



Financial Statements  
December 31, 2023  
**Hale County, Texas**

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## Independent Auditor's Report

To the Honorable Judge and Members of the Commissioners' Court  
Hale County, Texas  
Plainview, Texas

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hale County, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 4 through 11 and 55 through 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund financial statements and schedule of expenditures of federal awards 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 July 30, 2024 on our consideration of Hale 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 the County'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 the County's internal control over financial reporting and compliance.



Abilene, Texas  
July 30, 2024

This section of Hale County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2023. Please read it in conjunction with the County's financial statements, which follow this section.

### **Financial Highlights**

- The County's total net position was \$37,432,304 at December 31, 2023.
- During the year, the County's expenses were \$2,412,933 less than the \$22,022,965 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$10,448,928.

### **Overview of the Financial Statements**

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the County's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses.
- Fiduciary fund statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The Management's Discussion and Analysis, Basic Financial Statements, and Required Supplementary Information are the three main components of Hale County's financial statements. The basic financial statements include the government-wide financial statements, fund financial statements and the notes to the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### **Government-wide Statements**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred outflows and inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how they have changed. Net position - the difference between the County's assets, liabilities, and deferred outflows and inflows of resources - is one way to measure the County's financial health or position.

Over time, increases or decreases in the County's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the governmental activities. Most of the County's basic services are included here, such as general administration, financial administration, judicial, public safety and correctional, public facilities, health and welfare, conservation, culture and recreation, environmental protection, elections and public transportation. Property taxes and intergovernmental revenues finance most of these activities.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the County's most significant funds- not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond covenants.
- The Commissioners' Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- Governmental funds – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- Proprietary funds – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

We use the internal service fund to report activities that provide supplies and services for the County's other programs and activities.

- **Fiduciary funds** – The County is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in separate fiduciary financial statements. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operation.

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

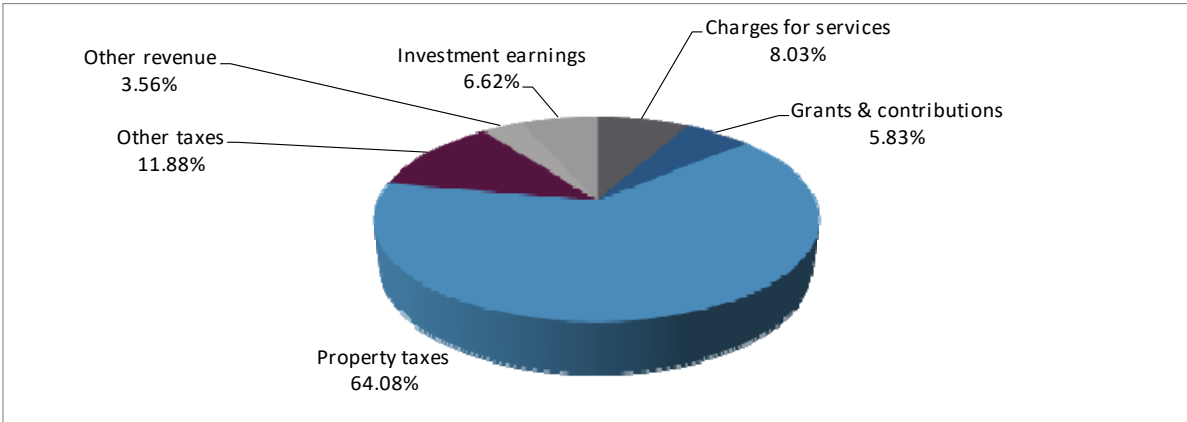
The County's net position was \$37,432,304 at December 31, 2023, as shown below.

	Governmental Activities	
	2023	2022
Current and other assets	\$ 43,270,063	\$ 41,607,372
Net pension asset	-	2,095,556
Capital assets (net of depreciation)	16,517,451	16,465,431
Total assets	59,787,514	60,168,359
Deferred outflows of resources - pension	2,795,741	2,294,158
Total deferred outflows of resources	2,795,741	2,294,158
Current and other liabilities	931,910	753,163
Unearned revenue	5,443,296	6,317,021
Noncurrent liabilities		
Due within one year	104,600	501,504
Due in more than one year	114,203	152,154
Net pension liability	4,108,864	-
Total noncurrent liabilities	4,327,667	653,658
Total liabilities	10,702,873	7,723,842
Deferred inflows of resources - property taxes	14,368,430	13,470,149
Deferred inflows of resources - pension	79,648	6,249,155
Total deferred inflows of resources	14,448,078	19,719,304
Net position		
Net investment in capital assets	16,426,839	15,922,266
Restricted	1,157,587	1,171,959
Unrestricted	19,847,878	17,925,146
Total net position	\$ 37,432,304	\$ 35,019,371
Total liabilities, deferred inflows of resources, and net position	\$ 62,583,255	\$ 62,462,517

The \$19,847,878 of unrestricted net position represents resources available to fund the programs of the County in future periods.

**Changes in Net Position**

The County's total revenues were \$22,022,965. A significant portion, 64.08%, of the County's revenue comes from property taxes, 8.03% comes from the charges for services, 6.62% comes from investment earnings, 5.83% comes from grants and contributions, 11.88% comes from other taxes and 3.56% comes from other revenues.



The total cost of all programs and services was \$19,610,032; 33.75% of these costs are for public safety and correctional services.

**Governmental Activities**

Property tax collections increased, thus causing an increase of property tax revenue.

	Governmental Activities	
	2023	2022
Revenues		
Taxes - property	\$ 14,111,291	\$ 12,609,181
Taxes - sales	2,323,943	1,963,068
Taxes - other	292,894	243,317
Intergovernmental	1,284,040	967,119
Fees of office	1,099,175	1,102,271
Fines and forfeitures	51,952	37,698
Licenses and permits	618,000	610,529
Interest and other	2,241,670	1,595,093
Total revenues	22,022,965	19,128,276
Expenses		
General administration	2,397,845	2,241,494
Financial administration	1,595,662	1,295,434
Judicial	3,751,967	2,856,282
Public safety and correctional	6,617,745	5,692,896
Public facilities	687,882	495,940
Health and welfare	580,869	527,238
Conservation	512,029	411,006
Culture and recreation	39,500	39,500
Environmental protection	10,481	10,234
Elections	59,367	344,613
Public transportation	3,351,672	3,052,905
Interest	5,013	17,948
Total expenses	19,610,032	16,985,490
Change in net position	2,412,933	2,142,786
Beginning balance, net position	35,019,371	32,876,585
Ending balance, net position	\$ 37,432,304	\$ 35,019,371

The cost of each of the County's largest functions includes:

- The cost of all governmental activities this year was \$19,610,032; property taxes were \$14,111,291.
- Some of the cost was paid by those who directly benefited from the programs, \$1,099,175, or by operating and capital grants and contributions, \$1,284,040.

Revenues from the general fund totaled \$16,326,600, an increase of 19.1% over the preceding year.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As of the end of the fiscal year, Hale County's governmental funds reported a combined fund balance of \$15,432,695, an increase of \$1,162,937 or 8.2% in comparison with the prior year. Approximately 67% of this total amount (\$10.3 million) is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted or assigned, to indicate that it is not available for new spending because it has already been restricted or committed to: 1) special purposes by virtue of special revenue funds (\$2.6 million), 2) retirement of bonded indebtedness (\$29 thousand), and 3) authorized construction (\$641 thousand).

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance was \$10.5 million. Approximately \$10.3 million is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 74% of total General Fund expenditures. Hale County's General Fund balance increased by \$789 thousand during the current fiscal year.

The Road and Bridge Fund accounts for County resources used to provide transportation services to County citizens. At the end of the fiscal year, the total fund balance was \$1.7 million. Approximately \$1.7 million is committed for road and bridge activities. Fund balance increased by \$164 thousand during the current fiscal year.

The ARPA State and Local Fiscal Recovery Funds (SLFRF) Fund accounts for grant revenues and related expenses for the American Rescue Plan Act. At the end of the fiscal year, the total fund balance was \$0. The County expended approximately \$899 thousand in the current fiscal year.

### **General Fund Budgetary Highlights**

Over the course of the year, the County revised its budget several times. Even with these adjustments, actual expenditures were \$2,292,882 under final budget amounts. The most significant positive variances resulted from judicial and public safety.

Resources available were \$201,199 above the final budgeted amount.

### **Road and Bridge Fund Budgetary Highlights**

The County revised its Road and Bridge Fund budget several times. With these adjustments, actual expenditures were \$132 thousand below final budgeted amounts. Positive variances from budgeted expenditures resulted from lower than expected public transportation expenses. Resources available were \$1.1 million more than the final budgeted amount. The revenue increases were primarily from increased ad valorem taxes.

**CAPITAL ASSETS ADMINISTRATION**

**Capital assets.** At the end of 2023, the County had invested \$16,517,451 in a broad range of capital assets, including land, equipment, buildings and vehicles.

	Governmental Activities	
	2023	2022
Land	\$ 217,694	\$ 217,694
Construction in progress	11,596	-
Buildings and improvements	4,484,880	4,480,380
Other improvements	5,821,787	5,254,540
Infrastructure	16,107,114	16,107,114
Equipment	11,858,505	10,968,182
Right-to-use leased assets	160,950	135,941
Total at historical cost	38,662,526	37,163,851
Total accumulated depreciation and amortization	(22,145,075)	(20,698,420)
Net capital assets	\$ 16,517,451	\$ 16,465,431

More detailed information about the County's capital assets is presented in the notes to the financial statements.

**Debt.** At year end, the County's long-term liabilities has \$90,612 in leases payable. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The 2023 economic factors included:

1. New businesses continue to open and employ people in Hale County.
2. Existing businesses are continuing to grow.
3. The Plainview/Hale County Airport is preparing to build a new Airport Terminal building.

**The 2024 proposed budget includes:**

1. The employer contribution rate to Texas County District Retirement System increased to 17.88%.
2. Salary increase of \$5,000 for elected officials
3. Salary step increase of 5% for all employees employed at least one year on December 31, 2023.
4. Salary step increase from 13/17 to 13/21 for the County Court Administrative Assistant to the Hale County Judge.
5. Salary increase of \$17,149 for the Hale County Attorney.
6. Salary step increase from 13/10 to 13/17 for the Administrative Assistant to the Hale County Attorney.
7. Salary increase of 5% for the three Assistant District Attorney's.
8. Increase from 16 hours to 20 hours for the DPS Secretary.
9. Increase from 16 hours to 20 hours for the VSO Clerk.
10. Salary increase of 5% for the extension agents.
11. Salary increase of 5% for the 242<sup>nd</sup> & 64<sup>th</sup> District Court Court Administrators
12. Salary increase of 5% for the 242<sup>nd</sup> District Court Court Reporter.
13. Salary increase of \$10,000 for the Hale County Auditor.
14. Salary increase of 5% plus \$2000 for the Hale County Assistant Auditors.
15. New part time maintenance position in the Courthouse Building and Grounds Department at a Group 13 Step 1, 20 hours per week.

