December 31, 2019
AIM Bank	FNA 2012-M9 A2 Matures 04/25/2022	The Independent Bankers Bank Dallas, TX	1,022,298
AIM Bank	FHMS K030 A2 Matures 04/25/2023	The Independent Bankers Bank Dallas, TX	2,070,905
AIM Bank	FHMS K032 A2 Matures 05/25/2023	The Independent Bankers Bank Dallas, TX	2,973,542
AIM Bank	FHMS K068 AM Matures 08/25/2027	The Independent Bankers Bank Dallas, TX	3,216,311
AIM Bank	FNM 17061 NB Matures 11/25/2045	The Independent Bankers Bank Dallas, TX	4,043,353
AIM Bank	FMLMC GOLD POOL #G18535 Matures 12/01/2029	The Independent Bankers Bank Dallas, TX	1,694,642
AIM Bank	FMLMC GOLD POOL #V61698 Matures 07/01/3032	The Independent Bankers Bank Dallas, TX	3,662,790
AIM Bank	FMLMC GOLD POOL #K91056 Matures 09/01/2033	The Independent Bankers Bank Dallas, TX	3,263,356
AIM Bank	FNMA POOL #AL0519 Matures 03/01/2026	The Independent Bankers Bank Dallas, TX	392,896
AIM Bank	FNMA POOL# BC0128 Matures 12/01/2030	The Independent Bankers Bank Dallas, TX	809,354
AIM Bank	FNMA POOL# CA1828 Matures 05/01/2033	The Independent Bankers Bank Dallas, TX	442,005
AIM Bank	FNMA POOL #890773 Matures 09/01/2036	The Independent Bankers Bank Dallas, TX	2,051,784
AIM Bank	FNMA POOL #MA1089 Matures 06/01/2032	The Independent Bankers Bank Dallas, TX	722,770
AIM Bank	FNMA POOL#AE8224 Matures 12/01/2040	The Independent Bankers Bank Dallas, TX	1,569,292
			\$ 27,935,298

HOCKLEY COUNTY, TEXAS
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2019

Company	Policy Number	Policy Period		Type of Insurance
		From	To	
Texas Association of Counties	CAS-1100-2019401-1	04/01/19	04/01/20	General Liability
Texas Association of Counties	CAS-1100-2019401-1	04/01/19	04/01/20	Liability, B.I.P.D., Uninsured, Underinsured
West Texas Rural Counties Asso Preferred Risk Pool Fund	MIA1030817HOCK	03/22/19	03/22/20	Property Insurance
Texas Association of Counties	CAS-1100-2019401-1	04/01/19	04/01/20	Public Officials and Employee Liability
Texas Association of Counties	CAS-1100-2019401-1	04/01/19	04/01/20	Crime Coverage
Texas Association of Counties	CAS-1100-2019401-1	04/01/19	04/01/20	Law Enforcement Liability Policy
Texas Assoc. of Counties	CAS-1100-2019401-1	04/01/19	04/01/20	Juvenile Prob/Co Judge
Chubb Inland Marine Insurance	0664-04-25WCE	03/23/19	03/23/20	Comprehensive Property Damage/Per Accident
Texas Association of Counties	WC 1100 2019 01 01	04/01/19	01/01/20	Worker's Compensation
Insure All Inc	18242784	04/01/19	01/12/20	Errors and Omissions
National District Attorneys	CEM 701	04/01/19	04/01/20	Professional Liability
TLIE Texas Lawyers Insurance	85286	12/06/19	12/06/20	Judge's Professional Liability

