

**HUTCHINSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR YEAR ENDED  
SEPTEMBER 30, 2021**

**HUTCHINSON COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED SEPTEMBER 30, 2021**

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**HUTCHINSON COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED SEPTEMBER 30, 2021**

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**PART I**

**INTRODUCTORY SECTION**

**HUTCHINSON COUNTY, TEXAS**  
**PRINCIPAL COUNTY OFFICIALS**  
**SEPTEMBER 30, 2021**

Cindy Irwin	County Judge
Gary Alexander	Commissioner, Precinct #1
Dwight Kirksey	Commissioner, Precinct #2
Ben Bentley	Commissioner, Precinct #3
Chris Prock	Commissioner, Precinct #4
Curt Brancheau	Judge, 84 <sup>th</sup> Judicial District
James Mosley	Judge, 316 <sup>th</sup> Judicial District
Mark Snider	District Attorney
Robin Stroud	District Clerk
Craig Jones	County Attorney
Jan Barnes	County Clerk
Carrie Kimmell	County Tax Assessor/Collector
Kathy Sargent	County Treasurer
Blaik Kemp	County Sheriff
Leslie Ford	Justice of the Peace, Precinct #1
Yadi Rodriguez	Justice of the Peace, Precinct #2
Terry Webster	Constable, Precinct #1
Scott Jordan	Constable, Precinct #2
Mark B. Dill, CPA	County Auditor

**PART II**  
**FINANCIAL SECTION**



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

## INDEPENDENT AUDITORS' REPORT

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hutchinson County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hutchinson County, Texas, as of September 30, 2021, 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, the schedule of changes in net pension liability and related ratios, the schedule of employer contributions, and the schedule of changes in total OPEB liability and related ratios on pages on pages 40 – 46 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.

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

### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hutchinson County, Texas's basic financial statements. The combining nonmajor and agency fund financial statements listed under other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor and agency fund financial statements 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 combining nonmajor and agency fund financial statements 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 May 13, 2022, on our consideration of Hutchinson County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hutchinson County, Texas's 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 Hutchinson County, Texas's internal control over financial reporting and compliance.

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

DOSHIER, PICKENS & FRANCIS, LLC  
Amarillo, Texas  
May 13, 2022

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## **BASIC FINANCIAL STATEMENTS**

**HUTCHINSON COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,707,820	\$ 97,366	\$ 12,805,186
Accounts receivable, net	463,257	5,145	468,402
Taxes receivable, net	200,092	-	200,092
Internal balances	(1,474)	1,474	-
Due from other governmental entities	47,549	-	47,549
Inventories	17,000	29,938	46,938
Prepaid items	133,259	-	133,259
Capital assets net of of accumulated depreciation	8,996,213	1,332,796	10,329,009
Total assets	<u>22,563,716</u>	<u>1,466,719</u>	<u>24,030,435</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions	593,591	13,127	606,718
Pension economic loss	41,934	927	42,861
Pension assumption changes	1,564,161	34,592	1,598,753
Other postemployment benefit contributions	12,029	266	12,295
Other postemployment benefit economic loss	5,068	112	5,180
Other postemployment benefit assumption changes	101,352	2,241	103,593
Total deferred outflows of resources	<u>2,318,135</u>	<u>51,265</u>	<u>2,369,400</u>
<b>LIABILITIES</b>			
Accounts payable	444,854	33,331	478,185
Due to other governmental agencies	2,072,657	-	2,072,657
Customer deposits	35,000	-	35,000
Noncurrent liabilities:			
Due within one year	35,000	1,000	36,000
Due in more than one year	316,857	4,609	321,466
Net pension liability	481,832	10,656	492,488
Total other postemployment benefit liability	568,901	12,581	581,482
Total liabilities	<u>3,955,101</u>	<u>62,177</u>	<u>4,017,278</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension economic/demographic gains	131,735	2,913	134,648
Pension excess earnings	1,690,859	37,394	1,728,253
Other postemployment benefit economic/demographic gains	2,676	59	2,735
Other postemployment benefit assumption changes	16,437	364	16,801
Total deferred inflows of resources	<u>1,841,707</u>	<u>40,730</u>	<u>1,882,437</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,996,213	1,332,796	10,329,009
Restricted:			
By enabling legislation	993,443	-	993,443
Special projects	148	-	148
Unrestricted	9,095,239	82,281	9,177,520
Total net position	<u>\$ 19,085,043</u>	<u>\$ 1,415,077</u>	<u>\$ 20,500,120</u>

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

**HUTCHINSON COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental activities:							
Administrative	\$ 3,124,578	\$ 525,724	\$ 426,470	\$ -	\$ (2,172,384)	\$	\$ (2,172,384)
Judicial	2,726,546	555,070	112,796	-	(2,058,680)		(2,058,680)
Public facilities	1,400,708	7,310	-	-	(1,393,398)		(1,393,398)
Public safety	4,984,872	148,026	1,970	-	(4,834,876)		(4,834,876)
Road and bridge	2,320,779	522,050	336,015	-	(1,462,714)		(1,462,714)
Public service	1,296,812	203,528	375,587	-	(717,697)		(717,697)
Interest on long-term debt	232	-	-	-	(232)		(232)
Total governmental activities	<u>15,854,527</u>	<u>1,961,708</u>	<u>1,252,838</u>	<u>-</u>	<u>(12,639,981)</u>		<u>(12,639,981)</u>
Business-type activities:							
Airport	<u>757,402</u>	<u>434,143</u>	<u>26,369</u>	<u>11,638</u>	<u>-</u>	<u>(285,252)</u>	<u>(285,252)</u>
Total business-type activities	<u>757,402</u>	<u>434,143</u>	<u>26,369</u>	<u>11,638</u>	<u>-</u>	<u>(285,252)</u>	<u>(285,252)</u>
Total primary government	<u>\$ 16,611,929</u>	<u>\$ 2,395,851</u>	<u>\$ 1,279,207</u>	<u>\$ 11,638</u>	<u>(12,639,981)</u>	<u>(285,252)</u>	<u>(12,925,233)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes					13,167,306	-	13,167,306
Payments in lieu of taxes					29,220	-	29,220
Mixed beverage taxes					37,173	-	37,173
Investment earnings					7,087	520	7,607
Miscellaneous					363,650	-	363,650
Transfers					(155,673)	155,673	-
Total general revenues and transfers					<u>13,448,763</u>	<u>156,193</u>	<u>13,604,956</u>
Change in net position					808,782	(129,059)	679,723
Net position - beginning					<u>18,276,261</u>	<u>1,544,136</u>	<u>19,820,397</u>
Net position - ending					<u>\$ 19,085,043</u>	<u>\$ 1,415,077</u>	<u>\$ 20,500,120</u>

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

**HUTCHINSON COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2021**

	<b>General</b>	<b>Road &amp; Bridge</b>	<b>ARPA Grant</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,511,098	\$ 183,519	\$ 2,033,629
Accounts receivable, net	376,272	67,673	-
Taxes receivable, net	200,092	-	-
Due from other funds	14,549	-	-
Due from other governmental entities	-	-	-
Inventories	-	17,000	-
Prepaid items	133,259	-	-
	<b>\$ 10,235,270</b>	<b>\$ 268,192</b>	<b>\$ 2,033,629</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 363,834	\$ 47,664	\$ -
Due to other funds	1,533	-	-
Due to other governmental entities	39,131	-	2,033,481
Deferred revenue	35,000	-	-
	<b>439,498</b>	<b>47,664</b>	<b>2,033,481</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	159,246	-	-
Unavailable revenue - other receivables	238,594	-	-
	<b>397,840</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Non-spendable:			
Inventories	-	17,000	-
Prepaid items	133,259	-	-
Restricted:			
By enabling legislation	-	-	-
Special projects	-	-	148
Committed for:			
Special projects	-	-	-
Unassigned (deficit)	9,264,673	203,528	-
	<b>9,397,932</b>	<b>220,528</b>	<b>148</b>
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 10,235,270</b>	<b>\$ 268,192</b>	<b>\$ 2,033,629</b>

<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 979,574	\$ 12,707,820
19,312	463,257
-	200,092
154	14,703
47,549	47,549
-	17,000
-	133,259
<u>\$ 1,046,589</u>	<u>\$ 13,583,680</u>
\$ 33,356	\$ 444,854
14,644	16,177
45	2,072,657
-	35,000
<u>48,045</u>	<u>2,568,688</u>
-	159,246
-	238,594
<u>-</u>	<u>397,840</u>
-	17,000
-	133,259
993,443	993,443
-	148
8,887	8,887
<u>(3,786)</u>	<u>9,464,415</u>
<u>998,544</u>	<u>10,617,152</u>
<u>\$ 1,046,589</u>	<u>\$ 13,583,680</u>