The tax rate for Hale County for 2024 is .6101 per \$100 of taxable value.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office at 500 Broadway, Plainview, Texas 79072-8030.

Hale County, Texas  
Statement of Net Position (Exhibit A-1)  
December 31, 2023

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 28,639,800
Taxes receivable (net)	10,490,769
Other receivables (net)	488,772
Investment in joint ventures	3,499,518
Prepaid expenses	151,204
Capital assets not being depreciated	229,290
Capital assets (net of accumulated depreciation)	16,201,022
Lease right-of-use assets (net of accumulated amortization)	87,139
Total assets	59,787,514
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources - pension	2,795,741
Total deferred outflows of resources	2,795,741
<b>Liabilities</b>	
Accounts payable and other current liabilities	866,227
Escheat accounts	65,683
Unearned revenue	5,443,296
Noncurrent liabilities:	
Due within one year	
Compensated absences	37,256
Leases	67,344
Due in more than one year	
Compensated absences	90,935
Leases	23,268
Net pension liability	4,108,864
Total liabilities	10,702,873
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources - property taxes	14,368,430
Deferred inflows of resources - pension	79,648
Total deferred inflows of resources	14,448,078
<b>Net Position</b>	
Net investment in capital assets	16,426,839
Restricted by enabling legislation	1,128,818
Restricted for debt service	28,769
Unrestricted	19,847,878
Total net position	\$ 37,432,304

Hale County, Texas  
Statement of Activities (Exhibit A-2)  
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government						
Governmental activities						
General administration	\$ 2,397,845	\$ 268,907	\$ 1,039,704	\$ -	\$ (1,089,234)	\$ (1,089,234)
Financial administration	1,595,662	-	-	-	(1,595,662)	(1,595,662)
Judicial	3,751,967	596,403	-	-	(3,155,564)	(3,155,564)
Public safety and correctional	6,617,745	290,661	100,353	-	(6,226,731)	(6,226,731)
Public facilities	687,882	-	-	-	(687,882)	(687,882)
Health and welfare	580,869	-	20,051	-	(560,818)	(560,818)
Conservation	512,029	-	-	-	(512,029)	(512,029)
Culture and recreation	39,500	-	-	-	(39,500)	(39,500)
Environmental protection	10,481	-	-	-	(10,481)	(10,481)
Elections	59,367	-	8,740	-	(50,627)	(50,627)
Public transportation	3,351,672	613,156	115,192	-	(2,623,324)	(2,623,324)
Interest on long-term debt	5,013	-	-	-	(5,013)	(5,013)
Total governmental activities	<u>19,610,032</u>	<u>1,769,127</u>	<u>1,284,040</u>	<u>-</u>	<u>(16,556,865)</u>	<u>(16,556,865)</u>
Total primary government	<u>\$ 19,610,032</u>	<u>\$ 1,769,127</u>	<u>\$ 1,284,040</u>	<u>\$ -</u>	<u>(16,556,865)</u>	<u>(16,556,865)</u>
General revenues						
Property taxes, levied for general purposes					13,791,849	13,791,849
Property taxes, levied for debt purposes					319,442	319,442
Sales tax					2,323,943	2,323,943
Liquor tax					39,415	39,415
Motor vehicle sales tax					216,235	216,235
State of Texas gasoline tax					37,244	37,244
Unrestricted investment earnings					1,457,555	1,457,555
Gain from disposition of assets					91,359	91,359
Miscellaneous					692,756	692,756
Total general revenues					<u>18,969,798</u>	<u>18,969,798</u>
Change in net position					2,412,933	2,412,933
Net position, beginning					35,019,371	35,019,371
Net position, ending					<u>\$ 37,432,304</u>	<u>\$ 37,432,304</u>

Hale County, Texas  
Balance Sheet – Governmental Funds (Exhibit A-3)  
December 31, 2023

	General Fund	Road and Bridge Fund	SLFRF Fund
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 15,770,513	\$ 2,757,079	\$ 5,418,449
Taxes receivable (net)	8,234,910	2,251,687	-
Other receivable (net)	461,193	7,600	-
Due from other funds	85,585	28,799	-
Prepaid expenses	142,329	-	-
Total current assets	<u>24,694,530</u>	<u>5,045,165</u>	<u>5,418,449</u>
Total assets	<u><u>\$ 24,694,530</u></u>	<u><u>\$ 5,045,165</u></u>	<u><u>\$ 5,418,449</u></u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	\$ 554,683	\$ 9	\$ -
Due to other funds	1,423,076	47,989	-
Escheat accounts	65,683	-	-
Unearned revenue - grant funds	-	-	5,418,449
Total liabilities	<u>2,043,442</u>	<u>47,998</u>	<u>5,418,449</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	11,467,559	3,280,558	-
Unavailable revenue - fines and fees	734,601	-	-
Total deferred inflows of resources	<u>12,202,160</u>	<u>3,280,558</u>	<u>-</u>
<b>Fund Balances</b>			
Nonspendable fund balances			
Prepaid items	142,329	-	-
Restricted fund balances			
Special revenue funds restricted for specific purposes	-	-	-
Restricted for retirement of long term debt	-	-	-
Committed fund balances			
Road and bridge fund committed for specific purposes	-	1,716,609	-
Special revenue funds committed for specific purposes	-	-	-
Capital projects fund committed for specific purposes	-	-	-
Unassigned fund balance	<u>10,306,599</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>10,448,928</u>	<u>1,716,609</u>	<u>-</u>
	<u><u>\$ 24,694,530</u></u>	<u><u>\$ 5,045,165</u></u>	<u><u>\$ 5,418,449</u></u>

Hale County, Texas  
Balance Sheet – Governmental Funds (Exhibit A-3) – Continued  
December 31, 2023

	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,591,375	\$ 27,537,416
Taxes receivable (net)	4,172	10,490,769
Other receivable (net)	19,979	488,772
Due from other funds	205	114,589
Prepaid expenses	8,875	151,204
Total current assets	3,624,606	38,782,750
Total assets	\$ 3,624,606	\$ 38,782,750
<b>Liabilities</b>		
Accounts payable and other current liabilities	\$ 151,629	\$ 706,321
Due to other funds	156,197	1,627,262
Escheat accounts	-	65,683
Unearned revenue - grant funds	24,847	5,443,296
Total liabilities	332,673	7,842,562
<b>Deferred Inflows of Resources</b>		
Unavailable revenue - property taxes	6,284	14,754,401
Unavailable revenue - fines and fees	18,491	753,092
Total deferred inflows of resources	24,775	15,507,493
<b>Fund Balances</b>		
Nonspendable fund balances		
Prepaid items	8,875	151,204
Restricted fund balances		
Special revenue funds restricted for specific purposes	1,128,818	1,128,818
Restricted for retirement of long term debt	28,769	28,769
Committed fund balances		
Road and bridge fund assigned for specific purposes	-	1,716,609
Special revenue funds assigned for specific purposes	1,459,880	1,459,880
Capital projects fund assigned for specific purposes	640,816	640,816
Unassigned fund balance	-	10,306,599
Total fund balances	3,267,158	15,432,695
	\$ 3,624,606	\$ 38,782,750

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Total Fund Balances - Governmental Fund Balance Sheet	\$ 15,432,695
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.	16,517,451
Internal service funds are used by management to account for the self-insurance fund of the government. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect is an increase to net position.	2,455,151
The County's investment in joint venture is not reported in the governmental funds but is included in the statement of net position. This results in an increase in net position.	3,499,518
Certain assets, such as property taxes receivable and fees, are not available to pay for current-period expenditures and are therefore deferred inflows in the governmental funds. Deferred inflows of resources recognized in the government-wide financial statements results in a net increase to net position.	1,139,063
Long-term liabilities, including compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.	(218,803)
Included in the items related to debt is the recognition of the County's net pension liability in the amount of \$4,108,864, a deferred outflow of resources of \$2,795,741 and a deferred inflow of resources of \$79,648. The net effect is a decrease to net position.	<u>(1,392,771)</u>
Net Position of Governmental Activities- Statement of net position	<u>\$ 37,432,304</u>

## Hale County, Texas

### Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit A-5) Year Ended December 31, 2023

	General Fund	Road and Bridge Fund	SLFRF Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 10,735,035	\$ 2,981,559	\$ -	\$ 325,597	\$ 14,042,191
Sales taxes	2,323,943	-	-	-	2,323,943
Intergovernmental	632,378	-	898,572	45,984	1,576,934
Charges for services	872,113	-	-	239,970	1,112,083
Fines and forfeitures	51,952	-	-	-	51,952
Licenses and permits	-	618,000	-	-	618,000
Investment earnings	1,075,385	116,311	-	248,914	1,440,610
Miscellaneous	635,794	175	-	19,737	655,706
<b>Total revenues</b>	<b>16,326,600</b>	<b>3,716,045</b>	<b>898,572</b>	<b>880,202</b>	<b>21,821,419</b>
<b>Expenditures</b>					
<b>Current</b>					
General administration	1,822,911	-	326,068	43,540	2,192,519
Financial administration	1,446,640	-	-	-	1,446,640
Judicial	3,411,971	-	-	287,381	3,699,352
Public safety and correctional	5,631,876	-	-	120,551	5,752,427
Public facilities	485,134	-	-	-	485,134
Health and welfare	554,655	-	-	-	554,655
Conservation	385,417	-	-	-	385,417
Culture and recreation	39,500	-	-	-	39,500
Environmental protection	10,481	-	-	-	10,481
Elections	43,201	-	-	4,058	47,259
Public transportation	-	261,634	-	2,224,322	2,485,956
Capital outlay	83,306	370,558	572,504	877,857	1,904,225
<b>Debt service</b>					
Principal	36,937	-	-	435,000	471,937
Interest	3,491	-	-	6,525	10,016
<b>Total expenditures</b>	<b>13,955,520</b>	<b>632,192</b>	<b>898,572</b>	<b>3,999,234</b>	<b>19,485,518</b>
Excess of revenue over (under) expenditures	2,371,080	3,083,853	-	(3,119,032)	2,335,901
<b>Other financing sources (uses)</b>					
Proceeds from the sale of capital assets	-	-	-	314,700	314,700
Proceeds from leases	25,009	-	-	-	25,009
Transfers in	-	-	-	3,142,081	3,142,081
Transfers out	(1,607,370)	(2,919,482)	-	(127,902)	(4,654,754)
<b>Total other financing sources (uses)</b>	<b>(1,582,361)</b>	<b>(2,919,482)</b>	<b>-</b>	<b>3,328,879</b>	<b>(1,172,964)</b>
Net change in fund balances	788,719	164,371	-	209,847	1,162,937
Fund balances, beginning	9,660,209	1,552,238	-	3,057,311	14,269,758
Fund balances, ending	<b>\$ 10,448,928</b>	<b>\$ 1,716,609</b>	<b>\$ -</b>	<b>\$ 3,267,158</b>	<b>\$ 15,432,695</b>

## Hale County, Texas

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-6) Year Ended December 31, 2023