EXHIBIT J-5

Type of Coverage	Co-Insurance	Coverage Amount	Premium
Commercial General Personal and Advers. Injury Fire Damage	No Deductible	\$ 1,000,000	\$ 5,850
Auto Fleet		\$ 300,000 Per Endorsement	\$ 9,971
Fire, E. C., M. M., Van.	\$5,000 Deductible \$25,000 Wind & Hall	\$ 62,411,068 \$ 4,082,500	\$ 117,230
Public Officials and Employees Liability	\$10,000 Deductible	\$ 2,000,000	\$ 15,740
Cyber, Counterfeit, Forgery, Dishonesty, Computer Fraud Comprehensive Law (Police) Enforcement Liability	\$1,000 Deductible \$20,000 Deductible	\$ 100,000 \$ 2,000,000 Each Wrongful Act	\$ 1,521 \$ 16,033
Physical Damage, Collision	\$500 Deductible	Damages	\$ 19,230
Computer and Printers Electronic Equipment	\$1,000 Deductible	\$ 442,973	\$ 5,050
Employees	No Deductible	Unlimited	\$ 73,491
Notary Public Comprehensive		\$ 20,000	\$ 422
Lawyers	\$5,000 Deductible	\$ 100,000/300,000	\$ 1,661
District Judge Liability Michael "Pat" Phelan	\$1,000 Deductible	\$ 1,000,000	\$ 1,500
			\$ 267,699

HOCKLEY COUNTY, TEXAS
SURETY BOND SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2019

Name	Policy Number	Effective Dates	
		Beginning	Ending
Kenny Greenlee	63019040	01/01/17	01/01/21
Lance Scott	54939425	08/28/19	08/28/20
Robert Dalton	54939536	04/13/19	04/13/20
E. Jennifer Kinney	13748653	10/21/70	12/31/20
Toney Cowan	64905778	12/18/19	Indefinite
Bonnie Sue Coker	LPO1136525	01/04/19	01/01/23
Linda Canon	54939508	01/01/19	01/01/23
Brenda Nock	54939500	01/01/18	01/01/22
Larry Wood	62917967	12/31/18	12/31/19
Paula Moody	15865338	06/29/17	06/19/19
Nina Perez	63119366	03/16/17	Continuous
Curtis Thrash	POB2104895	01/07/19	01/01/23
Larry R. Carter	LPO1136526	01/01/19	01/01/23
J.L. Whitey Barnett	93QS20269	01/01/17	12/31/20
Tommy Clevenger	15863951	01/01/19	01/01/22
Jennifer Lomas	63631336	04/01/19	Continuous
Amy Cantwell	15863953	01/01/17	Continuous
Janie Salazar	15863956	01/01/17	Continuous
Anna Garza	54939539	04/11/19	Continuous
Jennifer Nicole Palermo	63668157	01/06/18	01/01/22
Pamela Dee Kiser	63631296	04/01/19	Continuous
Denise Bohannon	14381676	01/01/19	01/01/22
Brandon Walters	54939537	05/02/19	Continuous
Anna Hord	54939424	01/10/19	01/10/20
Stacy Schulle	15865339	06/29/17	Continuous
Veronica Quintanilla	54939151	06/29/17	Continuous
Rita Kay Caroland	54939150	06/29/17	Continuous
Landon Durham	62054058	06/03/14	Continuous
Cody Salazar	54939466	07/02/17	07/02/18
Larry Cardena	64757294	08/13/19	Indefinite
Margaret Jeffcoat	61746089	07/05/17	07/05/21
David Lee Olivo	61871364	11/13/13	Continuous
Melissa Lynn Hodge	71963442	08/28/17	Continuous
Tammy Barron	71306678	05/06/19	05/06/20
Sylvia Ann Garza	64498087	01/16/19	Continuous