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

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**HUTCHINSON COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

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

Total fund balance - governmental funds	\$	10,617,152
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
		8,996,213
<p>Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements</p>		
		397,840
<p>Pension and other postemployment benefit contributions paid after the measurement date, December 31, 2020, and before September 30, 2021 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.</p>		
Pension contributions		593,591
Other postemployment benefit contributions		12,029
<p>Pension and other postemployment benefit losses and deficient earnings are shown as deferred outflows of resources in the government-wide financial statements.</p>		
Pension economic/demographic losses		41,934
Pension assumption changes		1,564,161
Other postemployment benefit economic/demographic losses		5,068
Other postemployment benefit assumption changes		101,352
<p>Pension and other postemployment benefit gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.</p>		
Pension economic/demographic gains		(131,735)
Pension excess earnings		(1,690,859)
Other postemployment benefit economic/demographic gains		(2,676)
Other postemployment benefit assumption changes		(16,437)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:</p>		
Accrued compensated absences		(351,857)
Net pension liability		(481,832)
Other postemployment benefit liability		(568,901)
		(568,901)
Net position - governmental activities	\$	19,085,043

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

**HUTCHINSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>General</u>	<u>Road &amp; Bridge</u>	<u>ARPA Grant</u>
<b>REVENUES</b>			
Property taxes	\$ 13,172,959	\$ -	\$ -
Payments in lieu of taxes	29,220	-	-
Mixed beverage taxes	37,173	-	-
Licenses and fees	1,013,433	522,050	-
Fines and forfeitures	7,310	-	-
Intergovernmental	512,830	320,753	-
Interest	5,870	461	148
Miscellaneous	241,490	71,096	-
	<u>15,020,285</u>	<u>914,360</u>	<u>148</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
Administrative	3,006,364	-	-
Judicial	2,631,757	-	-
Public facilities	976,613	-	-
Public safety	4,797,401	-	-
Road and bridge	-	1,825,940	-
Public service	739,110	-	-
Debt service:			
Principal	39,712	-	-
Interest	1,378	-	-
Capital outlay	780,183	280,750	-
	<u>12,972,518</u>	<u>2,106,690</u>	<u>-</u>
Total expenditures			
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,047,767</u>	<u>(1,192,330)</u>	<u>148</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	239,399	1,406,982	-
Transfers out	(1,911,488)	(104,987)	-
	<u>(1,672,089)</u>	<u>1,301,995</u>	<u>-</u>
Total other financing sources (uses)			
<b>NET CHANGE IN FUND BALANCES</b>	375,678	109,665	148
<b>FUND BALANCES - BEGINNING</b>	<u>9,022,254</u>	<u>110,863</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 9,397,932</u>	<u>\$ 220,528</u>	<u>\$ 148</u>

<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 13,172,959
-	29,220
-	37,173
357,469	1,892,952
-	7,310
419,255	1,252,838
608	7,087
51,064	363,650
<u>828,396</u>	<u>16,763,189</u>
20,778	3,027,142
101,791	2,733,548
184,360	1,160,973
42,783	4,840,184
3,790	1,829,730
551,663	1,290,773
-	39,712
-	1,378
44,869	1,105,802
<u>950,034</u>	<u>16,029,242</u>
<u>(121,638)</u>	<u>733,947</u>
255,508	1,901,889
(41,087)	(2,057,562)
<u>214,421</u>	<u>(155,673)</u>
92,783	578,274
<u>905,761</u>	<u>10,038,878</u>
<u>\$ 998,544</u>	<u>\$ 10,617,152</u>

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

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**HUTCHINSON COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

Net change in fund balances - total governmental funds:	\$	578,274
---------------------------------------------------------	----	---------

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays, \$1,105,802, exceeded depreciation, \$1,070,633, in the current period.		35,169
----------------------------------------------------------------------------------------------------------------------	--	--------

In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the disposition, if any, increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital asset sold.		(57,165)
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	----------

The Statement of Activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.		35,500
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Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenue.		55,793
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In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.

Principal repayments:		
Note payable		39,712

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest on debt, net change		1,146
Compensated absences, net change		73,815
Deferred outflows of resources:		
Pension		1,479,549
OPEB		25,691
Deferred inflows of resources:		
Pension		(561,771)
OPEB		10,482
Net pension asset, net change		(349,695)
Net pension liability, net change		(481,832)
Total other postemployment benefit liability, net change		<u>(75,886)</u>

Change in net position - governmental activities	\$	<u>808,782</u>
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The notes to the financial statements are an integral part of this statement.

**HUTCHINSON COUNTY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
AIRPORT  
SEPTEMBER 30, 2021**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 97,366
Receivables, net	5,145
Due from other funds	1,474
Inventories	29,938
	133,923
Non-current assets:	
Capital assets:	
Land	404,524
Buildings and improvements	1,433,683
Infrastructure	7,292,698
Machinery and equipment	319,023
Less accumulated depreciation	(8,117,132)
	1,332,796
Total non-current assets	1,332,796
Total assets	1,466,719

**DEFERRED OUTFLOWS OF RESOURCES**

Pension contributions	13,127
Pension economic loss	927
Pension assumption changes	34,592
Other postemployment benefit contributions	266
Other postemployment benefit economic loss	112
Other postemployment benefit assumption changes	2,241
	51,265
Total deferred outflows of resources	51,265

Continued

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

**HUTCHINSON COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**AIRPORT**  
**SEPTEMBER 30, 2021**

Continuation

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 33,331
Compensated absences	1,000

Total current liabilities	<u>34,331</u>
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Non-current liabilities:

Compensated absences	4,609
Net pension liability	10,656
Other postemployment benefit liability	<u>12,581</u>

Total non-current liabilities	<u>27,846</u>
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Total liabilities	<u>62,177</u>
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**DEFERRED INFLOWS OF RESOURCES**

Pension economic/demographic gains	2,913
Pension excess earnings	37,394
Other postemployment benefit economic/demographic gains	59
Other postemployment benefit assumption changes	<u>364</u>

Total deferred inflows of resources	<u>40,730</u>
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**NET POSITION**

Net investment in capital assets	1,332,796
Unrestricted	<u>82,281</u>

Total net position	<u><u>\$ 1,415,077</u></u>
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The notes to the financial statements are an integral part of this statement.

**HUTCHINSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**AIRPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**OPERATING REVENUES:**

Charges for services	\$ 432,343
Rents	1,800
	434,143
Total operating revenues	434,143

**OPERATING EXPENSES:**

Salaries and employee benefits	220,523
Fuel and materials for resale	298,568
Other operating expenses	55,381
Supplies	6,172
Insurance	2,820
Postage and freight	245
Repairs and maintenance	27,854
Utilities	12,944
Depreciation	132,895
	757,402
Total operating expenses	757,402

Operating loss	(323,259)
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**NON-OPERATING REVENUES:**

Intergovernmental	38,007
Interest and investment revenue	520
	38,527
Total non-operating revenues	38,527

<b>LOSS BEFORE TRANSFERS</b>	(284,732)
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<b>TRANSFERS IN</b>	255,249
<b>TRANSFERS OUT</b>	(99,576)
	(129,059)

<b>CHANGE IN NET POSITION</b>	(129,059)
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<b>TOTAL NET POSITION - BEGINNING</b>	1,544,136
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<b>TOTAL NET POSITION - ENDING</b>	\$ 1,415,077
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The notes to the financial statements are an integral part of this statement.