Net Change in Fund Balances -Total Government Funds	\$ 1,162,937
Amounts reported for governmental activities in the statement of activities (A-5) are different because:	
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase net position.	2,022,175
Depreciation expense of \$1,707,528 and amortization expense of \$39,286 is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation and amortization. The net effect of recording current year depreciation expense is to decrease net position.	(1,746,814)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds. The current year revenue recognized in the government-wide financial statements results in an increase in net position.	56,192
Proceeds from the sale and trade in of capital assets are recorded in the fund financial statements, whereas in the government-wide financial statements the proceeds are reduced by the net book value of the assets sold and traded in.	(223,341)
The net decrease in the investment in joint ventures is a decrease to net position.	(59,624)
The net decrease in compensated absences payable is an increase to net position.	(17,698)
Bond premiums are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is current year amortization.	5,625
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due.	5,003
Proceeds from issuance of leases payable are reported as other financing sources in the fund financial statements but are shown as long term liabilities in the government-wide financial statements.	(25,009)
Principal payments are expenditures in the fund financial statements, but they are shown as reductions in long - term debt in the government-wide financial statements.	471,937
Internal service funds are used by management to charge the costs of self-insurance in individual funds. The change in net position of the internal service funds are included in governmental activities in the statement of activities. This results in a net increase to net position.	294,880
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of revenues. Contributions made after the measurement date caused the change in net position to increase in the amount of \$112,745. The County's share of the unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's proportionate share of the pension expense must be recognized. These cause the change in net position to increase in the amount of \$353,925. The net effect is an increase to net position.	466,670
Change in Net Position of Governmental Activities - Statement of Activities	<u>\$ 2,412,933</u>

Hale County, Texas  
Statement of Net Position – Proprietary Funds (Exhibit A-7)  
December 31, 2023

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	Governmental Activities
	Internal Service Fund
Assets	
Cash and cash equivalents	\$ 1,102,384
Due from other funds	1,512,673
Total assets	2,615,057
Liabilities	
Claims payable	159,906
Total liabilities	159,906
Net Position	
Unrestricted	2,455,151
Total net position	\$ 2,455,151

Hale County, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds (Exhibit A-8)  
Year Ended December 31, 2023

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	Governmental Activities <u>Internal Service Fund</u>
Operating revenues	
Employee deductions	\$ 1,000,581
Dependent deductions	194,000
Reinsurance	<u>463,514</u>
Total operating revenues	1,658,095
Operating expenses	
Insurance administration and premiums	1,379,215
Insurance claims	<u>1,513,618</u>
Total operating expenses	<u>2,892,833</u>
Operating loss	(1,234,738)
Nonoperating revenues	
Interest on investments	16,945
Transfers in	<u>1,512,673</u>
Total nonoperating revenues	<u>1,529,618</u>
Change in net position	294,880
Net position, beginning	<u>2,160,271</u>
Net position, ending	<u><u>\$ 2,455,151</u></u>

Hale County, Texas  
Statement of Cash Flows – Proprietary Funds (Exhibit A-9)  
Year Ended December 31, 2023

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	Governmental Activities <u>Internal Service Fund</u>
Operating activities	
Cash received from participants	\$ 1,234,191
Cash received from reinsurance payments	463,514
Cash payments for claims	(1,459,071)
Cash payments for administrative fees and insurance premiums	<u>(1,379,215)</u>
Net cash used in operating activities	<u>(1,140,581)</u>
Noncapital financing activities	
Transfer from other funds	<u>1,077,140</u>
Net cash provided by noncapital financing activities	<u>1,077,140</u>
Investing activities	
Interest and dividends	<u>16,945</u>
Net cash provided by investing activities	<u>16,945</u>
Net change in cash and cash equivalents	(46,496)
Cash and cash equivalents, beginning of year	<u>1,148,880</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,102,384</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (1,234,738)
Net change in	
Accounts receivable	39,610
Claims payable	<u>54,547</u>
Net cash used in operating activities	<u><u>\$ (1,140,581)</u></u>

Hale County, Texas  
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-10)  
December 31, 2023

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	Custodial Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 2,782,222
Investments	481,317
Accounts receivable	31,683
Leases receivable	700,468
Other assets	5,492
Capital assets, net	2,737,950
Total assets	6,739,132
<b>Liabilities</b>	
Accounts payable and other current liabilities	68,314
Due to others	407
Unearned revenue	75,143
Total liabilities	143,864
<b>Deferred inflows of resources</b>	
Deferred inflows - leases	679,088
Total deferred inflows of resources	679,088
<b>Net position</b>	
Invested in capital assets	2,737,950
Restricted	2,598,835
Unrestricted	579,395
Total net position	\$ 5,916,180
Total liabilities, deferred	

Hale County, Texas  
Statement of Changes in Fiduciary Net Position – Fiduciary Funds (Exhibit A-11)  
Year Ended December 31, 2023

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	Custodial Funds
Additions	
Licenses, fines, and fees	\$ 1,493,459
Tax collections for other governments	6,744,989
Employee contributions	53,131
Intergovernmental	1,981,759
Interest on investments	217,313
Insurance recovery	32,388
Miscellaneous	134,265
Total additions	10,657,304
Deductions	
Tax payments to other governments	6,627,177
Juvenile probation costs	1,773,202
CSCD program costs	773,212
Other disbursements	1,189,240
Depreciation	125,898
Total deductions	10,488,729
Net change in net position	168,575
Net position, beginning	5,747,605
Net position, ending	\$ 5,916,180

## **Note 1 - Summary of Significant Accounting Policies**

The financial statements of Hale County, Texas (the County) included in the accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's Basic Financial Statements.

### **Reporting Entity**

Hale County, Texas is a state mandated governmental unit of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, judicial (courts, juries, etc.), legal (district attorney, county attorney, etc.), public safety (sheriff, jail, etc.), transportation, facilities, and public service (e.g. rural fire protection and emergency management).

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, The Financial Reporting Entity, as amended, include whether:

1. the organization is legally separate (can sue and be sued in its name)
2. the County holds the corporate powers of the organization
3. the County appoints a voting majority of the organization's board
4. the County is able to impose its will on the organization
5. the organization has the potential to impose a financial benefit/burden on the County
6. there is fiscal dependency by the organization on the County
7. the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. Authoritative guidance requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; 2) The County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

### **Basis of Presentation**

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

The County does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

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

*Road and Bridge Fund.* The County's activities for which revenues and assessments, relative to vehicles' licenses, permits and an allocated portion of property tax revenues for the purposes of supporting and maintaining the County's public transportation system, are accounted for in this fund.

*State and Local Fiscal Recovery Funds (SLFRF) Fund.* The County's activities for which revenues and expenses, relative to the Coronavirus State and Local Fiscal Recovery Funds granted to the County as part of the American Rescue Plan Act, are accounted for in this fund.

In addition, the County reports the following fund types:

*Special Revenue Funds.* These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

*Capital Projects Funds.* These funds account for financial resources to be used for the acquisition or construction of major capital facilities.

*Debt Service Fund.* This fund is used to account for the accumulation of resources that are legally restricted, committed or assigned to expenditures for the specific purpose of the retirement of long-term debt, including debt principal, interest and related costs.

Proprietary Fund Types:

*Internal Service Fund.* These funds are used to account for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the County's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Fiduciary Fund Types:

*Custodial Funds.* These funds are used to report funds of the County's fees offices and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Fees are generated and retained by the fee offices until notification is received to disburse funds to the proper individual or entity. Fees generated include fines, restitution, bail bond deposits, and inmate trust funds.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

**Measurement Focus and Basis of Accounting**

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements:* These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property taxes revenue and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expenses for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

### **Property Taxes**

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

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

### **Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements, they are offset by a reservation of fund balance which indicates they do not represent "available spendable resources."

### Capital Assets

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are capitalized in the government-wide statement of net position.

Donated capital assets are recorded at their estimated acquisition value at the date of the donation.

The County capitalizes all capital assets, which have a cost of \$5,000 or more, and a useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction is included as part of the capitalized value of the assets constructed. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. There was no capitalized interest during the current fiscal year.

Interest is capitalized on capital project funds assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 to 50 years
Other Improvements	20 to 50 years
Equipment	5 - 10 years
Infrastructure	20 to 75 years

Right to use leased assets are recognized at the lease commencement date and represent the County's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 5 to 6 years.

### Receivables and Payable Balances

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 and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements 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 unearned revenue.

There are no significant receivables which are not scheduled for collection within one year of year end.

### **Leases Receivable**

Leases receivable are recorded by management as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the term of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the Airport charges the lessee.

### **Compensated Absences**

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

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on 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 as long-term debt in the government-wide statements.

Upon termination from employment by the County, accrued vacation leave may be paid but is not to exceed the maximum vacation leave accrual which is ten days. Compensatory time earned, but not taken, is paid at termination, but cannot accumulate beyond 120 hours for employees whose work involves public safety, emergency response or seasonal work. All other eligible employees may not accrue more than 60 hours of compensatory time. Sick leave accrues at the rate of 6.67 hours per month for full time employees with the maximum accumulation being 30 working days. Unused sick leave is cancelable and will not be paid on termination, thus vacation time and compensatory time are the only accrued compensation liabilities recorded.

Amounts of vested or accumulated vacation that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position. No expenditure is reported for the amounts.

### **Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions, except quasi-external transactions and reimbursements, are treated as transfers.

Transfers in and Transfers out are netted and presented as a single “Transfers” line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single “Internal Balances” line of the government-wide statement of net position.

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management’s estimates. Actual results could differ from those estimates.

### **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. On new bonds, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease liabilities represent the County’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the County.

### **Deferred Outflows and Inflows of Resources**

The County reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

In addition to assets, the statement of net position will 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 deferred outflows of resources to account for changes in actuarial assumptions for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will 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 County has deferred inflows of resources to account for the differences between expected and actual experience and the difference between projected and actual earnings related to its pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The fiduciary fund records deferred inflows related to leases where the Airport is the lessor and is reported in the statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) using the straight-line method over the term of the lease.

#### **Assets Limited as to Use or Restricted**

Resources are set aside for the terms of bond agreements or self-insurance arrangements.

#### **Legally Adopted Budgets**

All special revenue funds have legally adopted budgets except for the following:

1. HAVA Grant
2. District Attorney Hot Check Fund
3. District Attorney Seized Currency Fund
4. District Attorney Forfeiture Fund
5. Commissary Fund
6. Veterans' Assistance
7. Drug Forfeiture Const #1
8. County Child Abuse Prevention
9. JP 1 Case Manager
10. SLFRF

#### **Pensions**

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS's fiduciary net position. 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.

### **Implementation of GASB Statement No. 96**

As of January 1, 2023, the County adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The implementation has no significant effect on the County's financial statements.