EXHIBIT J-6

Office	Bond Amount	Bonding Company
Constable - Precinct #1	1,000.00	Western Surety Company
Constable - Precinct #5	1,000.00	Western Surety Company
Constable - Precinct #2	1,000.00	Western Surety Company
Constable - Precinct #4	1,000.00	Western Surety Company
Constable - Precinct #5	1,000.00	Western Surety Company
Justice of the Peace - Precinct #1	5,000.00	Old Republic Surety Company
Justice of the Peace - Precinct #2	5,000.00	Western Surety Company
Justice of the Peace - Precinct #5	5,000.00	Western Surety Company
Justice of the Peace - Precinct #4	5,000.00	Western Surety Company
Justice of the Peace Clerk	5,000.00	Western Surety Company
Justice of the Peace Clerk	5,000.00	Western Surety Company
County Commissioner - Precinct #1	3,000.00	Old Republic Surety Company
County Commissioner - Precinct #2	3,000.00	Old Republic Surety Company
County Commissioner - Precinct #3	3,000.00	State Farm Fire & Casualty Company
County Commissioner - Precinct #4	3,000.00	Western Surety Company
Deputy Clerk	40,000.00	Western Surety Company
Deputy Clerk	40,000.00	Western Surety Company
Deputy Clerk	40,000.00	Western Surety Company
Deputy Clerk	40,000.00	Western Surety Company
County Clerk	75,000.00	Western Surety Company
Deputy Clerk	40,000.00	Western Surety Company
Hockley County Treasurer	10,000.00	Western Surety Company
Chief Deputy Treasurer	10,000.00	Western Surety Company
County Attorney	2,500.00	Western Surety Company
County Attorney Clerk	5,000.00	Western Surety Company
County Attorney Clerk	5,000.00	Western Surety Company
Dist. Attorney Clerk	5,000.00	Western Surety Company
Reserve Deputy	2,000.00	Western Surety Company
Reserve Deputy	2,000.00	Western Surety Company
Reserve Deputy	2,000.00	Western Surety Company
Reserve Deputy	2,000.00	Western Surety Company
Reserve Deputy	2,000.00	Western Surety Company
Deputy Tax Clerk	10,000.00	Western Surety Company
Deputy Tax Clerk	10,000.00	Western Surety Company
Deputy Clerk	10,000.00	Western Surety Company

HOCKLEY COUNTY, TEXAS
 SURETY BOND SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2019

Name	Policy Number	Effective Dates	
		Beginning	Ending
Melissa Duran	62278026	01/15/19	01/15/20
Whitney Poston Henderson	72092886	11/01/18	Continuous
Dominique Abercrombie	72092838	10/31/18	Continuous
Tammy Castro	64498070	01/16/19	Indefinite
Yvonne Lanelle Gipson	70468387	02/20/19	43881
Debra C Bramlett	61379351	07/02/16	07/02/20
Linda Sehon	14383630	11/29/17	Continuous
Norman Moore	54939509	08/11/19	08/11/20
Scott Winn	54939530	08/11/16	Continuous
Tammy Mosteller	54939531	08/11/16	Continuous
Lora Dockery	68501272	06/06/19	Continuous
Lisa G Richardson	61241858	01/03/17	Continuous
Shirley Penner	63614843	04/18/18	04/16/22
Sharla Baldrige	62899997	12/31/18	12/31/21
Dennis Price	14381670	01/01/19	12/31/22
Gary Goff	64800368	09/17/19	Indefinite
Cheryl Smart	71165526	09/09/19	09/09/20
Ray Scifres	63019040	01/01/17	01/01/21
Angela Overman	64877670	11/08/19	11/08/20