**HUTCHINSON COUNTY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
AIRPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 434,378
Payments to suppliers and service providers	(400,876)
Payments to employees for salaries and benefits	<u>(226,187)</u>
Net cash used by operating activities	<u>(192,685)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING  
ACTIVITIES**

Operating grants	38,007
Transfers to other funds	<u>155,673</u>
Net cash provided by noncapital financing activities	<u>193,680</u>

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Purchases of capital assets	<u>(22,930)</u>
Net cash used by capital and related financing activities	<u>(22,930)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	<u>520</u>
Net cash provided by investing activities	<u>520</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(21,415)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

118,781

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

\$ 97,366

Continued

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

**HUTCHINSON COUNTY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**AIRPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Continuation

**Reconciliation of operating loss to net cash provided by operating activities:**

Operating loss	\$	(323,259)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense		132,895
(Increase) decrease in operating assets		
Accounts receivable		235
Inventories		(14,257)
Deferred outflows of resources - pension		(32,320)
Net pension asset		7,928
Deferred outflows of resources - OPEB		(516)
Increase (decrease) in operating liabilities		
Accounts payable		17,365
Accrued compensated absences		(4,292)
Deferred inflows of resources - pension		11,724
Net pension liability		10,656
Deferred inflows of resources - OPEB		(248)
Total OPEB liability		<u>1,404</u>
Net cash used by operating activities	\$	<u><u>(192,685)</u></u>

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

**HUTCHINSON COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2021**

<b>ASSETS</b>		
Cash and cash equivalents		\$ 755,284
Accounts receivable		1,644
		<hr/>
Total assets		<u>\$ 756,928</u>
<b>LIABILITIES</b>		
Accounts payable		\$ 35,154
Due to other governments		231,733
Deposits		490,041
		<hr/>
Total liabilities		<u>\$ 756,928</u>

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

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Hutchinson County, Texas (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles)(GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

**A. Financial Reporting Entity**

The County, incorporated in 1901, is a public corporation and political subdivision of the State of Texas. The County is governed by the Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a variety of services to advance the welfare, morale, comfort, safety and convenience of the County and its citizens.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing the County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, but also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either, it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

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

Government-Wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Government-Wide Statements – Continuation

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

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

Fund-Level Statements

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

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

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

The County reports the following major governmental funds:

**General Fund** – The *General Fund* is the general operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general government, judicial, public facilities, public safety, public service, and capital acquisition.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Fund-Level Statements – Continuation

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

**ARPA Grant Fund** – The *ARPA Grant Fund* is used to account for funds received through various federal agencies passed through the State of Texas. The pass through grant is to be used to reimburse the County for qualified incurred costs and lost revenue related to the COVID-19 pandemic.

The County reports the following major proprietary funds:

The **Airport Fund** accounts for funds received from outside parties for the benefit and use of the Hutchinson County Airport.

Additionally, the County reports the following fund types:

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

**Agency Funds** are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. Use of Estimates**

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

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

**1. Deposits and Investments**

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

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

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

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

**1. Deposits and Investments – Continuation**

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

**2. Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Charges for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$7,985,620.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

**3. Property Tax Calendar and Revenues**

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year unless the half payment option is elected in which one-half the tax is due November 30, and the balance the following June 30. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levies are shown net of an allowance for uncollectible accounts of \$669,873.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

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

**4. Restricted Assets/Funds**

The following accounts reflect restricted status by third-party or statutory obligations for specific purposes:

- Other Non-Major Governmental fund balances (amounts restricted for other specific purposes such as defraying the costs of collecting the vehicle inventory tax within the County, technology requirements for the justice court, management and preservation of public records, personnel and security for the courthouse, defraying the County’s voter registration expenses, maintenance of the County’s law library, enhancement of the county and district attorneys’ operations with fees from processing dishonored and forged checks, enhancement of law enforcement operations with seized funds, maintenance of the commissary in the Sheriff’s Department, and maintenance of a drug court. All restrictions are enacted according to Texas statutes.)
- In addition to the statutory restrictions the County has also received grant awards from various State agencies. These awards are all restricted for the stated purposes of the grant.

**5. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in the governmental funds are recorded as expenditures when consumed rather than purchased. At September 30, 2021, inventories consisted of fuel in the road and bridge department.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of non-spendable fund balance which indicates they do not represent “available spendable resources”.

**6. Capital Assets**

Capital assets, which include land, infrastructure, buildings and improvements, and equipment, are reported in the government-wide financial statements. The County has opted to not retroactively report infrastructure assets. According to the County’s capitalization policy, capital assets, such as equipment, are defined as individual assets (or systems of assets) having a cost of \$5,000 or more and an estimated useful life in excess of two years. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated lives:

Buildings and improvements	10 - 30 years
Infrastructure	5 - 20 years
Equipment	4 - 18 years

Continued



**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

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

**7. Compensated Absences**

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Regular full-time employees are entitled to vacation of up to four weeks per year as earned, depending on years of service. Vacation time earned, but not taken, is paid upon termination. Compensation time is accrued at one and one-half the employee's regular rate for each hour worked over forty hours in a work week, except for law enforcement which is calculated according to the rules promulgated by United States Code Section 29, Chapter 207, paragraph k. Sick leave accrues at 1.75 days per month with a maximum accumulation of 105 days. No unused sick leave will be paid upon termination. Accrued vacation leave and comp time are accrued in the government-wide and proprietary fund financial statements.

**8. Long-term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**9. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. They are the contributions and other items related to the County's pension plan and other postemployment benefit plan reported in the government-wide statement of net position.

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

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

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

**10. Pensions and Other Post-Employment Benefits**

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the other post-employment benefit (OPEB) asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Texas County and District Retirement System Supplemental Death Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**11. Fund Balances**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

**Non-spendable Fund Balance** – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**Restricted Fund Balance** – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

**Committed Fund Balance** – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the Commissioners' Court. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

**Assigned Fund Balance** – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Commissioners' Court or (b) a body (budget, finance committee, or County Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted or committed.

**Unassigned Fund Balance** – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

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

**12. Net Position**

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

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

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

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

**13. Fund Balance Policies**

When the County incurs an expenditure for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first, then unrestricted funds. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Committed fund balance amounts may be used for other purposes with appropriate action by the Commissioners’ Court to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

The County’s highest level of decision-making authority is the Commissioners’ Court. The Court has not yet delegated the authority to assign fund balance amounts to a specific individual nor does it have a policy to authorize the assignment of fund balances outside the Court.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

1. Prior to September 1, the proposed budget is submitted to the Commissioners' Court.
2. The Commissioners' Court provides for a public hearing on the County budget subsequent to August 15, and prior to the levy of taxes by the Commissioners' Court.
3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund, and the Road and Bridge Special Revenue Fund.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation**

**A. Budgetary Information – Continuation**

4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioners' Court. The Court has the authority to make such changes in the budget, in its judgment of facts, the law warrant, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the County do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for both the General Fund and the Road and Bridge Special Revenue Fund.
5. Budgets for the General and Road and Bridge Special Revenue Funds are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis.
6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund and the Road and Bridge Special Revenue Fund.
7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

**B. Excess of Expenditures Over Appropriations**

For the year ended September 30, 2021, expenditures exceeded appropriations in the Emergency Operations Center department of the General Fund (\$517,418) and the capital outlay function of the Road and Bridge Fund (\$280,750), respectively. The over expenditures in both funds were funded by lower than expected expenditures in the other functions of the County. The General and Road and Bridge Fund expenditures were under budget in total by \$520,193 and \$219,372, respectively.

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Following is a reconciliation of the County’s cash and deposit balances as of September 30, 2021:

Cash and deposit balances consist of:

Petty cash funds	\$	915
Bank deposits		903,778
Temporary investments - TexPool		12,655,777
		12,655,777
Total	\$	13,560,470

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

Government-wide Statement of Net Position:

Unrestricted	\$	12,707,820
Business-type activities:		
Unrestricted		97,366
Fiduciary Funds Statement of Net Position		755,284
		755,284
Total	\$	13,560,470

**Custodial credit risk – deposits.** As of September 30, 2021, the carrying amount of the County's deposits with financial institutions was \$903,778 and the banks’ balance was \$1,351,546. Of the bank balance, \$816,760 was insured through the Federal Depository Insurance Corporation (FDIC) and \$534,786 was collateralized with securities held by the pledging institution’s agent in the County’s name.

As of September 30, 2021, the County had \$12,655,777 invested with the Texas Treasury Safekeeping Trust Company (TexPool). The Inter-local Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants of in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

TexPool use amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool, does not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. TexPool has a credit rating of AAAM from Standard & Poor’s Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principle. TexPool invests in a quality portfolio of debt securities investments that are legally permissible for local governments in the state.

**Interest rate risk** is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The County manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, or in certificates of deposit with weighted average maturities of one year or less.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation**

*Credit risk* is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and County policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single insurer. As of September 30, 2021, 93% of the County's carrying value of cash was invested in pooled investment accounts. All other cash was deposited with the County's depository bank and was adequately secured as described above.