### **Note 2 - Stewardship, Compliance and Accountability**

The County Judge and the County Auditor submit an annual budget to the Commissioners Court in accordance with the laws of the State of Texas. The budget is presented to the Commissioners Court for review, budget workshops are held with the various County department officials, and public hearings are held to address priorities and the allocation of resources. In August, the Commissioners Court adopts the annual fiscal year budgets for all County operating funds. Once approved, the Commissioners Court may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level.

Within this control level, management may transfer appropriations between line items. Budget revisions and the line item transfers are subject to final review by the Commissioners Court. Revisions to the budget were made throughout the year.

The budgets for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual required supplementary information is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

### **Note 3 - Fair Value Measurements**

The County adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are observable inputs that reflect the entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

The County’s investments in certificates of deposit are reported at amortized cost and thus are not subject to fair value leveling inputs.

**Note 4 - Deposits and Investments**

The County’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County’s agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

**Cash Deposits**

Custodial Credit Risk - At December 31, 2023, the carrying amount of the County’s deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$31,283,636 and the bank balance was \$32,480,117. The County’s cash deposits at December 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the County’s bank in the County’s name. At December 31, 2023, the carrying amount of all deposits held by the County was:

	Carrying Value	Maturity	Credity Quality Rating
Pooled cash	\$ 31,422,022	N/A	N/A

## Investments

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

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports an establishment of appropriate policies, and that the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, certificates of deposit, certain municipal securities, money market savings accounts, repurchasing agreements, bankers' acceptance, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

The Hale County Investment Officers shall use any or all of the following authorized investment instruments consistent with governing law (Texas Government Code Chapter 2256).

- A) Except as provided by Texas Government Code Section 2256.009(b) the following are authorized investment instruments consistent with governing law (Texas Government Code Chapter 2256).
1. Obligations of the United States or its agencies and instrumentalities;
  2. Direct obligations of this state or its agencies and instrumentalities;
  3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit, of this state or the United State or their respective agencies and instrumentalities; and
  4. Obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent
- B) Certificates of Deposit if issued by a state or national bank domiciled in this state or a savings and loan association domiciled in this state and is:
1. Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor;
  2. Secured by obligations that are described by Texas Government Code Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Texas Government Code Section 2256.009(b); or

3. Secured in any other manner and amount provided by law for deposits of the County.
- C) Eligible investment pools (as discussed in the Texas Government Code Section 2256.0016-2256.0019) if the Commissioners Court by resolution authorizes investment in the particular pool. An investment pool shall invest the funds it received from entities in authorized investments permitted by the Public Funds Investment Act. Hale County by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

#### **Analysis of Specific Deposit and Investment Risks**

- **Interest Rate Risk** - In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days. The maximum allowable stated maturity of any individual investment owned by the County shall not exceed three years.
- **Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.
- **Concentration of Credit Risk** - The County's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.
- **Investment Accounting Policy** - The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**Note 5 - Receivables**

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total
Receivables				
Taxes	\$ 8,497,889	\$ 2,309,686	\$ 4,632	\$ 10,812,207
Other	16,450,789	7,600	632,363	17,090,752
Total gross receivables	24,948,678	2,317,286	636,995	27,902,959
Less allowance for uncollectibles				
Taxes	(262,979)	(57,999)	(460)	(321,438)
Other	(15,989,596)	-	(612,384)	(16,601,980)
Net total receivables	\$ 8,696,103	\$ 2,259,287	\$ 24,151	\$ 10,979,541

**Note 6 - Lease Receivable**

The fiduciary fund for the Airport has accrued a receivable for its hangar and cell tower leases. The remaining receivable for these leases was \$259,498 for the year ended December 31, 2023. Deferred inflows related to these leases were \$253,293 as of December 31, 2023. Interest revenue recognized on these leases was \$17,478 for the year ended December 31, 2023. Principal receipts of \$42,339 were recognized during the fiscal year. The interest rate on the leases ranged from 1.23% - 7.9% based on the risk free rate published by the United States Treasury adjusted for specific terms of each lease and the risk rating of the County. Final receipt is expected in fiscal year 2039.

**Note 7 - Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Non-depreciable assets				
Land	\$ 217,694	\$ -	\$ -	\$ 217,694
Construction in progress	-	11,596	-	11,596
Total non-depreciable assets	217,694	11,596	-	229,290
Depreciable assets				
Buildings and improvements	4,480,380	4,500	-	4,484,880
Other improvements	5,254,540	567,247	-	5,821,787
Infrastructure	16,107,114	-	-	16,107,114
Equipment	10,968,182	1,413,823	(523,500)	11,858,505
Total depreciable assets	36,810,216	1,985,570	(523,500)	38,272,286
Less accumulated depreciation				
Buildings and improvements	(3,494,777)	(150,690)	-	(3,645,467)
Other improvements	(3,145,399)	(776,729)	-	(3,922,128)
Infrastructure	(7,763,613)	(252,105)	-	(8,015,718)
Equipment	(6,260,106)	(528,004)	300,159	(6,487,951)
Total accumulated depreciation	(20,663,895)	(1,707,528)	300,159	(22,071,264)
Net depreciable capital assets	16,146,321	278,042	(223,341)	16,201,022
Right-to-use leased assets being amortized				
Equipment	135,941	25,009	-	160,950
Total right-to-use leased assets	135,941	25,009	-	160,950
Less accumulated amortization				
Equipment	(34,525)	(39,286)	-	(73,811)
Total accumulated amortization	(34,525)	(39,286)	-	(73,811)
Net right-to-use leased assets	101,416	(14,277)	-	87,139
Governmental activities capital assets, net	<u>\$ 16,465,431</u>	<u>\$ 275,361</u>	<u>\$ (223,341)</u>	<u>\$ 16,517,451</u>

Depreciation and amortization expense for the year ended December 31, 2023 was \$1,746,814.

Depreciation and amortization was allocated to the various functions based on the capital assets within each group as follows:

General administrative	\$ 42,189
Judicial	36,883
Public safety and correctional	456,081
Public facilities	204,733
Conservation	109,111
Public transportation	865,716
Elections	12,123
Health & Welfare	19,978
	<hr/>
	\$ 1,746,814

**Note 8 - Interfund Balances and Activity**

**Due to and from Other Fund**

Balances due to and due from other funds at December 31, 2023 consisted of the following:

Due to	Due from	Amount	Purpose
Internal service fund	General fund	\$ 1,423,076	Transfer of funds
General fund	Other governmental funds	85,585	Transfer of funds
Road and bridge fund	Other governmental funds	28,799	Transfer of funds
Internal service fund	Road and bridge fund	47,989	Transfer of funds
Internal service fund	Other governmental funds	41,608	Transfer of funds
Other governmental funds	Other governmental funds	205	Transfer of funds
Total		<u>\$ 1,627,262</u>	

**Transfers to and from Other Funds**

Transfers to and from other funds at December 31, 2023, consisted of the following:

Transfers from	Transfers to	Amount	Purpose
General fund	Internal service fund	\$ 1,512,673	Supplement other funds sources
General fund	Nonmajor governmental funds	94,697	Supplement other funds sources
Nonmajor governmental funds	Nonmajor governmental funds	127,902	Supplement other funds sources
Road and bridge fund	Nonmajor governmental funds	2,919,482	Supplement other funds sources
Total		<u>\$ 4,654,754</u>	

**Note 9 - Long-Term Obligations**

**Long-Term Obligation Activity**

Changes in long-term obligations for the year ended December 31, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 110,493	\$ 150,805	\$ (133,107)	\$ 128,191	\$ 37,256
Limited Tax Notes, Series 2016	435,000	-	(435,000)	-	435,000
Leases	102,540	25,009	(36,937)	90,612	32,953
Bond premium on issuance	5,625	-	(5,625)	-	-
Total governmental activities	<u>\$ 653,658</u>	<u>\$ 175,814</u>	<u>\$ (610,669)</u>	<u>\$ 218,803</u>	<u>\$ 505,209</u>

Compensated absences are paid from the General Fund, Road and Bridge Fund and Special Revenue Funds.

Remaining principal and interest payments on leases are as follows:

Year Ended	Principal	Interest	Total
2024	\$ 32,953	\$ 2,585	\$ 35,538
2025	28,717	1,644	30,361
2026	18,715	815	19,530
2027	9,576	198	9,774
2028	651	4	655
	\$ 90,612	\$ 5,246	\$ 95,858

**Note 10 - Leases**

The County has entered into sixteen lease agreements for postage equipment and copier machines. The County is required to make principal and interest payments through fiscal year 2028. The lease liability was valued using discount rates between 1.42% and 5.35% based on the estimated incremental borrowing rate of the County.

**Note 11 - Risk Management**

The County is exposed to various risks of loss related to group health coverage and torts (theft of, damage of, and destruction of assets; errors and omission; injuries to employee; and natural disasters).

Commercial insurance is purchased to cover liabilities associated with risks associated with torts whenever possible. There were no significant changes in coverage, retention, or limits during the year. Amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

The County established the Employee Benefit Fund (an internal service fund) in 1993 in order to account for its health and life insurance program. The purpose of this fund is to pay for and finance the uninsured medical claims of County employees and their covered dependents. It also minimizes the total cost of insurance to the County and its employees. Employees reimburse the County for the cost of covering their dependents.

The County's liability is limited to \$40,000 per covered person per year and aggregate limit of \$1,130,730 per year under the present plan. The County has obtained insurance through a private insurance carrier for claims in excess of the above coverage.

The carrier processes all the claims and bills the County every two weeks for processed claims that are within the coverage of the fund. The premium amounts are based on estimates by the various insurance carriers using past experience to estimate future claims and to establish a reserve for losses. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

Changes in the County's claim liability amount were:

For the Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
December 31, 2021	\$ 182,651	\$ 632,696	\$ (777,231)	\$ 38,116
December 31, 2022	38,116	906,458	(839,215)	105,359
December 31, 2023	105,359	1,513,618	(1,459,071)	159,906

The risk of loss on the life insurance program is carried by the insurance agency. It is included in this fund for administrative purposes only.

## Note 12 - Pension Plan

### Plan Description

Hale County provides retirement, disability, and death benefits for all of its full-time 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 over 830 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at <https://www.tcdrs.org>.

### Benefits Provided

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 5 or more years of service or with 20 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 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 their employer.

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 employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the County’s Commissioners Court within certain guidelines.

**Membership**

Membership in the TCDRS plan at December 31, 2022, consisted of the following:

Inactive Employees' Accounts	
Receiving benefits	123
Entitled to but not yet receiving benefits	168
	291
Active Employees	166

**Contributions**

The County has elected the annually determined contribution rate (Variable-Rate) 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 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.

Contribution Rates	2022	2023
Member	7.00%	7.00%
Employers	17.88%	17.88%
Employer Contributions	\$ 1,436,130	\$ 1,548,875
Member Contributions	568,282	611,168

**Actuarial Assumptions**

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level
Remaining Amortization Period	8.7 years
Asset Valuation Method	5 year smoothed market
Discount Rate	7.60%
Long-term expected Investment Rate of Return*	7.50%
Salary Increases*	4.7%, average
Payroll Growth Rate	2.50%
<i>*Includes Inflation of 2.5%</i>	

The plan does not have an automatic cost-of-living adjustment and one is not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations or in the funding valuation. Each year, the plan may elect an ad-hoc COLA for its retirees.