EXHIBIT J-6

<u>Office</u>	<u>Bond Amount</u>	<u>Bonding Company</u>
Deputy Tax Clerk	10,000.00	Western Surety Company
Deputy Tax Clerk	10,000.00	Western Surety Company
Deputy Tax Clerk	10,000.00	Western Surety Company
Deputy Tax Clerk	10,000.00	Western Surety Company
Deputy Tax Assessor-Collector	10,000.00	Western Surety Company
Tax Collector-Assessor	100,000.00	Western Surety Company
Deputy Tax Collector	10,000.00	Western Surety Company
Juv Prob Officer	10,000.00	Western Surety Company
Chief Asst. Juv Prob Officer	10,000.00	Western Surety Company
Asst Probation Officer	10,000.00	Western Surety Company
Deputy Tax Collector	10,000.00	Western Surety Company
Deputy Tax Collector	10,000.00	Western Surety Company
Hockley County Auditor	5,000.00	Western Surety Company
County Judge	100,000.00	Western Surety Company
Hockley County District Clerk	25,000.00	Western Surety Company
Assistant District Attorney	5,000.00	Western Surety Company
Elections Admin	10,000.00	Western Surety Company
Hockley County Sheriff	10,000.00	Western Surety Company
Hockley County District Attorney	5,000.00	Western Surety Company

INTERNAL CONTROL AND COMPLIANCE SECTION

MYATT, BLUME, AND ASSOCIATES LTD., L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

812 9TH STREET
LEVELLAND, TX 79336
806-894-7324
FAX: 806-894-8693

MEMBERS

TEXAS SOCIETY AND AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

Sham L. Myatt CPA
Phelps Blume CPA
Fermin V. Ramirez CPA

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*

To the Hockley County Commissioners' Court
Hockley County, Texas
802 Houston St.
Levelland, Texas 79336

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hockley County, Texas (County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Hockley County, Texas' basic financial statements, and have issued our report thereon dated September 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hockley County, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hockley County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Hockley County, Texas' internal control over financial reporting.

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 deficiencies in internal controls we considered to be material weaknesses. We did identify certain deficiencies in internal controls, described in the accompanying schedule of findings and questioned costs as item 2019-1 and 2019-2 that we consider to be significant deficiencies.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of Hockley County, Texas, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the Commissioners' Court, management, others within the County, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Myatt, Blume, & Associates, Ltd., L.L.P

Myatt, Blume, & Associates, Ltd., L.L.P
Certified Public Accountants
Levelland, TX 79336

September 21, 2020

HOCKLEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

Current Year

2019-1 Inadequate Internal Controls When Cash is Directly Received by County Treasure from Outside Parties

Condition: County treasurer does not properly document direct cash receipts from outside parties.

Criteria: Documentation of these receipts is required by county treasurer to keep track of received cash and to be able to trace the cash to the amounts deposited in the County's bank accounts reducing the possibility of misappropriation of assets.

Cause: County treasurer does not document in writing or prepare report when cash is received from outside parties.

Effect: The lack of proper written documentation on cash amounts received can create misappropriation of assets.

Recommendation: We recommend that the county treasurer prepares monthly reports of the cash that is received directly from outside parties. This will set a paper trail that can be traced to the bank deposits.

Response: The county treasure will prepare a monthly report for the cash received from outside parties and the county auditor will review this report and trace the amounts to the bank deposits.

2019-2 County Auditor Does Not Document Examination in Detail of Officers Reports

Condition: County auditor does not properly document when examining in detail the reports from the county officers.

Criteria: According to Local Governments Code Sec. 115.002, county auditor shall examine in detail the reports of the county tax assessor-collector, the county treasurer, and all other officers.

Cause: County auditor does not properly document the detailed examination of the county officers' reports at least once a quarter.

Effect: The lack of proper documentation of the detailed examination of the county officers' monthly reports can create confusion on whether this task gets performed.

Recommendation: We recommend that the county auditor at least once a quarter document the detailed examination of the reports from the different county officers.

Response: The county auditor will start to document in writing when a detailed examination of reports is performed.

Motion by Commissioner Thrash, second by Commissioner Clevenger, ~~3~~ votes yes, 0 votes No, that Commissioners Court approved the 2021 Hockley County Resolution Indigent Defense Grant Program. As per 2021 Hockley County Resolution Indigent Defense Grant Program recorded below.