**NOTE 4 – PROPERTY TAX**

The State of Texas Constitutional tax rate limit for both operations and debt service is \$.80 on each \$100 of assessed valuation. The tax rate on the 2020 tax roll was \$.595 per \$100, which means that the County has a tax margin of \$.205 per \$100 and could raise up to \$4,676,924 additional revenue from the 2020 assessed valuation of \$2,281,426,380 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 5 – CAPITAL ASSETS**

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

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 106,594	\$ -	\$ -	\$ -	\$ 106,594
Construction in process	2,096,601	-	-	-	2,096,601
<b>Total capital assets, not being depreciated</b>	<b>2,203,195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,203,195</b>
Capital assets, being depreciated:					
Buildings and improvements	6,053,752	295,257	(84,953)	-	6,264,056
Infrastructure	3,974,626	-	-	-	3,974,626
Equipment	8,918,077	846,045	(134,215)	-	9,629,907
<b>Total capital assets, being depreciated</b>	<b>18,946,455</b>	<b>1,141,302</b>	<b>(219,168)</b>	<b>-</b>	<b>19,868,589</b>
Less accumulated depreciation for:					
Buildings and improvements	(4,192,100)	(246,176)	27,759	-	(4,410,517)
Infrastructure	(1,212,698)	(197,624)	-	-	(1,410,322)
Equipment	(6,762,143)	(626,833)	134,244	-	(7,254,732)
<b>Total accumulated depreciation</b>	<b>(12,166,941)</b>	<b>(1,070,633)</b>	<b>162,003</b>	<b>-</b>	<b>(13,075,571)</b>
<b>Total capital assets, being depreciated, net</b>	<b>6,779,514</b>	<b>70,669</b>	<b>(57,165)</b>	<b>-</b>	<b>6,793,018</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 8,982,709</b>	<b>\$ 70,669</b>	<b>\$ (57,165)</b>	<b>\$ -</b>	<b>\$ 8,996,213</b>

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 5 – CAPITAL ASSETS – Continuation**

Depreciation expense for the year ended September 30, 2021 was charged to the functions/programs of the primary government as follows:

Governmental activities		
Administrative	\$	151,112
Judicial		12,526
Public facilities		176,660
Public safety		232,149
Road and bridge		496,740
Public service		1,446
Total Depreciation Expense	\$	1,070,633

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 404,524	\$ -	\$ -	\$ -	\$ 404,524
Construction in process	89,966	-	-	(89,966)	-
Total capital assets, not being depreciated	494,490	-	-	(89,966)	404,524
Capital assets, being depreciated:					
Buildings and improvements	1,433,683	-	-	-	1,433,683
Land improvements	7,202,732	-	-	89,966	7,292,698
Equipment	296,093	22,930	-	-	319,023
Total capital assets, being depreciated	8,932,508	22,930	-	89,966	9,045,404
Less accumulated depreciation for:					
Buildings and improvements	(701,761)	(42,245)	-	-	(744,006)
Land improvements	(7,027,549)	(77,547)	-	-	(7,105,096)
Equipment	(254,927)	(13,103)	-	-	(268,030)
Total accumulated depreciation	(7,984,237)	(132,895)	-	-	(8,117,132)
Total capital assets, being depreciated, net	1,287,261	(109,965)	-	89,966	928,272
Business-type activities capital assets, net	\$ 1,781,751	\$ (109,965)	\$ -	\$ -	\$ 1,332,796

**NOTE 6 – CONSTRUCTION IN PROCESS**

The County has an active a construction project as of September 30, 2021. The project is the Courthouse A/C & Water Pipe replacement/enhancement project. At year end, the County had \$130,360 remaining as a commitment related to this project. Costs to date on the project was \$2,096,601 as of September 30, 2021.



**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 7 – RETIREMENT PLAN**

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

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

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

**Employees Covered by Benefit Terms:** At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	120
Inactive employees entitled to but not yet receiving benefits	119
Active employees	122

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

The County contributed using the actuarially determined rate of 9.86% with a supplemental rate of 1.49% for the months of the accounting year in 2020 and contributed using the actuarially determined rate of 9.61% with a supplemental rate of 1.74% for the months of the accounting year in 2021. The contribution rate payable by the employee members is 7.0% for fiscal year 2021 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

**Net Pension Liability:** The County's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 7 – RETIREMENT PLAN – Continuation**

The actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

**TCDRS system-wide economic assumptions:**

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

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

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

**Employer-specific economic assumptions:**

Growth in membership	0.00%
Payroll growth for funding calculations	2.75%

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

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

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

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**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 7 – RETIREMENT PLAN – Continuation**

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

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

(1) Target asset allocation adopted at the March 2021 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.00%, per Cliffwater's 2021 capital market assumptions.

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

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

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

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 7 – RETIREMENT PLAN** – Continuation

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

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

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

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 7 – RETIREMENT PLAN – Continuation**

**Changes in the Net Pension Liability / (Asset):**

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2019	\$ 45,139,161	\$ 45,496,784	\$ (357,623)
Changes for the year:			
Service cost	930,426	-	930,426
Interest on total pension liability (1)	3,627,588	-	3,627,588
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(201,972)	-	(201,972)
Effect of assumptions changes or inputs	2,398,130	-	2,398,130
Refund of contributions	(66,346)	(66,346)	-
Benefit payments	(2,553,756)	(2,553,756)	-
Administrative expenses	-	(35,694)	35,694
Member contributions	-	487,360	(487,360)
Net investment income	-	4,697,380	(4,697,380)
Employer contributions	-	790,219	(790,219)
Other (3)	-	(35,204)	35,204
Balances as of December 31, 2020	<u>\$ 49,273,231</u>	<u>\$ 48,780,743</u>	<u>\$ 492,488</u>

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

(2) No plan changes valued.

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

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 54,705,261	\$ 49,273,231	\$ 44,627,339
Fiduciary net position	<u>48,780,743</u>	<u>48,780,743</u>	<u>48,780,743</u>
Net pension liability / (asset)	<u>\$ 5,924,518</u>	<u>\$ 492,488</u>	<u>\$ (4,153,404)</u>

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 7 – RETIREMENT PLAN – Continuation**

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

**Pension Expense / (Income):**

	January 1, 2020 to December 31, 2020
Service cost	\$ 930,426
Interest on total pension liability (1)	3,627,588
Effect of plan changes	-
Administrative expenses	35,694
Member contributions	(487,360)
Expected investment return net of investment expenses	(3,629,110)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(151,866)
Recognition of assumption changes or inputs	869,256
Recognition of investment gains or losses	(512,430)
Other (2)	35,204
Pension expense / (income)	\$ 717,402

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

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

**Deferred Inflows / Outflows of Resources:** As of September 30, 2021, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 134,648	\$ 42,861
Changes of assumptions	-	1,598,753
Net difference between projected and actual earnings	1,728,253	-
Contributions made subsequent to measurement date	N/A	606,718

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 7 – RETIREMENT PLAN – Continuation**

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

Year ended December 31:	
2021	\$ 205,996
2022	683,137
2023	(896,767)
2024	(213,653)
2025	-
Thereafter	-

**NOTE 8 – POSTEMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN**

**Plan Description:** Hutchinson County, Texas participates in the retiree Group Term Life program (GTL) for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at [www.tcdrs.org](http://www.tcdrs.org). TCDRS' CAFR may also be obtained by writing to the Texas County & District System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

**Benefits Provided:** All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the other postemployment benefit plan (OPEB). The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the GTL program. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL Fund does not meet the requirements of a trust under paragraph 4b of GASB Statement 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

**Employees Covered by Benefit Terms:** At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	108
Inactive employees entitled to but not yet receiving benefits	30
Active employees	122

**Total OPEB Liability:** The County's total OPEB liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:** The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 8 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation**

All actuarial assumptions that determined the total OPEB liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

**Discount Rate:** The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB Statement 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.12% based on the 20 Year Bond GO index published by bondbuyer.com is used as of the measurement date of December 31, 2020.

**Changes in the Total OPEB Liability:**

	Changes in Total OPEB Liability
Balances as of December 31, 2019	\$ 504,192
Changes for the year:	
Service cost	14,719
Interest on total OPEB liability (1)	14,010
Changes of benefit terms (2)	-
Effect of economic/demographic experience	6,637
Effect of assumptions changes or inputs (3)	57,241
Benefit payments	(15,317)
Other	-
Balances as of December 31, 2020	\$ 581,482

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

(2) No plan changes valued.

(3) Reflects change in discount rate.

Continued



**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 8 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation**

**Sensitivity of the net pension liability / (asset) to changes in the discount rate:** The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 2.12%, as well as the what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.12%) or 1 percentage point higher (3.12%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 1.12%	Current Discount Rate 2.12%	1% Increase 3.12%
Total OPEB liability	\$ 695,525	\$ 581,482	\$ 493,283

**OPEB Expense / (Income):**

	January 1, 2020 to December 31, 2020
Service cost	\$ 14,719
Interest on total OPEB liability (1)	14,010
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(604)
Recognition of assumption changes or inputs	28,379
Other	-
OPEB expense / (income)	\$ 56,504

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

**Deferred Inflows / Outflows of Resources:** As of September 30, 2021, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,735	\$ 5,180
Changes of assumptions	16,801	103,593
Contributions made subsequent to measurement date	N/A	12,295

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 8 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation**

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

Year ended December 31:	
2021	\$ 27,777
2022	26,325
2023	35,135
2024	-
2025	-
Thereafter	-

**NOTE 9 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Individual Fund Inter-fund Receivables and Payables**

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ 14,549	\$ 1,533
Special Revenue:		
Juvenile Probation - State	154	9,268
Juvenile Progressive Sanctions	-	2,272
Museum	-	3,104
Proprietary Fund:		
Airport	1,474	-
	<u>\$ 16,177</u>	<u>\$ 16,177</u>

The primary purpose of inter-fund receivables and payables is the loaning of funds from the General Fund to Special Revenue Funds for the purpose of meeting current year expenditures.