Disability rates for males and females were as follows:

Age	Male and Female Occupational	Male and Female All Other Causes
less than 25	0.001%	0.001%
25	0.001	0.003
26	0.001	0.006
27	0.001	0.009
28	0.001	0.011
29	0.001	0.013
30	0.001	0.014
31	0.001	0.016
32	0.001	0.018
33	0.001	0.020
34	0.001	0.023
35	0.001	0.025
36	0.001	0.028
37	0.001	0.030
38	0.001	0.034
39	0.001	0.038
40	0.001	0.042
41	0.001	0.046
42	0.001	0.050
43	0.001	0.058
44	0.001	0.066
45	0.001	0.074
46	0.001	0.082
47	0.001	0.090
48	0.001	0.099
49	0.001	0.108
50	0.001	0.117
51	0.001	0.126
52	0.001	0.135
53	0.001	0.144
54	0.001	0.153
55	0.001	0.162
56	0.001	0.171
57	0.001	0.180
58	0.001	0.189
59	0.001	0.198
60 and above	-	-

Mortality rates for depositing members were based on 135% of the PUB-2010 General Employees Amount Weighted Mortality Table for males and 120% of the PUB-2010 General Employees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. Service retirees, beneficiaries, and non-depositing members were based on 135% of the PUB-2010 General Employees Amount Weighted Mortality Table for males and 120% of the PUB-2010 General Employees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. Disabled retirees were based on 160% of the PUB-2010 General Employees Amount Weighted Mortality Table for males and 125% of the PUB-2010 General Employees Amount Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.

Service retirement rates for males and females were as follows:

Age	Active Service				Deferred All Service
	< 15	15 - 24	25 - 29	30+	
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50-51	5.6	6.8	8.3	9.4	0.0
52-53	6.0	7.2	8.8	10.0	0.0
54-56	6.8	8.1	9.9	11.3	0.0
57-59	7.5	9.0	11.0	12.5	0.0
60-61	9.0	10.8	13.2	15.0	12.0
62	13.5	16.2	19.8	22.5	18.0
63-64	11.3	13.5	16.5	18.8	15.0
65-66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68-69	18.9	18.9	23.1	23.1	21.0
70-74	20.7	20.7	25.3	25.3	23.0
75 & Over	100.0	100.0	100.0	100.0	100.0

The actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017 - 2020. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2021.

There were no changes in methods or assumptions reflected in the December 31, 2021 actuarial valuation.

### Discount Rate

The discount rate used to measure the total pension liability did not change from the rate used in the prior year valuation, 7.60%.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our 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 cost-of-living adjustment 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 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. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2022 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long term time horizon. The TCDRS Board of Trustees adopted the most current assumptions at their March 2021 meeting.

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

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

<sup>a</sup> Target asset allocation adopted at the March 2023 TCDRS Board meeting.

<sup>b</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater’s 2023 capital market assumptions.

<sup>c</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>d</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

<sup>e</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

### **Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2023, the County reported a net pension liability of \$4,108,864 measured at December 31, 2022. For the year ended December 31, 2023, the County recognized pension income of \$1,082,206.

Changes to the real rate of return, inflation, long-term investment return, and the payroll growth assumptions affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the net pension liability/(asset) for the year ended **December 31, 2022** were as follows:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2021	\$ 48,374,249	\$ 50,469,805	\$ (2,095,556)
Changes for the year			
Service Cost	1,014,178	-	1,014,178
Interest on total pension liability <sup>(1)</sup>	3,660,974	-	3,660,974
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	563,236	-	563,236
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(68,586)	(68,586)	-
Benefit payments	(2,412,261)	(2,412,261)	-
Administrative expense	-	(27,556)	27,556
Member contributions	-	568,282	(568,282)
Net investment income	-	(2,917,987)	2,917,987
Employer contributions	-	1,436,130	(1,436,130)
Other <sup>(3)</sup>	-	(24,901)	24,901
Net changes	<u>2,757,541</u>	<u>(3,446,879)</u>	<u>6,204,420</u>
Balance at December 31, 2022	<u>\$ 51,131,790</u>	<u>\$ 47,022,926</u>	<u>\$ 4,108,864</u>

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to the allocation of system-wide items.

### Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.60%)	Current Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total pension liability	\$ 57,661,453	\$ 51,131,790	\$ 45,636,725
Fiduciary net position	47,022,925	47,022,926	47,022,925
Net pension liability / (asset)	<u>\$ 10,638,528</u>	<u>\$ 4,108,864</u>	<u>\$ (1,386,200)</u>

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 29,004	\$ 375,491
Changes in actuarial assumptions	50,644	-
Difference between projected and actual investment earnings	-	871,375
Contributions subsequent to the measurement date	-	1,548,875
Total	\$ 79,648	\$ 2,795,741

\$1,548,875 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2024	\$ (490,036)
2025	161,025
2026	149,435
2027	1,346,794
2028	-
	\$ 1,167,218

### Group Term Life Fund

Plan Description: The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the TCDRS. This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). The County has elected not to offer coverage to retirees.

The GTLF is a separate trust administered by the TCDRS Board of Trustees. TCDRS issues a publicly available 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 and District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy: Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended December 31, 2023, 2022 and 2021 were \$12,564, \$14,507 and \$12,925, respectively, which equaled the contractually required contributions each year.

## **Note 13 - Commitments and Contingencies**

### **Contingencies**

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds or any money received may be required and collectability of any related receivable at December 31, 2023 may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grant; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

### **Litigation**

Various lawsuits have been filed and are pending against the County but in the County's opinion none will result in a material effect on the County's financial position.

## **Note 14 - Fund Balance**

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Commissioners' Court (the County's highest level of decision-making authority).
4. Assigned fund balance classification includes amounts intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.

**Restricted Fund Balance**

At December 31, 2023, the restricted fund balance is composed of the following:

Economic development	\$ 68,019
Jury fund	172,483
Rural fire protection	96,411
Drug forfeiture const #1	407
HAVA grant	22,811
County child abuse prevention	2,100
District court archive	49,850
County clerk vital statistics	8,296
County clerk record management	31,814
County clerk records archive	60,693
County clerk records preservation & management	14,629
District clerk records preservation & management	108,048
District attorney hot check	16,246
District attorney seized currency	168,813
District attorney forfeiture fund	56,761
County court technology	5,543
District court technology	12,089
Commissary	42,946
Law library	15,032
Courthouse security fund	36,961
Veterans' assistance	203
JP #1 case manager	28,115
Drug court fund	110,548
Debt service	28,769
Total restricted fund balance	<u><u>\$ 1,157,587</u></u>

**Committed Fund Balance**

At December 31, 2023, the committed fund balance is composed of the following:

Precinct #1	\$ 385,735
Precinct #2	398,170
Precinct #3	448,768
Precinct #4	227,207
Capital projects	640,816
Road and bridge	1,716,609
Total committed fund balance	<u><u>\$ 3,817,305</u></u>

**Order of Fund Balance Spending Policy**

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: 1) Restricted; 2) Committed; 3) Assigned; and 4) Unassigned.

**Minimum Fund Balance Policy**

The County’s financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The County shall strive to maintain a yearly fund balance in the general operating fund equal to 150 days of the budgeted General Fund expenditures, considering the annual budget, as amended, for any given fiscal year.

**Note 15 - Joint Ventures**

**Plainview/Hale County Airport**

The Hale County Airport is a joint venture between Hale County and the City of Plainview. The seven-member board of directors consists of three directors appointed by the County, three appointed by the City, and one director jointly commissioned by both entities. The amount of control exercised by each government is limited to its representation on the board. Hale County is the fiscal agent for the airport. General airport operations are funded by user charges and typically require support for major improvements only.

Summary Financial Information Year Ending Date	12/31/2023
Total current assets	\$ 1,333,228
Total property and equipment, net	2,737,950
Total current liabilities	75,968
Deferred inflows of resources	679,088
Net position invested in capital assets	2,737,950
Unrestricted net position	578,172
Total net position	3,316,122
Total operating revenues	337,626
Total operating expenses	264,935
Net increase in net position	72,691

Complete financial statements for the joint venture can be obtained from:

Melinda Silvas, County Auditor  
Hale County  
500 Broadway  
Plainview, Texas 79072-8030

**City of Plainview/Hale County Business Park**

The City of Plainview/Hale County Business Park is under equal joint ownership by the City of Plainview and the County of Hale. General administration is accomplished by the Community Development Program Committee composed of five members. Two members are appointed by the City and two members are appointed by the County. The fifth board member is the Plainview Hale County Economic Development Corporation. The degree of control of each government consists of its representation on the Board. The City of Plainview is the fiscal agent for the joint venture.

Summary Financial Information  
Year Ending Date

	9/30/2023
Total current assets	\$ 837
Total property and equipment, net	3,682,915
Total current liabilities	837
Net position invested in capital assets	3,682,915
Total net position	3,682,915
Total operating revenues	3,216
Total operating expenses	196,563
Net decrease in net position	(193,347)

Complete financial statements for the joint venture can be obtained from:

Sarianne Beversdorf, Director of Finance  
City of Plainview  
121 W. Seventh St.  
Plainview, TX 7907

**Note 16 - Tax Abatements**

The County has entered into property abatement agreements with local businesses under Texas Local Government Code, Section 501.159. Under the Code, local governments may grant property tax abatements.

The County is under no obligation to provide tax abatement to any specific applicant and reserves the right to do so on a case-by-case basis as stimulation for economic development within the Reinvestment Zones established by the County. The abatements may be granted to any business located within or promising to relocate to the service area of Hale County.

For fiscal year ended December 31, 2023, the County abated property taxes totaling \$21,453 under this program, including the following tax abatement agreement:

**XCEL Energy (formerly Hale Wind Energy, LLC)**

- Commitment: All improvements and equipment related to the operation of wind energy power plan.
- Terms of abatement: 100% exemption from property taxes on all improvements for 10 years.
- The abatement for fiscal year 2023 amounted to \$21,453 for improvements valued at \$510,790,700.

**Note 17 - Subsequent Events**

In 2024, the Commissioner's Court approved \$47,000,000 in Certificates of Obligation for building a new jail. Certificates are not scheduled to be issued until 2025.

The County began to serve as the host county for a new initiative, the High Plains Regional Defender Office. The Office serves 13 total counties, and a TIDC grant was approved to fund the costs of operation. Member counties will also fund the office with an amount determined annually based on percentage of participation. The County initially funded the Office with \$200,000, to be reimbursed by grant funding. Office expenses began to be incurred in April 2024.

The County signed a new tax abatement agreement that took effect in January 2024. The property owner subject to the agreement will construct a \$75,000,000 facility in a reinvestment zone. The owner will also make an annual payment in lieu of taxes of \$151,686. In return, all property taxes on the facility will be fully abated for the ten year period.