**2021 Hockley County Resolution
Indigent Defense Grant Program**

WHEREAS, under the provisions of the Texas Government Code Section 79.037 and Texas Administrative Code Chapter 173, counties are eligible to receive grants from the Texas Indigent Defense Commission to provide improvements in indigent defense services in the county; and

WHEREAS, this grant program will assist the county in the implementation and the improvement of the indigent criminal defense services in this county; and

WHEREAS, Hockley County Commissioners Court has agreed that in the event of loss or misuse of the funds, Hockley County Commissioners assures that the funds will be returned in full to the Texas Indigent Defense Commission.

NOW THEREFORE, BE IT RESOLVED and ordered that the County Judge of this county is designated as the Authorized Official to apply for, accept, decline, modify, or cancel the grant application for the Indigent Defense Formula Grant Program and all other necessary documents to accept said grant; and

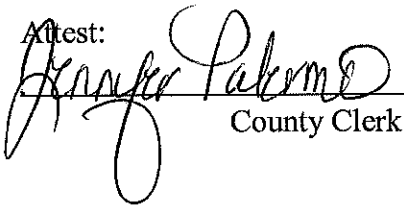
BE IT FURTHER RESOLVED that the County Auditor is designated as the Financial Officer for this grant.

Adopted this 13th day of October, 2020.



Sharla Baldrige
County Judge

Attest:


County Clerk





TEXAS INDIGENT DEFENSE COMMISSION

September 24, 2020

CHAIR:
The Honorable Sharon Keller
Presiding Judge
Court of Criminal Appeals

The Honorable Sharla Baldrige
Hockley County Judge
802 Houston Street, STE 101
Levelland, TX 79336

EX OFFICIO MEMBERS:
Honorable Sharon Keller
Honorable Nathan Hecht
Honorable John Whitmire
Honorable Brandon Creighton
Honorable Nicole Collier
Honorable Reggie Smith
Honorable Sherry Radack
Honorable Vivian Torres

Re: FY2021 Formula Grant Request for Applications

Dear Judge Baldrige:

The Texas Indigent Defense Commission announces the FY2021 Formula Grant Request for Applications (RFA). **Applications are due November 15, 2020.** The attached packet provides information on what is needed for counties to obtain Formula Grant funds. **There are two simple steps to apply for your formula grant:**

MEMBERS APPOINTED BY GOVERNOR:
Mr. Alex Bunin
Honorable Richard Evans
Mr. Gonzalo Rios
Honorable Missy Medary
Honorable Valerie Covey

1. Commissioners Court should adopt the attached FY2021 TIDC Formula Grant Resolution.
2. Upload the signed resolution on TIDC's grants and reporting website, <https://tidc.tamu.edu>, confirm contact information for county officials, and click the "submit" button.

EXECUTIVE DIRECTOR:
Geoffrey Burkhart

Step by step instructions are included in the Request for Applications.

To be eligible, the local administrative judges and chairs of Juvenile Boards should have submitted their biennial indigent defense plans by November 1, 2019 through our on-line system. TIDC staff will continue to work with counties to ensure that all of the statutory and required elements are included in each plan if judges make amendments. Also, county financial officers must submit their Indigent Defense Expense Report by November 1, 2020. The reporting manual for county financial officers is available at <http://www.tidc.texas.gov/media/58512/fy20idermanual.pdf>. Both of these requirements are required by Texas Government Code §79.036.

The Commission adopted Texas Administrative Code Chapter 173 in order to implement the grant authority established by the Texas Legislature. These administrative rules and the attached RFA are available at: www.tidc.texas.gov.

Please contact Edwin Colfax, Director of Grant Funding at ecolfax@tidc.texas.gov or 512-936-6994, if you have any questions about the Formula Grant Program or the application process.