Continued

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 9 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS - Continuation**

**Individual Inter-fund Transfers**

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ 239,399	\$ 1,911,488
Special Revenue:		
Road and Bridge	1,406,982	104,987
Adult Probation - State	-	2,676
Community Corrections Programs	2,676	-
Court Report Service	-	3,558
Juvenile Progressive Sanctions	-	3,575
Juvenile Probation Special	3,575	-
Museum Fund	194,257	19,112
Drug Court Fund	55,000	12,166
Proprietary Fund:		
Airport	255,249	99,576
	<u>\$ 2,157,138</u>	<u>\$ 2,157,138</u>

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

**NOTE 10 – LONG-TERM LIABILITIES**

On November 4, 2016 the County financed capital purchases in the Sheriff's Department by taking out a note payable through a financial institution. Principal and interest payments are to be made annually on October 10. The interest rate is 2.97% and the debt is collateralized by the equipment. As of September 30, 2021 the note was paid in full.

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 425,672	\$ 267,212	\$ (341,027)	\$ 351,857	\$ 35,000
Note Payable	39,712	-	(39,712)	-	-
	<u>\$ 465,384</u>	<u>\$ 267,212</u>	<u>\$ (380,739)</u>	<u>\$ 351,857</u>	<u>\$ 35,000</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 9,901	\$ 9,588	\$ (13,880)	\$ 5,609	\$ 1,000
	<u>\$ 9,901</u>	<u>\$ 9,588</u>	<u>\$ (13,880)</u>	<u>\$ 5,609</u>	<u>\$ 1,000</u>

**HUTCHINSON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 11 – TAX ABATEMENTS**

During the year ended September 30, 2013, Hutchinson County entered into a 7-year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Hutchinson County. To be eligible the Company agreed to an expansion of existing facilities and construction of new facilities on land already owned with an anticipated combined initial value of \$460,000,000. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default, the County shall use the certified appraised values which were abated to determine the taxes due, less any payments made at any time to the County. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually during the abatement period, this resulted in payments in lieu of taxes for the current year of \$29,220.

For the fiscal year ended September 30, 2021, Hutchinson County abated property taxes totaling \$949,114 under this program, including the following tax abatement agreements:

- A 70 percent tax abatement to Cominco Fertilizer Partnership for eligible property in the reinvestment zone. The abatement amounted to \$949,114.

**NOTE 12 – RISK MANAGEMENT**

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

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**HUTCHINSON COUNTY, TEXAS**  
**GENERAL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 13,424,764	\$ 13,424,764	\$ 13,172,959	\$ (251,805)
Payments in lieu of taxes	27,000	27,000	29,220	2,220
Mixed beverage taxes	24,000	24,000	37,173	13,173
Licenses and fees	969,400	969,400	1,013,433	44,033
Fines and forfeitures	11,000	11,000	7,310	(3,690)
Intergovernmental	89,213	89,213	512,830	423,617
Investment earnings	75,500	75,500	5,872	(69,628)
Miscellaneous	185,200	185,200	241,488	56,288
	<u>14,806,077</u>	<u>14,806,077</u>	<u>15,020,285</u>	<u>214,208</u>
<b>EXPENDITURES</b>				
Current:				
Administrative				
County Judge	303,474	303,474	285,656	17,818
County Auditor	260,595	260,595	246,338	14,257
County Clerk	374,249	375,149	370,652	4,497
County Tax Assessor/Collector	891,573	891,573	865,441	26,132
County Treasurer	198,243	198,243	194,412	3,831
Elections	89,105	101,509	86,743	14,766
Non-departmental	720,633	718,583	696,676	21,907
Data processing	291,357	290,457	260,446	30,011
	<u>3,129,229</u>	<u>3,139,583</u>	<u>3,006,364</u>	<u>133,219</u>
Judicial				
316th District Court	574,288	672,288	669,661	2,627
84th District Court	515,786	417,786	365,879	51,907
Justice of the Peace, #1	206,731	206,731	200,476	6,255
Justice of the Peace, #2	212,649	212,649	204,055	8,594
District Attorney	426,282	426,282	392,765	33,517
County Attorney	444,278	444,278	435,581	8,697
District Clerk	390,088	390,088	363,340	26,748
	<u>2,770,102</u>	<u>2,770,102</u>	<u>2,631,757</u>	<u>138,345</u>
Public facilities				
Plant operations	615,538	621,226	432,574	188,652
County library	575,682	616,783	544,039	72,744
	<u>1,191,220</u>	<u>1,238,009</u>	<u>976,613</u>	<u>261,396</u>

**HUTCHINSON COUNTY, TEXAS  
GENERAL  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Continuation	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Current:				
Public safety				
Sheriff's department	\$ 1,871,718	\$ 1,879,468	\$ 1,699,781	\$ 179,687
Jail	1,822,761	1,815,261	1,718,420	96,841
Constable, #1	97,391	97,391	96,001	1,390
Constable, #2	86,094	86,737	84,988	1,749
Emergency operations center	546,293	536,793	1,054,211	(517,418)
Fire protection	145,500	145,500	144,000	1,500
Total public safety	<u>4,569,757</u>	<u>4,561,150</u>	<u>4,797,401</u>	<u>(236,251)</u>
Public service				
Adult probation department	23,440	23,440	19,815	3,625
Juvenile probation department	585,564	585,564	518,105	67,459
County welfare	46,100	48,500	48,463	37
Child welfare	11,500	11,500	11,500	-
County extension	150,880	150,880	141,227	9,653
Total public service	<u>817,484</u>	<u>819,884</u>	<u>739,110</u>	<u>80,774</u>
Debt service:				
Principal	40,000	40,000	39,712	288
Interest	2,000	2,000	1,378	622
Total debt service	<u>42,000</u>	<u>42,000</u>	<u>41,090</u>	<u>910</u>
Capital outlay	<u>921,983</u>	<u>921,983</u>	<u>780,183</u>	<u>141,800</u>
Total expenditures	<u>13,441,775</u>	<u>13,492,711</u>	<u>12,972,518</u>	<u>520,193</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,364,302</u>	<u>1,313,366</u>	<u>2,047,767</u>	<u>734,401</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,558	3,558	239,399	235,841
Transfers out	(1,911,488)	(1,911,488)	(1,911,488)	-
Total other financing sources / (uses)	<u>(1,907,930)</u>	<u>(1,907,930)</u>	<u>(1,672,089)</u>	<u>235,841</u>
<b>NET CHANGE IN FUND BALANCE</b>	(543,628)	(594,564)	375,678	970,242
<b>FUND BALANCE - BEGINNING</b>	<u>9,022,254</u>	<u>9,022,254</u>	<u>9,022,254</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 8,478,626</u>	<u>\$ 8,427,690</u>	<u>\$ 9,397,932</u>	<u>\$ 970,242</u>

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**HUTCHINSON COUNTY, TEXAS**  
**ROAD & BRIDGE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses and fees	\$ 550,000	\$ 550,000	\$ 522,050	\$ (27,950)
Intergovernmental	-	-	320,753	320,753
Investment earnings	10,000	10,000	461	(9,539)
Miscellaneous	12,000	12,000	71,096	59,096
	<u>572,000</u>	<u>572,000</u>	<u>914,360</u>	<u>342,360</u>
<b>EXPENDITURES</b>				
Current:				
Road and bridge	1,979,822	2,326,062	1,825,940	500,122
Capital outlay	-	-	280,750	(280,750)
	<u>1,979,822</u>	<u>2,326,062</u>	<u>2,106,690</u>	<u>219,372</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,407,822)</u>	<u>(1,754,062)</u>	<u>(1,192,330)</u>	<u>561,732</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,402,982	1,402,982	1,406,982	4,000
Transfers out	-	-	(104,987)	(104,987)
	<u>1,402,982</u>	<u>1,402,982</u>	<u>1,301,995</u>	<u>(100,987)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,840)	(351,080)	109,665	460,745
<b>FUND BALANCE - BEGINNING</b>	<u>110,863</u>	<u>110,863</u>	<u>110,863</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 106,023</u>	<u>\$ (240,217)</u>	<u>\$ 220,528</u>	<u>\$ 460,745</u>