Required Supplementary Information  
December 31, 2023

## Hale County, Texas

Hale County, Texas  
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)  
 Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues</b>				
Property taxes	\$ 11,470,001	\$ 11,470,001	\$ 10,735,035	\$ (734,966)
Sales taxes	2,000,000	2,000,000	2,323,943	323,943
Intergovernmental	595,000	595,000	632,378	37,378
Charges for services	1,072,450	1,072,450	872,113	(200,337)
Fines and forfeitures	45,000	45,000	51,952	6,952
Investment earnings	151,700	151,700	1,075,385	923,685
Miscellaneous	791,250	791,250	635,794	(155,456)
Total revenues	<u>16,125,401</u>	<u>16,125,401</u>	<u>16,326,600</u>	<u>201,199</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>General administration</b>				
Commissioners' court	377,073	377,073	375,708	1,365
County judge and commissioners' court	8,350	8,350	4,608	3,742
County clerk	465,542	465,542	417,073	48,469
Special projects coordinator	91,631	91,631	78,017	13,614
Non-departmental	582,000	639,210	533,246	105,964
Telephone system	79,339	79,339	71,994	7,345
Insurance and bonds	339,500	339,500	342,265	(2,765)
Total general administration	<u>1,943,435</u>	<u>2,000,645</u>	<u>1,822,911</u>	<u>177,734</u>
<b>Financial administration</b>				
Auditor	398,760	398,760	349,606	49,154
County treasurer	389,385	389,384	372,538	16,846
Tax assessor/collector	407,850	407,851	406,005	1,846
Computer maintenance	310,000	310,000	256,741	53,259
Financial non-departmental	50,000	61,750	61,750	-
Total financial administration	<u>1,555,995</u>	<u>1,567,745</u>	<u>1,446,640</u>	<u>121,105</u>

Hale County, Texas  
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)  
 Year Ended December 31, 2023

	Original Budget	Final Budget	Actual GAAP Basis	Variance from Final Budget
Judicial				
County judge	247,285	247,285	237,178	10,107
Adult probation	3,400	3,400	-	3,400
242nd district court	169,730	169,729	144,167	25,562
64th district court	164,056	164,056	82,536	81,520
District clerk	543,206	543,206	451,169	92,037
Justice of the Peace #1	274,786	274,786	265,968	8,818
Justice of the Peace #3	337,463	422,463	365,824	56,639
Judicial trial fees	462,449	462,449	415,475	46,974
County attorney	282,057	282,057	275,293	6,764
District attorney	792,791	792,791	632,036	160,755
Juvenile probation	542,510	542,510	542,325	185
Total judicial	3,819,733	3,904,732	3,411,971	492,761
Public safety and correctional				
Hale County community workforce	-	9,301	8,732	569
Ambulance service	111,500	111,500	111,500	-
Fire protection	155,500	155,500	100,500	55,000
Constable Precinct #1	146,569	146,569	143,097	3,472
Constable Precinct #3	113,631	114,961	113,925	1,036
License and Weights	-	-	-	-
Sheriff's department	6,323,418	6,455,302	5,136,900	1,318,402
Public safety	6,100	6,100	5,500	600
Total public safety and correctional	6,871,135	7,013,650	5,631,876	1,381,774

Hale County, Texas  
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)  
 Year Ended December 31, 2023

	Original Budget	Final Budget	Actual GAAP Basis	Variance from Final Budget
Public facilities				
Courthouse square building and grounds	178,891	272,356	269,278	3,078
Courthouse annex	49,000	48,138	28,113	20,025
Courthouse annex II	124,200	134,402	134,402	-
Courthouse annex III	1,900	55,449	53,341	2,108
Total public facilities	353,991	510,345	485,134	25,211
Health and welfare				
Health and welfare	645,515	426,299	402,626	23,673
Indigent health veteran's service officer	93,821	93,821	81,432	12,389
Veteran service officer	74,248	74,247	70,597	3,650
Total health and welfare	813,584	594,367	554,655	39,712
Conservation				
Texas cooperative extension-Hale County	216,409	218,432	212,553	5,879
Exhibition building-Ollie Liner Center	173,149	173,150	172,864	286
Total conservation	389,558	391,582	385,417	6,165
Culture and recreation				
Libraries and museums	39,500	39,500	39,500	-
Total culture and recreation	39,500	39,500	39,500	-
Environmental protection				
Solid waste disposal	9,800	10,481	10,481	-
Total environmental protection	9,800	10,481	10,481	-

Hale County, Texas  
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)  
 Year Ended December 31, 2023

	Original Budget	Final Budget	Actual GAAP Basis	Variance from Final Budget
Debt Service				
Principal	-	-	36,937	(36,937)
Interest	-	-	3,491	(3,491)
Total debt service	-	-	40,428	(40,428)
Elections				
Elections	38,670	50,355	43,201	7,154
Total elections	38,670	50,355	43,201	7,154
Capital outlay	165,000	165,000	83,306	81,694
Total expenditures	16,000,401	16,248,402	13,955,520	2,292,882
Excess (deficiency) of revenues over (under) expenditures	125,000	(123,001)	2,371,080	2,494,081
Other financing sources (uses)				
Proceeds from the sale of capital assets	(75,000)	(352,051)	-	352,051
Proceeds from leases	-	-	25,009	25,009
Transfers out	(200,000)	(200,000)	(1,607,370)	(1,407,370)
Total other financing sources (uses)	(275,000)	(552,051)	(1,582,361)	(1,030,310)
Net change in fund balance	(150,000)	(675,052)	788,719	1,463,771
Fund balance, beginning	9,660,209	9,660,209	9,660,209	-
Fund balance, ending	<u>\$ 9,510,209</u>	<u>\$ 8,985,157</u>	<u>\$ 10,448,928</u>	<u>\$ 1,463,771</u>

Hale County, Texas  
 Budgetary Comparison Schedule – General Road and Bridge Fund (Exhibit B-2)  
 Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Ad valorem taxes	\$ 1,896,992	\$ 1,896,992	\$ 2,981,559	\$ 1,084,567
Licenses and permits	675,000	675,000	618,000	(57,000)
Interest on investments	6,500	6,500	116,311	109,811
Miscellaneous	2,000	2,000	175	(1,825)
Total revenues	<u>2,580,492</u>	<u>2,580,492</u>	<u>3,716,045</u>	<u>1,135,553</u>
Expenditures				
Current				
Public transportation	162,010	764,010	261,634	502,376
Capital outlay	-	-	370,558	(370,558)
Total expenditures	<u>162,010</u>	<u>764,010</u>	<u>632,192</u>	<u>131,818</u>
Excess (deficiency) of revenues over (under) expenditures	2,418,482	1,816,482	3,083,853	1,267,371
Other financing uses				
Transfers out	<u>(2,919,482)</u>	<u>(2,919,482)</u>	<u>(2,919,482)</u>	<u>-</u>
Total other financing uses	<u>(2,919,482)</u>	<u>(2,919,482)</u>	<u>(2,919,482)</u>	<u>-</u>
Net change in fund balance	(501,000)	(1,103,000)	164,371	1,267,371
Fund balance, beginning	<u>1,552,238</u>	<u>1,552,238</u>	<u>1,552,238</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,051,238</u>	<u>\$ 449,238</u>	<u>\$ 1,716,609</u>	<u>\$ 1,267,371</u>

Hale County, Texas

Schedule of Changes in Net Pension Liability and Related Ratios – Texas County & District Retirement System (Exhibit B-3)

December 31, 2023

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Total Pension Liability</b>					
Service cost	\$ 1,014,178	\$ 1,018,883	\$ 926,504	\$ 841,284	\$ 912,073
Interest on total pension liability	3,660,974	3,522,763	3,443,360	3,312,505	3,166,903
Effect of plan changes	-	-	-	-	-
Effect of economic / demographic (gains) or losses	563,236	(87,012)	(796,265)	(246,999)	-
Effect of assumptions changes or inputs	-	(151,934)	2,574,084	-	99,374
Benefit payments/refunds of contributions	(2,480,847)	(2,478,064)	(2,319,204)	(2,431,626)	(2,193,054)
Net change in total pension liability	2,757,541	1,824,636	3,828,479	1,475,164	1,985,296
Total pension liability, beginning	48,374,249	46,549,613	42,721,134	41,245,970	39,260,674
Total pension liability, ending (a)	<u>\$ 51,131,790</u>	<u>\$ 48,374,249</u>	<u>\$ 46,549,613</u>	<u>\$ 42,721,134</u>	<u>\$ 41,245,970</u>
<b>Fiduciary Net Position</b>					
Contributions - Employer	\$ 1,436,130	\$ 1,282,106	\$ 1,311,192	\$ 1,104,205	\$ 1,092,851
Contributions - Employee	568,282	507,334	518,550	496,750	479,621
Net investment income	(2,917,987)	9,154,736	3,985,063	5,567,898	(663,185)
Benefit payments/refunds of contributions	(2,480,847)	(2,478,064)	(2,319,204)	(2,431,626)	(2,193,054)
Administrative expenses	(27,556)	(27,305)	(30,760)	(29,403)	(27,229)
Other	(24,901)	(7,931)	(10,660)	(23,065)	(14,950)
Net change in fiduciary net position	(3,446,879)	8,430,876	3,454,181	4,684,759	(1,325,946)
Fiduciary net position, beginning	50,469,805	42,038,929	38,584,748	33,899,989	35,225,935
Fiduciary net position, ending (b)	<u>\$ 47,022,926</u>	<u>\$ 50,469,805</u>	<u>\$ 42,038,929</u>	<u>\$ 38,584,748</u>	<u>\$ 33,899,989</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 4,108,864</u>	<u>\$ (2,095,556)</u>	<u>\$ 4,510,684</u>	<u>\$ 4,136,386</u>	<u>\$ 7,345,981</u>
Fiduciary net position as a percentage of total pension liability	91.96%	104.33%	90.31%	90.32%	82.19%
Pensionable covered payroll	\$ 8,118,314	\$ 7,247,631	\$ 7,407,862	\$ 7,096,431	\$ 6,851,728
Net pension liability as a percentage of covered payroll	50.61%	-28.91%	60.89%	58.29%	107.21%

Schedule of Changes in Net Pension Liability and Related Ratios – Texas County & District Retirement System (Exhibit B-3)