Sincerely,

Sharon Keller
Chair, Texas Indigent Defense Commission
Presiding Judge, Court of Criminal Appeals

Enclosed: FY2021 Formula Grant RFA
FY2021 Formula Grant Resolution

Texas Indigent Defense Commission
209 West 14th Street, Room 202 · Austin, Texas 78701
512.936.6994
www.tidc.texas.gov



TEXAS INDIGENT DEFENSE COMMISSION

209 West 14th Street, Suite 202 Price Daniel, Sr. Building,
Austin, Texas 78701
512-936-6994
www.tidc.texas.gov

FY2021 Formula Grant Program Request for Applications (RFA)

Issued September 2020

Formula Grant Program Overview

The Texas Indigent Defense Commission (Commission) provides financial and technical support to counties to develop and maintain quality, cost-effective indigent defense systems that meet the needs of local communities and the requirements of the Constitution and state law. Formula Grants are awarded to eligible Texas counties to help counties meet constitutional and statutory requirements for indigent defense and to promote compliance with standards adopted by the Commission.

Application Due Date

Formula grant applications for Fiscal Year 2021 must be submitted on-line by **Friday, November 15, 2020**. The grant period is October 1, 2020 through September 30, 2021.

Total FY 2021 Formula Grant Amount Budgeted: \$22,000,000

Eligibility for Formula Grants

Only Texas counties may apply. Counties must meet the following requirements:

- 1) **Indigent Defense Expenditure Report** — All counties are statutorily required (Texas Government Code Sec. 79.036 (e)) to submit an Indigent Defense Expenditure Report each year on November 1 in the form and manner prescribed by the Commission. Counties that do not complete the Indigent Defense Expense Report on or before November 1, 2020 may have payments temporarily suspended by Commission staff until the report is submitted and reconciled by staff.
- 2) **Indigent Defense Plan Requirements** — The Local Administrative District Judges, the Local Statutory County Court Judges (or County Judge as applicable) and the Chairman of the Juvenile Board for each county must submit a copy of all formal and informal rules and forms that describe the procedures used in the county to provide indigent defendants with counsel in accordance with the Code of Criminal Procedure (Countywide Plans) to the Commission as required in Government Code §79.036. The Countywide Plans submitted must be in compliance with applicable statutes and rules and must meet the minimum requirements for each plan section as outlined in the Biennial Indigent Defense Countywide Plan Instructions. Plans were due November 1, 2019. Formula grant payments during the year may be withheld until plans are submitted or meet the minimum requirements for each plan section set by Commission.

Application Steps

- a. Go to the TIDC Grants and Reporting website (hosted by PPRI) at <https://tidc.tamu.edu>.
- b. Sign in and enter the User ID and Password or contact PPRI (Follow on-line page instructions).
- c. Select "FY2021" and your county in the upper left part of the screen.
- d. Select "Apply for Formula Grant" from the column on the left side of the screen.
- e. Review the eligibility requirements. The screen will display the County's compliance status regarding indigent defense plans. Counties that have outstanding requirements will not be able to receive funds until they meet all grant program eligibility requirements. If indigent defense plans are not marked "Complete" counties should still submit the application and then contact the Commission for instructions to resolve plan compliance issues.
- f. Identify the individuals in the following grant positions as required in Texas Administrative Code Rule 173.301.
 - i. Authorized official - This person must be authorized to apply for, accept, decline, modify, or cancel the grant for the applicant county. A county judge or a designee authorized by the governing body in its resolution may serve as the authorized official
 - ii. Fiscal Officer - This person must be the county auditor or county treasurer if the county does not have a county auditor.Use the "Change" button make changes as needed to officials or contact information.
- g. Click the "Submit" button at the bottom of the screen. You should be taken to a confirmation page at that point.
- h. Maintain confirmation – When the system provides a confirmation page to the grant officials confirming that the application has been completed and informing them that the resolution must be adopted by the commissioner's court and then faxed to the Commission. **PLEASE PRINT THE CONFIRMATION PAGE.**
- i. Select the "Resolution" link in the confirmation page to create your county's resolution form.
- j. Print or download resolution. The system will allow the user to download a resolution as a Microsoft Word document or provide an opportunity to print the document. Please use the resolution printed from the website. The resolution must be adopted by the commissioners court.
- k. Please scan the resolution adopted by commissioners court and then upload it in the application page of the website **on or before the DUE DATE Friday, November 15, 2020**. Alternatively, you may email the resolution to Heather Caspers (hcaspers@ppri.tamu.edu) or fax it to 888-351-3485.