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

	Year Ended December 31,			
	2020	2019	2018	2017
<b>Total Pension Liability:</b>				
Service cost	\$ 930,426	\$ 888,103	\$ 905,753	\$ 887,974
Interest on total pension liability (1)	3,627,588	3,480,779	3,338,622	3,213,457
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	2,398,130	-	-	279,513
Effect of economic/demographic (gains) or losses	(201,972)	41,640	88,161	(467,968)
Benefit payments/refunds of contributions	(2,620,103)	(2,659,884)	(2,463,659)	(2,310,353)
Net change in total pension liability	4,134,069	1,750,638	1,868,877	1,602,623
Total pension liability, beginning	45,139,161	43,388,523	41,519,646	39,917,023
Total pension liability, ending (a)	<u>\$ 49,273,230</u>	<u>\$ 45,139,161</u>	<u>\$ 43,388,523</u>	<u>\$ 41,519,646</u>
<b>Fiduciary Net Position:</b>				
Employer contributions	\$ 790,219	\$ 790,347	\$ 781,921	\$ 761,421
Member contributions	487,360	487,439	482,241	469,596
Investment income net of investment expenses	4,697,380	6,624,416	(803,240)	5,528,862
Benefit payments/refunds of contributions	(2,620,103)	(2,659,884)	(2,463,659)	(2,310,353)
Administrative expenses	(35,694)	(34,670)	(32,393)	(28,195)
Other	(35,204)	(40,996)	(31,479)	(22,325)
Net change in fiduciary net position	3,283,958	5,166,652	(2,066,609)	4,399,006
Fiduciary net position, beginning	45,496,784	40,330,132	42,396,741	37,997,735
Fiduciary net position, ending (b)	<u>\$ 48,780,742</u>	<u>\$ 45,496,784</u>	<u>\$ 40,330,132</u>	<u>\$ 42,396,741</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 492,488</u>	<u>\$ (357,623)</u>	<u>\$ 3,058,391</u>	<u>\$ (877,095)</u>
Fiduciary net position as a % of total pension liability	99.00%	100.79%	92.95%	102.11%
Pensionable covered payroll	\$ 6,962,286	\$ 6,963,414	\$ 6,889,152	\$ 6,708,512
Net pension liability/(asset) as a % of covered payroll	7.07%	-5.14%	44.39%	-13.07%

Year Ended December 31,

2016	2015	2014	2013	2012	2011
\$ 930,573	\$ 864,694	\$ 854,535	\$ N/A	\$ N/A	\$ N/A
3,053,448	2,920,751	2,746,348	N/A	N/A	N/A
-	(76,777)	-	N/A	N/A	N/A
-	414,360	-	N/A	N/A	N/A
(255,274)	(378,215)	185,883	N/A	N/A	N/A
<u>(2,064,567)</u>	<u>(1,885,657)</u>	<u>(1,725,712)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
1,664,180	1,859,156	2,061,054	N/A	N/A	N/A
<u>38,252,843</u>	<u>36,393,687</u>	<u>34,332,633</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 39,917,023</u>	<u>\$ 38,252,843</u>	<u>\$ 36,393,687</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 734,260	\$ 721,928	\$ 1,729,986	\$ N/A	\$ N/A	\$ N/A
452,848	445,241	442,825	N/A	N/A	N/A
2,666,600	(145,957)	2,355,349	N/A	N/A	N/A
(2,064,567)	(1,885,657)	(1,725,712)	N/A	N/A	N/A
(29,077)	(26,367)	(27,481)	N/A	N/A	N/A
54,591	(59,673)	137,610	N/A	N/A	N/A
<u>1,814,655</u>	<u>(950,485)</u>	<u>2,912,577</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>36,183,080</u>	<u>37,133,565</u>	<u>34,220,988</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 37,997,735</u>	<u>\$ 36,183,080</u>	<u>\$ 37,133,565</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ 1,919,288</u>	<u>\$ 2,069,763</u>	<u>\$ (739,878)</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
95.19%	94.59%	102.03%	N/A	N/A	N/A
\$ 6,469,256	\$ 6,360,586	\$ 6,165,408	\$ N/A	\$ N/A	\$ N/A
29.67%	32.54%	-12.00%	N/A	N/A	N/A

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

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 615,836	\$ 1,724,620	\$ (1,108,784)	\$ 6,316,266	27.3%
2016	628,425	731,552	(103,127)	6,445,390	11.4%
2017	646,262	750,580	(104,318)	6,613,042	11.3%
2018	676,211	783,566	(107,355)	6,903,668	11.3%
2019	647,229	787,642	(140,413)	6,939,577	11.4%
2020	674,059	789,814	(115,755)	6,958,712	11.4%
2021	686,535	805,664	(119,129)	7,098,361	11.4%

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

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.6% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation.
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.

**HUTCHINSON COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**Last 10 Years (will ultimately be displayed as available)**

	Year Ended December 31,			
	2020	2019	2018	2017
<b>Total OPEB Liability:</b>				
Service cost	\$ 14,719	\$ 10,420	\$ 12,949	\$ 11,140
Interest on total OPEB liability	14,010	16,430	15,043	15,849
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	57,241	95,478	(42,001)	16,872
Effect of economic/demographic (gains) or losses	6,637	336	(2,033)	(9,615)
Benefit payments	<u>(15,317)</u>	<u>(17,409)</u>	<u>(18,601)</u>	<u>(17,442)</u>
Net change in total OPEB liability	77,290	105,255	(34,643)	16,804
Total OPEB liability, beginning	<u>504,194</u>	<u>398,939</u>	<u>433,582</u>	<u>416,778</u>
Total OPEB liability, ending	<u><u>\$ 581,484</u></u>	<u><u>\$ 504,194</u></u>	<u><u>\$ 398,939</u></u>	<u><u>\$ 433,582</u></u>
Covered employee payroll	\$ 6,962,286	\$ 6,963,414	\$ 6,889,152	\$ 6,708,512
Total OPEB liability as a % of covered employee payroll	8.35%	7.24%	5.79%	6.46%

**Notes to Schedule:**

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary increases	Does not apply
Investment rate of return	2.12% (20 Year Bond GO Index published by bondbuyer.com as of December 28, 2020)

**OTHER SUPPLEMENTARY INFORMATION**

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

**Motor Vehicle Inventory Tax** – The Motor Vehicle Inventory Tax fund accounts for the interest income earned by the Tax Assessor Collector holding the escrow payments received from automobile dealerships during the year. The amounts are to be used to statutorily supplement the costs of the Tax Assessor’s office.

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

**County Records Management** – The County Records Management fund accounts for fees collected by the County and District Clerks from all defendants convicted of an offense. The fees are dedicated by law to be used for specific records management and preservation purposes of the County.

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

**Registration of Voters** – The Registration of Voters fund accounts for state allocated funds issued to voter registrars in Texas. The funds are dedicated by law to be used to help defray the County’s voter registration expenses.

**Records Management & Preservation** – The Records Management & Preservation fund accounts for fees collected by the County and District Clerks after the filing and recording of a document in the records offices of the Clerks. The fees are dedicated by law to be used for specific records management and preservation purposes in the County.

**Law Library** – The Law Library fund accounts for statutory fees collected in civil cases filed in County and District Courts. These fees are dedicated by law to provide and maintain a County law library.

**Adult Probation – State** – The Adult Probation – State fund accounts for grants received from the Texas Department of Criminal Justice – Community Justice Assistance Division as well as local funds. The funds are dedicated by law to provide adult probation services.

**Community Corrections Programs** – The Community Corrections Programs fund accounts for grants received from the Texas Department of Criminal Justice – Community Justice Assistance Division. The grant funds are dedicated by law to provide adult probation services.

**Juvenile Probation – State** – The Juvenile Probation – State fund accounts for grants received from the Texas Juvenile Justice Department. The grant funds are dedicated by law to provide juvenile probation services.

**Court Report Service** – The Court Report Service fund accounts for statutory fees collected by the County and District Clerks on each civil case filed. The fees are dedicated by law to maintain a court reporter that is available for assignment in the court.

**Juvenile Progressive Sanctions** – The Juvenile Progressive Sanctions fund accounts for grants received from the Texas Juvenile Justice Department. The grant funds are dedicated by law to provide juvenile probation services.

**Juvenile Probation Special** – The Juvenile Probation Special fund accounts for local funds received from juvenile offenders within the county. The funds are dedicated by law to assist in the provision of juvenile probation services.

**Child Support District Clerk** – The Child Support District Clerk fund accounts for payment received under the Title IV-



D child support enforcement program. The revenue is used to support and improve the County's child support registry and child support case services provided by the County.