December 31, 2023

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>Total Pension Liability</b>				
Service cost	\$ 950,440	\$ 991,190	\$ 928,328	\$ 898,335
Interest on total pension liability	3,063,997	2,907,130	2,770,801	2,657,328
Effect of plan changes	-	-	(168,000)	-
Effect of economic / demographic (gains) or losses	(658,862)	(248,109)	(277,288)	(598,486)
Effect of assumptions changes or inputs	185,555	-	420,182	-
Benefit payments/refunds of contributions	<u>(2,270,093)</u>	<u>(2,089,571)</u>	<u>(1,713,997)</u>	<u>(1,675,980)</u>
Net change in total pension liability	1,271,037	1,560,640	1,960,026	1,281,197
Total pension liability, beginning	<u>37,989,637</u>	<u>36,428,997</u>	<u>34,468,971</u>	<u>33,187,774</u>
Total pension liability, ending (a)	<u><u>\$ 39,260,674</u></u>	<u><u>\$ 37,989,637</u></u>	<u><u>\$ 36,428,997</u></u>	<u><u>\$ 34,468,971</u></u>
<b>Fiduciary Net Position</b>				
Contributions - Employer	\$ 1,074,594	\$ 1,033,353	\$ 1,036,656	\$ 984,610
Contributions - Employee	484,051	479,673	467,564	457,047
Net investment income	4,571,696	2,194,640	(26,761)	1,931,213
Benefit payments/refunds of contributions	(2,270,093)	(2,089,571)	(1,713,997)	(1,675,980)
Administrative expenses	(23,426)	(23,836)	(21,436)	(22,548)
Other	<u>(9,755)</u>	<u>145,143</u>	<u>(55,137)</u>	<u>(306,788)</u>
Net change in fiduciary net position	3,827,067	1,739,402	(313,111)	1,367,554
Fiduciary net position, beginning	<u>31,398,868</u>	<u>29,659,466</u>	<u>29,972,577</u>	<u>28,605,023</u>
Fiduciary net position, ending (b)	<u><u>\$ 35,225,935</u></u>	<u><u>\$ 31,398,868</u></u>	<u><u>\$ 29,659,466</u></u>	<u><u>\$ 29,972,577</u></u>
Net pension liability / (asset), ending = (a) - (b)	<u><u>\$ 4,034,739</u></u>	<u><u>\$ 6,590,769</u></u>	<u><u>\$ 6,769,531</u></u>	<u><u>\$ 4,496,394</u></u>
Fiduciary net position as a percentage of total pension liability	89.72%	82.65%	81.42%	86.96%
Pensionable covered payroll	\$ 6,915,016	\$ 6,852,476	\$ 6,679,455	\$ 6,529,242
Net pension liability as a percentage of covered payroll	58.35%	96.18%	101.35%	68.87%

Hale County, Texas  
Schedule of Employer Contributions – Texas County & District Retirement System (Exhibit B-4)  
Year Ended December 31, 2023

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<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2014	\$ 984,610	\$ 984,610	\$ -	\$ 6,529,242	15.1%
2015	1,036,656	1,036,656	-	6,679,455	15.5%
2016	1,033,353	1,033,353	-	6,852,476	15.1%
2017	1,074,594	1,074,594	-	6,915,016	15.5%
2018	1,092,851	1,092,851	-	6,851,728	16.0%
2019	1,104,205	1,104,205	-	7,096,431	15.6%
2020	1,311,192	1,311,192	-	7,407,862	17.7%
2021	1,208,180	1,282,106	(73,926)	7,247,631	17.7%
2022	1,436,130	1,436,130	-	8,036,542	17.9%
2023	1,548,875	1,548,875	-	8,662,612	17.9%

(1) Payroll is calculated based on contributions as reported to TCDRS

**Note A: Budgetary Information**

The budget is prepared in accordance with accounting principles generally accepted in the United States of America by the County Judge with the assistance of the County Auditor's Office and approved by the Commissioners' Court following a public hearing. The County maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's governing body and as such is a good management control device.

The budget law of the State of Texas provides that "the amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in said funds plus the anticipated revenues for the current year for which the budget is made as estimated by the County Auditor". In addition, the law provides that the Commissioners' Court "may, upon proper application, transfer an existing budget surplus during the year to a budget of like kind and fund but no such transfer shall increase the total budget".

Each year, all departments submit to the County Judge requests for appropriation. These requests are reviewed, compiled and presented to the Commissioners' Court for approval. The Commissioners' Court conducts departmental budget reviews, adjusts budget requests to final form and conducts a public hearing in the Commissioners' Courtroom. One copy of the proposed budget must be filed with the County Clerk and one with the County Auditor. A copy must be available to the public. The Commissioners' Court must provide for the public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 1st of the current fiscal year.

The County controls appropriations at the account level (i.e., salaries-department head, salaries, insurance, retirement, social security tax, education and travel, stationary and supplies, etc.) for each department/project within the General Fund. Appropriation transfers and budget increases may be made between categories or departments only with the approval of the Commissioners' Court. The original budgets presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers and increases processed during the fiscal year. In the current year there were no expenditures over appropriations at the legal level of control.

Debt service expenditures in the General Fund were overbudget in the current year due to the implementation of GASB 87, and the budgeting of the related lease expenses in the original functions rather than in debt service. Non-departmental expenditures in the General Fund were overbudget in the current year due to corrections to the due from accounts. Capital outlay expenditures in the Road and Bridge fund were overbudget in the current year due to the budgeting of the related capital asset purchases in the related functions rather than in capital outlay.

**Note B: Net Pension Liability – Texas County and District Retirement System**

**Assumptions**

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	9.5 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7%, average over career, including inflation.
Investment rate of return	7.50%, net of 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 services retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

**Changes in Assumptions**

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

**Changes of Benefit Terms**

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

**Changes in the Size or Composition of the Population Covered by the Benefit Terms**

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.



Other Supplementary Information  
December 31, 2023

## Hale County, Texas

Hale County, Texas  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit C-1)  
December 31, 2023

	Special Revenue Funds	Debt Service Fund	Permanent Improvement Fund	Total Nonmajor Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 2,877,491	\$ 57,289	\$ 656,595	\$ 3,591,375
Taxes receivable (net)	4,172	-	-	4,172
Other receivables (net)	19,979	-	-	19,979
Due from other funds	205	-	-	205
Prepaid expenses	8,875	-	-	8,875
	<u>2,910,722</u>	<u>57,289</u>	<u>656,595</u>	<u>3,624,606</u>
Total assets	<u>\$ 2,910,722</u>	<u>\$ 57,289</u>	<u>\$ 656,595</u>	<u>\$ 3,624,606</u>
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$ 135,850	\$ -	\$ 15,779	\$ 151,629
Due to other funds	127,677	28,520	-	156,197
Unearned revenue - grant funds	24,847	-	-	24,847
	<u>288,374</u>	<u>28,520</u>	<u>15,779</u>	<u>332,673</u>
Total liabilities	288,374	28,520	15,779	332,673
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	6,284	-	-	6,284
Unavailable revenue - fines and fees	18,491	-	-	18,491
	<u>24,775</u>	<u>-</u>	<u>-</u>	<u>24,775</u>
Total deferred inflows of resources	24,775	-	-	24,775
<b>Fund Balances</b>				
Nonspendable fund balances:				
Prepaid items	8,875	-	-	8,875
Restricted fund balances:				
Special revenue funds restricted for specific purposes	1,128,818	-	-	1,128,818
Retirement of long term debt	-	28,769	-	28,769
Committed fund balances				
Special revenue funds committed for specific purposes	1,459,880	-	-	1,459,880
Capital project funds committed for specific purposes	-	-	640,816	640,816
	<u>2,597,573</u>	<u>28,769</u>	<u>640,816</u>	<u>3,267,158</u>
Total fund balances	<u>2,597,573</u>	<u>28,769</u>	<u>640,816</u>	<u>3,267,158</u>
	<u>\$ 2,910,722</u>	<u>\$ 57,289</u>	<u>\$ 656,595</u>	<u>\$ 3,624,606</u>

Hale County, Texas  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds (Exhibit C-2)  
Year Ended December 31, 2023

	Special Revenue Funds	Debt Service Fund	Permanent Improvement Fund	Total Nonmajor Funds
<b>Revenues</b>				
Taxes	\$ 6,155	\$ 319,442	\$ -	\$ 325,597
Intergovernmental	45,984	-	-	45,984
Charges for services	239,970	-	-	239,970
Interest on investments	204,262	1,908	42,744	248,914
Miscellaneous	19,737	-	-	19,737
<b>Total revenues</b>	<b>516,108</b>	<b>321,350</b>	<b>42,744</b>	<b>880,202</b>
<b>Expenditures</b>				
Current:				
General administration	18,053	-	25,487	43,540
Judicial	287,381	-	-	287,381
Public transportation	2,224,322	-	-	2,224,322
Public safety and correctional	120,551	-	-	120,551
Elections	4,058	-	-	4,058
Debt service				
Principal	-	435,000	-	435,000
Interest	-	6,525	-	6,525
Capital outlay	711,125	-	166,732	877,857
<b>Total expenditures</b>	<b>3,365,490</b>	<b>441,525</b>	<b>192,219</b>	<b>3,999,234</b>
Excess (deficiency) of revenues over (under) expenditures	(2,849,382)	(120,175)	(149,475)	(3,119,032)
<b>Other financing sources (uses)</b>				
Proceeds from the sale of capital assets	314,700	-	-	314,700
Transfers in	3,119,482	22,599	-	3,142,081
Transfers out	(127,902)	-	-	(127,902)
<b>Total other financing sources (uses)</b>	<b>3,306,280</b>	<b>22,599</b>	<b>-</b>	<b>3,328,879</b>
Net change in fund balance	456,898	(97,576)	(149,475)	209,847
Fund balance, beginning	2,140,675	126,345	790,291	3,057,311
Fund balance, ending	<u>\$ 2,597,573</u>	<u>\$ 28,769</u>	<u>\$ 640,816</u>	<u>\$ 3,267,158</u>

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Balance Sheet (Exhibit C-3)

December 31, 2023

	<u>Economic Development</u>	<u>Jury Fund</u>	<u>Rural Fire Protection</u>	<u>Precinct #1</u>	<u>Precinct #2</u>	<u>Precinct #3</u>	<u>Precinct #4</u>	<u>Drug Forfeiture Const #1</u>
<b>Assets</b>								
Cash and cash equivalents	\$ 68,019	\$ 173,145	\$ 96,411	\$ 443,756	\$ 428,363	\$ 523,158	\$ 300,929	\$ 1,719
Taxes receivable (net)	-	-	-	1,043	1,043	1,043	1,043	-
Accounts receivable (net)	-	1,325	-	-	-	-	-	-
Due from other funds	-	-	-	75	-	-	-	-
Prepaid expenses	-	-	-	-	209	8	280	-
Total assets	<u>\$ 68,019</u>	<u>\$ 174,470</u>	<u>\$ 96,411</u>	<u>\$ 444,874</u>	<u>\$ 429,615</u>	<u>\$ 524,209</u>	<u>\$ 302,252</u>	<u>\$ 1,719</u>
<b>Liabilities</b>								
Accounts payable and other current liabilities	\$ -	\$ 1,840	\$ -	\$ 13,916	\$ 27,185	\$ 19,117	\$ 46,394	\$ 1,312
Due to other funds	-	-	-	43,652	2,480	54,745	26,800	-
Unearned revenue - grant funds	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,840</u>	<u>-</u>	<u>57,568</u>	<u>29,665</u>	<u>73,862</u>	<u>73,194</u>	<u>1,312</u>
<b>Deferred inflows of resources</b>								
Unavailable revenue - property taxes	-	-	-	1,571	1,571	1,571	1,571	-
Unavailable revenue - fines and fees	-	147	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>147</u>	<u>-</u>	<u>1,571</u>	<u>1,571</u>	<u>1,571</u>	<u>1,571</u>	<u>-</u>
<b>Fund balance</b>								
Nonspendable	-	-	-	-	209	8	280	-
Restricted	68,019	172,483	96,411	-	-	-	-	407
Committed	-	-	-	385,735	398,170	448,768	227,207	-
Total fund balance	<u>68,019</u>	<u>172,483</u>	<u>96,411</u>	<u>385,735</u>	<u>398,379</u>	<u>448,776</u>	<u>227,487</u>	<u>407</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 68,019</u>	<u>\$ 174,470</u>	<u>\$ 96,411</u>	<u>\$ 444,874</u>	<u>\$ 429,615</u>	<u>\$ 524,209</u>	<u>\$ 302,252</u>	<u>\$ 1,719</u>