Contact Edwin Colfax, Grants Administrator, ecolfax@tidc.texas.gov or 512-463-2508 for questions.

Notice of Funding

- **Statement of Grant Award** — Statements of Grant Awards will be prepared as authorized by the Commission. These may include special conditions. The e-mail with the attached Statements of Grant Award will be directed to the official designated in the resolution adopted by the commissioners' court. The County will have thirty days to notify the grant administrator of errors or cancelation after receipt of the award.
- **Special Conditions** — The Commission may determine special conditions or authorize staff to apply the conditions on criteria set by the Commission (TAC 173.201). The Commission may develop special conditions that relate to expenditures, compliance with statutory requirements or standards adopted by the Commission.
- **Denial of Grant** — Counties not completing the grant application process or those not meeting minimum eligibility requirements will be notified by mail within 30 days following the Commission award meeting.

Authorization to Fund, Applicable Authority and Rules

Texas Government Code Sec. 79.037. TECHNICAL SUPPORT; GRANTS.

- (a) The commission shall:
 - (1) provide technical support to:
 - (A) assist counties in improving their indigent defense systems; and
 - (B) promote compliance by counties with the requirements of state law relating to indigent defense;
 - (2) to assist counties in providing indigent defense services in the county, distribute in the form of grants any funds appropriated for the purposes of this section; and
 - (3) monitor each county that receives a grant and enforce compliance by the county with the conditions of the grant, including enforcement by:
 - (A) withdrawing grant funds; or
 - (B) requiring reimbursement of grant funds by the county.
- (b) The commission shall distribute funds as required by Subsection (a)(2) based on a county's compliance with standards adopted by the board and the county's demonstrated commitment to compliance with the requirements of state law relating to indigent defense.
- (c) The board shall adopt policies to ensure that funds under Subsection (a)(2) are allocated and distributed to counties in a fair manner.
- (d) A county may not reduce the amount of funds provided for indigent defense services in the county because of funds provided by the commission under this section.

Texas Administrative Code Chapter 173


Uniform Grant Management Standards (UGMS)


DISCUSSION AND POTENTIAL ACTION – Discussion and potential action shall occur regarding the following matters pertaining to the County’s pending RFQ No. 2020-002 (‘RFQ’) for the engagement of a qualified Forensic Auditor: (1) to open and discuss the responses received by the County to the RFQ; (2) to evaluate and score the RFQ responses; (3) to designate the highest scoring RFQ Respondent for proposed contract negotiation for engagement; and/or (3) all related matters, including (a) the rejection of Responses to the RFQ, (b) the reliance on all protections afforded the County by the competitive procurement procedure allowed by law, and (c) proceeding with an alternative procurement procedure allowed by law, should no RFQ responses be submitted or an RFQ response be deemed insufficient.


Upon motion by Commissioner Carter, and second by Commissioner Barnett, and unanimously carried RFQ 2020-0002 was terminated, canceled and rescinded and the court will procure the engagement of a qualified forensic auditor through an internal procedure at a fair price for those services.


There being no further business to come before the Court, the Judge declared
Court adjourned, subject to call.

The foregoing Minutes of a Commissioner's Court meeting held on the 13th
day of October, A. D. 2020, was examined by me and approved.



Commissioner, Precinct No. 1


Commissioner, Precinct No. 3


Commissioner, Precinct No. 2


Commissioner, Precinct No. 4


County Judge


JENNIFER PALERMO, County Clerk, and
Ex-Officio Clerk of Commissioners' Court
Hockley County, Texas