**Juvenile Title IV** – The Juvenile Title IV fund accounts for grants received from the Texas Juvenile Justice Department. The grant funds are dedicated by law to provide juvenile probation services.

**Records Archive County Clerk** – The Records Archive County Clerk fund accounts for fees collected by the County Clerk for the recording or filing of public documents. The fees are dedicated by law to be expended only for the preservation and restoration of the County Clerk's records archive.

**County/District Attorney Check Fees** – The County/District Attorney Check Fees funds account for fees collected by the County and District Attorneys for every hot check processed through their respective offices. The fees are dedicated by law to be used at the sole discretion of the Attorneys to defray the salaries and expenses of the prosecutors' offices.

**District Attorney Forfeiture** – The District Attorney Forfeiture fund accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized by law enforcement officers. The funds are dedicated by law to be used to supplement the District Attorney's office.

**Sheriff Forfeitures & Seizures** – The Sheriff Forfeitures & Seizures fund accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized by law enforcement officers. The funds are dedicated by law to be used to supplement the costs of the Sheriff's office.

**District Clerk Records Management** – The District Clerk Records Management fund accounts for fees collected by the District Clerk on court cases. The fees are dedicated by law to be used for specific records management projects of the office.

**District Attorney** – The District Attorney Fund accounts for the supplemental income received from the State of Texas on behalf of the District Attorney. The income is dedicated by law to be used as supplemental salaries within the District Attorney's office.

**Lateral Road** – The Lateral Road Fund accounts for lateral road fees received from the State of Texas. The fees are dedicated by law to maintain and improve county roads.

**County/District Clerk Records Preservation** – The County/District Clerk Records Preservation Funds account for revenue from fees collected by the County and District Clerks on court cases. The fees are dedicated by law to be used for specific records preservation projects of the offices.

**Museum** – The Museum fund accounts for the proceeds from the admittance fees and gift shop sales of the Hutchinson County Historical Museum. The funds are committed by the Commissioners' Court to maintain that facility.

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

**Drug Court** – The Drug Court fund accounts for fees collected by the County and District Clerks on court cases. The fees are dedicated by law to be used to fund a drug court within the County.

**HUTCHINSON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	<u>Motor Vehicle Inventory Tax</u>	<u>Court Technology Fees</u>	<u>County Records Management</u>	<u>Courthouse Security</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,133	\$ 63,978	\$ 62,398	\$ 53,303
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental entities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,133</u>	<u>\$ 63,978</u>	<u>\$ 62,398</u>	<u>\$ 53,303</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governmental entities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES</b>				
Restricted:				
By enabling legislation	2,133	63,978	62,398	53,303
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 2,133</u>	<u>\$ 63,978</u>	<u>\$ 62,398</u>	<u>\$ 53,303</u>

<b>Registration of Voters</b>	<b>Records Management &amp; Preservation</b>	<b>Law Library</b>	<b>Adult Probation - State</b>	<b>Community Corrections Programs</b>	<b>Juvenile Probation - State</b>
\$ 6,426	\$ 174,695	\$ 27,124	\$ 128,767	\$ 25,973	\$ 5
-	-	147	17,239	-	-
-	-	-	-	-	154
-	-	-	-	-	47,548
<u>\$ 6,426</u>	<u>\$ 174,695</u>	<u>\$ 27,271</u>	<u>\$ 146,006</u>	<u>\$ 25,973</u>	<u>\$ 47,707</u>
\$ -	\$ 786	\$ 897	\$ 613	\$ 16,184	\$ -
-	-	-	-	-	9,268
-	-	-	-	-	-
-	786	897	613	16,184	9,268
6,426	173,909	26,374	145,393	9,789	38,439
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,426</u>	<u>173,909</u>	<u>26,374</u>	<u>145,393</u>	<u>9,789</u>	<u>38,439</u>
<u>\$ 6,426</u>	<u>\$ 174,695</u>	<u>\$ 27,271</u>	<u>\$ 146,006</u>	<u>\$ 25,973</u>	<u>\$ 47,707</u>

Continued

**HUTCHINSON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

Continuation

	<u>Court Report Service</u>	<u>Juvenile Progressive Sanctions</u>	<u>Juvenile Probation Special</u>	<u>Child Support District Clerk</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,244	\$ -	\$ 27,872	\$ 3,321
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental entities	-	1	-	-
	<u>13,244</u>	<u>1</u>	<u>27,872</u>	<u>3,321</u>
Total assets	<u>\$ 13,244</u>	<u>\$ 1</u>	<u>\$ 27,872</u>	<u>\$ 3,321</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	2,272	-	-
Due to other governmental entities	-	-	-	-
	<u>-</u>	<u>2,272</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>2,272</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted:				
By enabling legislation	13,244	-	27,872	3,321
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	(2,271)	-	-
	<u>13,244</u>	<u>(2,271)</u>	<u>27,872</u>	<u>3,321</u>
Total fund balances	<u>13,244</u>	<u>(2,271)</u>	<u>27,872</u>	<u>3,321</u>
Total liabilities and fund balances	<u>\$ 13,244</u>	<u>\$ 1</u>	<u>\$ 27,872</u>	<u>\$ 3,321</u>

<b>Juvenile Title IV</b>	<b>Records Archive - County Clerk</b>	<b>County Attorney Check Fees</b>	<b>District Attorney Check Fees</b>	<b>District Attorney Forfeitures</b>	<b>Sheriff Forfeitures &amp; Seizures</b>
\$ 69	\$ 165,227	\$ 27,849	\$ 6,084	\$ 1,728	\$ 2,092
100	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 169</u>	<u>\$ 165,227</u>	<u>\$ 27,849</u>	<u>\$ 6,084</u>	<u>\$ 1,728</u>	<u>\$ 2,092</u>
\$ -	\$ 6,027	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	6,027	-	-	-	-
169	159,200	27,849	6,084	1,728	2,092
-	-	-	-	-	-
-	-	-	-	-	-
<u>169</u>	<u>159,200</u>	<u>27,849</u>	<u>6,084</u>	<u>1,728</u>	<u>2,092</u>
<u>\$ 169</u>	<u>\$ 165,227</u>	<u>\$ 27,849</u>	<u>\$ 6,084</u>	<u>\$ 1,728</u>	<u>\$ 2,092</u>

Continued

**HUTCHINSON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

Continuation

	<b>District Clerk Records Management</b>	<b>District Attorney</b>	<b>Lateral Road</b>	<b>County Clerk Records Preservation</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,560	\$ 10,001	\$ 55,980	\$ 14,126
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental entities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 24,560</u>	<u>\$ 10,001</u>	<u>\$ 55,980</u>	<u>\$ 14,126</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 754	\$ 3,790	\$ -
Due to other funds	-	-	-	-
Due to other governmental entities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>754</u>	<u>3,790</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted:				
By enabling legislation	24,560	9,247	52,190	14,126
Committed for:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>24,560</u>	<u>9,247</u>	<u>52,190</u>	<u>14,126</u>
Total liabilities and fund balances	<u>\$ 24,560</u>	<u>\$ 10,001</u>	<u>\$ 55,980</u>	<u>\$ 14,126</u>

<b>District Clerk Records Preservation</b>	<b>Museum</b>	<b>Jail Commissary</b>	<b>Drug Court Fund</b>	<b>Total Non- Major Governmental Funds</b>
\$ 43,999	\$ 13,320	\$ 23,794	\$ 1,506	\$ 979,574
-	-	1,826	-	19,312
-	-	-	-	154
-	-	-	-	47,549
<u>\$ 43,999</u>	<u>\$ 13,320</u>	<u>\$ 25,620</u>	<u>\$ 1,506</u>	<u>\$ 1,046,589</u>
\$ -	\$ 1,329	\$ -	\$ 2,976	\$ 33,356
-	3,104	-	-	14,644
-	-	-	45	45
-	4,433	-	3,021	48,045
43,999	-	25,620	-	993,443
-	8,887	-	-	8,887
-	-	-	(1,515)	(3,786)
<u>43,999</u>	<u>8,887</u>	<u>25,620</u>	<u>(1,515)</u>	<u>998,544</u>
<u>\$ 43,999</u>	<u>\$ 13,320</u>	<u>\$ 25,620</u>	<u>\$ 1,506</u>	<u>\$ 1,046,589</u>

**HUTCHINSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Motor Vehicle Inventory Tax</u>	<u>Court Technology Fees</u>	<u>County Records Management</u>	<u>Courthouse Security</u>
<b>REVENUES</b>				
Licenses and fees	\$ -	\$ 4,519	\$ 3,497	\$ 10,545
Intergovernmental	-	-	-	-
Interest	61	30	30	22
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	61	4,549	3,527	10,567
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Current:				
Administrative	-	-	-	-
Judicial	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public service	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	61	4,549	3,527	10,567
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES / (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES / (USES)</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	61	4,549	3,527	10,567
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	2,072	59,429	58,871	42,736
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - ENDING (DEFICIT)</b>	<u>\$ 2,133</u>	<u>\$ 63,978</u>	<u>\$ 62,398</u>	<u>\$ 53,303</u>



<u>Registration of Voters</u>	<u>Records Management &amp; Preservation</u>	<u>Law Library</u>	<u>Adult Probation - State</u>	<u>Community Corrections Programs</u>	<u>Juvenile Probation - State</u>
\$ -	\$ 30,935	\$ 5,752	\$ 202,187	\$ -	\$ -
-	-	-	97,371	55,659	214,296
2	82	15	87	-	13
2,783	-	-	3,511	-	-
<u>2,785</u>	<u>31,017</u>	<u>5,767</u>	<u>303,156</u>	<u>55,659</u>	<u>214,309</u>
2,530	18,248	-	-	-	-
-	-	7,724	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	279,347	58,171	212,177
-	-	-	-	-	-
<u>2,530</u>	<u>18,248</u>	<u>7,724</u>	<u>279,347</u>	<u>58,171</u>	<u>212,177</u>
255	12,769	(1,957)	23,809	(2,512)	2,132
-	-	-	-	2,676	-
-	-	-	(2,676)	-	-
-	-	-	(2,676)	2,676	-
255	12,769	(1,957)	21,133	164	2,132
6,171	161,140	28,331	124,260	9,625	36,307
<u>\$ 6,426</u>	<u>\$ 173,909</u>	<u>\$ 26,374</u>	<u>\$ 145,393</u>	<u>\$ 9,789</u>	<u>\$ 38,439</u>

Continued

**HUTCHINSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Continuation

	<u>Court Report Service</u>	<u>Juvenile Progressive Sanctions</u>	<u>Juvenile Probation Special</u>	<u>Child Support District Clerk</u>
<b>REVENUES</b>				
Licenses and fees	\$ 3,164	\$ -	\$ 1,342	\$ -
Intergovernmental	-	-	-	-
Interest	6	1	13	1
Miscellaneous	-	-	-	196
	<u>3,170</u>	<u>1</u>	<u>1,355</u>	<u>197</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
Administrative	-	-	-	-
Judicial	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public service	-	-	1,968	-
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,968</u>	<u>-</u>
Total expenditures				
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	3,170	1	(613)	197
<b>OTHER FINANCING SOURCES / (USES)</b>				
Transfers in	-	-	3,575	-
Transfers out	(3,558)	(3,575)	-	-
<b>TOTAL OTHER FINANCING SOURCES / (USES)</b>	<u>(3,558)</u>	<u>(3,575)</u>	<u>3,575</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(388)	(3,574)	2,962	197
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	<u>13,632</u>	<u>1,303</u>	<u>24,910</u>	<u>3,124</u>
<b>FUND BALANCES - ENDING (DEFICIT)</b>	<u>\$ 13,244</u>	<u>\$ (2,271)</u>	<u>\$ 27,872</u>	<u>\$ 3,321</u>

<u>Juvenile Title IV</u>	<u>Records Archive - County Clerk</u>	<u>County Attorney Check Fees</u>	<u>District Attorney Check Fees</u>	<u>District Attorney Forfeitures</u>	<u>Sheriff Forfeitures &amp; Seizures</u>
\$ -	\$ 33,688	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	70	15	3	1	1
-	-	-	-	-	-
-	<u>33,758</u>	<u>15</u>	<u>3</u>	<u>1</u>	<u>1</u>
-	-	-	-	-	-
-	11,138	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	<u>11,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	22,620	15	3	1	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	<u>22,620</u>	<u>15</u>	<u>3</u>	<u>1</u>	<u>1</u>
169	<u>136,580</u>	<u>27,834</u>	<u>6,081</u>	<u>1,727</u>	<u>2,091</u>
<u>\$ 169</u>	<u>\$ 159,200</u>	<u>\$ 27,849</u>	<u>\$ 6,084</u>	<u>\$ 1,728</u>	<u>\$ 2,092</u>

Continued

**HUTCHINSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Continuation

	<b>District Clerk Records Management</b>	<b>District Attorney</b>	<b>Lateral Road</b>	<b>County Clerk Records Preservation</b>
<b>REVENUES</b>				
Licenses and fees	\$ 2,695	\$ -	\$ -	\$ 697
Intergovernmental	-	36,667	15,262	-
Interest	11	5	27	7
Miscellaneous	-	-	-	-
Total revenues	<u>2,706</u>	<u>36,672</u>	<u>15,289</u>	<u>704</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	-	-	-	-
Judicial	-	27,491	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Road and bridge	-	-	3,790	-
Public service	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>27,491</u>	<u>3,790</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,706	9,181	11,499	704
<b>OTHER FINANCING SOURCES / (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES / (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,706	9,181	11,499	704
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	<u>21,854</u>	<u>66</u>	<u>40,691</u>	<u>13,422</u>
<b>FUND BALANCES - ENDING (DEFICIT)</b>	<u><u>\$ 24,560</u></u>	<u><u>\$ 9,247</u></u>	<u><u>\$ 52,190</u></u>	<u><u>\$ 14,126</u></u>

<b>District Clerk Records Preservation</b>	<b>Museum</b>	<b>Jail Commissary</b>	<b>Drug Court Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ 3,740	\$ -	\$ 52,061	\$ 2,647	\$ 357,469
-	-	-	-	419,255
20	52	13	20	608
-	44,574	-	-	51,064
<u>3,760</u>	<u>44,626</u>	<u>52,074</u>	<u>2,667</u>	<u>828,396</u>
-	-	-	-	20,778
-	-	-	55,438	101,791
-	184,360	-	-	184,360
-	-	42,783	-	42,783
-	-	-	-	3,790
-	-	-	-	551,663
-	44,869	-	-	44,869
<u>-</u>	<u>229,229</u>	<u>42,783</u>	<u>55,438</u>	<u>950,034</u>
3,760	(184,603)	9,291	(52,771)	(121,638)
-	194,257	-	55,000	255,508
-	(19,112)	-	(12,166)	(41,087)
<u>-</u>	<u>175,145</u>	<u>-</u>	<u>42,834</u>	<u>214,421</u>
3,760	(9,458)	9,291	(9,937)	92,783
<u>40,239</u>	<u>18,345</u>	<u>16,329</u>	<u>8,422</u>	<u>905,761</u>
<u>\$ 43,999</u>	<u>\$ 8,887</u>	<u>\$ 25,620</u>	<u>\$ (1,515)</u>	<u>\$ 998,544</u>

## **FIDUCIARY FUNDS**

### **AGENCY FUNDS**

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

**District Attorney Seizure** – The District Attorney Seizure Fund accounts for seized assets collected by the District Attorney.

**Inmate Trust** – The Sheriff's Inmate Trust Fund accounts for the money of inmates held in the Hutchinson County Jail.

**County Registry** – The County Registry Fund accounts for registry funds held by the County and District Clerks as well as money received from cash bonds.

**County Restitution** – The County Restitution Fund accounts for money collected and held as restitution to victims of crimes by both the County and District Attorneys.

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

**HUTCHINSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2021**

	<u>District Attorney Seizure</u>	<u>Inmate Trust</u>	<u>County Registry</u>	<u>County Restitution</u>	<u>Tax Assessor/ Collector</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 28,576	\$ 15,196	\$ 265,506	\$ 32,926	\$ 413,080	\$ 755,284
Accounts receivable	-	-	-	-	1,644	1,644
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 28,576</u>	<u>\$ 15,196</u>	<u>\$ 265,506</u>	<u>\$ 32,926</u>	<u>\$ 414,724</u>	<u>\$ 756,928</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 35,154	\$ 35,154
Due to other governments	-	-	-	-	231,733	231,733
Deposits	28,576	15,196	265,506	32,926	147,837	490,041
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 28,576</u>	<u>\$ 15,196</u>	<u>\$ 265,506</u>	<u>\$ 32,926</u>	<u>\$ 414,724</u>	<u>\$ 756,928</u>

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**PART III**  
**COMPLIANCE**



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

INDEPENDENT AUDITORS' 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*

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 Hutchinson County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Hutchinson County, Texas's basic financial statements, and have issued our report thereon dated May 13, 2022.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hutchinson County, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Standards*.

**Purpose of this Report**

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

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

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

May 13, 2022