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Balance Sheet (Exhibit C-3)

December 31, 2023

	HAVA Grant	County Child Abuse Prevention	District Court Archive	County Clerk Vital Statistics	County Clerk Record Management	County Clerk Records Archive	County Clerk Records & Management
<b>Assets</b>							
Cash and cash equivalents	\$ 22,811	\$ 2,100	\$ 49,845	\$ 8,166	\$ 29,453	\$ 60,498	\$ 14,302
Taxes receivable (net)	-	-	-	-	-	-	-
Accounts receivable (net)	-	38	756	130	4,088	2,995	564
Due from other funds	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	8,378	-	-
Total assets	<u>\$ 22,811</u>	<u>\$ 2,138</u>	<u>\$ 50,601</u>	<u>\$ 8,296</u>	<u>\$ 41,919</u>	<u>\$ 63,493</u>	<u>\$ 14,866</u>
<b>Liabilities</b>							
Accounts payable and other current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,800	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned revenue - grant funds	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	2,800	-
<b>Deferred inflows of resources</b>							
Unavailable revenue - property taxes	-	-	-	-	-	-	-
Unavailable revenue - fines and fees	-	38	751	-	1,727	-	237
Total deferred inflows of resources	-	38	751	-	1,727	-	237
<b>Fund balance</b>							
Nonspendable	-	-	-	-	8,378	-	-
Restricted	22,811	2,100	49,850	8,296	31,814	60,693	14,629
Committed	-	-	-	-	-	-	-
Total fund balance	<u>22,811</u>	<u>2,100</u>	<u>49,850</u>	<u>8,296</u>	<u>40,192</u>	<u>60,693</u>	<u>14,629</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,811</u>	<u>\$ 2,138</u>	<u>\$ 50,601</u>	<u>\$ 8,296</u>	<u>\$ 41,919</u>	<u>\$ 63,493</u>	<u>\$ 14,866</u>

	District Clerk Records Preservation & Management	District Attorney Hot Check Fund	District Attorney Seized Currency Fund	District Attorney Forfeiture Fund	County Court Technology	District Court Technology	Commissary Fund
<b>Assets</b>							
Cash and cash equivalents	\$ 134,862	\$ 16,246	\$ 170,486	\$ 56,761	\$ 5,542	\$ 12,041	\$ 42,946
Taxes receivable (net)	-	-	-	-	-	-	-
Accounts receivable (net)	783	-	-	-	152	48	-
Due from other funds	130	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Total assets	<u>\$ 135,775</u>	<u>\$ 16,246</u>	<u>\$ 170,486</u>	<u>\$ 56,761</u>	<u>\$ 5,694</u>	<u>\$ 12,089</u>	<u>\$ 42,946</u>
<b>Liabilities</b>							
Accounts payable and other current liabilities	\$ 18,171	\$ -	\$ 1,673	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned revenue - grant funds	-	-	-	-	-	-	-
Total liabilities	<u>18,171</u>	<u>-</u>	<u>1,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>							
Unavailable revenue - property taxes	-	-	-	-	-	-	-
Unavailable revenue - fines and fees	9,556	-	-	-	151	-	-
Total deferred inflows of resources	<u>9,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	108,048	16,246	168,813	56,761	5,543	12,089	42,946
Committed	-	-	-	-	-	-	-
Total fund balance	<u>108,048</u>	<u>16,246</u>	<u>168,813</u>	<u>56,761</u>	<u>5,543</u>	<u>12,089</u>	<u>42,946</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 135,775</u>	<u>\$ 16,246</u>	<u>\$ 170,486</u>	<u>\$ 56,761</u>	<u>\$ 5,694</u>	<u>\$ 12,089</u>	<u>\$ 42,946</u>

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Balance Sheet (Exhibit C-3)

December 31, 2023

	Law Library	Courthouse Security Fund	Veterans' Assistance	JP #1 Case Manager	Drug Court Fund	Opiod Settlement	Nonmajor Special Revenue Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 15,483	\$ 33,734	\$ 203	\$ 28,126	\$ 113,539	\$ 24,847	\$ 2,877,491
Taxes receivable (net)	-	-	-	-	-	-	4,172
Accounts receivable (net)	2,020	5,704	-	1,376	-	-	19,979
Due from other funds	-	-	-	-	-	-	205
Prepaid expenses	-	-	-	-	-	-	8,875
Total assets	<u>\$ 17,503</u>	<u>\$ 39,438</u>	<u>\$ 203</u>	<u>\$ 29,502</u>	<u>\$ 113,539</u>	<u>\$ 24,847</u>	<u>\$ 2,910,722</u>
<b>Liabilities</b>							
Accounts payable and other current liabilities	\$ 451	\$ -	\$ -	\$ -	\$ 2,991	\$ -	\$ 135,850
Due to other funds	-	-	-	-	-	-	127,677
Unearned revenue - grant funds	-	-	-	-	-	24,847	24,847
Total liabilities	<u>451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,991</u>	<u>24,847</u>	<u>288,374</u>
<b>Deferred inflows of resources</b>							
Unavailable revenue - property taxes	-	-	-	-	-	-	6,284
Unavailable revenue - fines and fees	2,020	2,477	-	1,387	-	-	18,491
Total deferred inflows of resources	<u>2,020</u>	<u>2,477</u>	<u>-</u>	<u>1,387</u>	<u>-</u>	<u>-</u>	<u>24,775</u>
<b>Fund balance</b>							
Nonspendable	-	-	-	-	-	-	8,875
Restricted	15,032	36,961	203	28,115	110,548	-	1,128,818
Committed	-	-	-	-	-	-	1,459,880
Total fund balance	<u>15,032</u>	<u>36,961</u>	<u>203</u>	<u>28,115</u>	<u>110,548</u>	<u>-</u>	<u>2,597,573</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,503</u>	<u>\$ 39,438</u>	<u>\$ 203</u>	<u>\$ 29,502</u>	<u>\$ 113,539</u>	<u>\$ 24,847</u>	<u>\$ 2,910,722</u>

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-4)  
Year Ended December 31, 2023

	Economic Development	Jury Fund	Rural Fire Protection	Precinct #1	Precinct # 2	Precinct #3	Precinct #4	Drug Forfeiture Const #1
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ 1,539	\$ 1,539	\$ 1,538	\$ 1,539	\$ -
Intergovernmental	-	-	-	9,311	9,311	9,311	9,311	-
Charges for services	-	5,824	-	-	-	-	-	-
Interest on investments	3,790	10,185	5,372	44,850	37,049	45,639	28,535	96
Miscellaneous	-	-	-	128	2,412	2,497	3,010	-
<b>Total revenues</b>	<b>3,790</b>	<b>16,009</b>	<b>5,372</b>	<b>55,828</b>	<b>50,311</b>	<b>58,985</b>	<b>42,395</b>	<b>96</b>
<b>Expenditures</b>								
<b>Current</b>								
General administration	-	-	-	-	-	-	-	-
Judicial	-	26,537	-	-	-	-	-	-
Public transportation	-	-	-	603,248	606,247	436,346	578,481	-
Public safety and correctional	-	-	-	-	-	-	-	-
Elections	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	319,000	-	319,475	72,650	-
<b>Total expenditures</b>	<b>-</b>	<b>26,537</b>	<b>-</b>	<b>922,248</b>	<b>606,247</b>	<b>755,821</b>	<b>651,131</b>	<b>-</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>3,790</b>	<b>(10,528)</b>	<b>5,372</b>	<b>(866,420)</b>	<b>(555,936)</b>	<b>(696,836)</b>	<b>(608,736)</b>	<b>96</b>
<b>Other financing sources (uses)</b>								
Proceeds from the sale of capital assets	-	-	-	158,700	-	156,000	-	-
Transfers in	-	-	-	805,797	783,753	615,231	714,701	-
Transfers out	-	-	-	(43,652)	(2,555)	(54,820)	(26,875)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>920,845</b>	<b>781,198</b>	<b>716,411</b>	<b>687,826</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>3,790</b>	<b>(10,528)</b>	<b>5,372</b>	<b>54,425</b>	<b>225,262</b>	<b>19,575</b>	<b>79,090</b>	<b>96</b>
<b>Fund balances, beginning</b>	<b>64,229</b>	<b>183,011</b>	<b>91,039</b>	<b>331,310</b>	<b>173,117</b>	<b>429,201</b>	<b>148,397</b>	<b>311</b>
<b>Fund balances, ending</b>	<b>\$ 68,019</b>	<b>\$ 172,483</b>	<b>\$ 96,411</b>	<b>\$ 385,735</b>	<b>\$ 398,379</b>	<b>\$ 448,776</b>	<b>\$ 227,487</b>	<b>\$ 407</b>

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-4)  
Year Ended December 31, 2023

	HAVA Grant	County Child Abuse Prevention	District Court Archive	County Clerk Vital Statistics	County Clerk Records Mgt	County Clerk Records Archive	County Clerk Records Preservation & Mgt
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,740	-	-	-	-	-	-
Charges for services	-	25	181	2,360	35,430	35,735	5,619
Interest on investments	1,034	117	2,774	393	4,189	4,380	708
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>9,774</u>	<u>142</u>	<u>2,955</u>	<u>2,753</u>	<u>39,619</u>	<u>40,115</u>	<u>6,327</u>
<b>Expenditures</b>							
Current							
General administration	-	-	-	-	-	-	-
Judicial	-	-	-	-	87,240	59,849	1,556
Public transportation	-	-	-	-	-	-	-
Public safety and correctional	-	-	-	-	-	-	-
Elections	4,058	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>4,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,240</u>	<u>59,849</u>	<u>1,556</u>
Excess (deficit) of revenues over (under) expenditures	<u>5,716</u>	<u>142</u>	<u>2,955</u>	<u>2,753</u>	<u>(47,621)</u>	<u>(19,734)</u>	<u>4,771</u>
<b>Other financing sources (uses)</b>							
Proceeds from the sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	5,716	142	2,955	2,753	(47,621)	(19,734)	4,771
Fund balances, beginning	17,095	1,958	46,895	5,543	87,813	80,427	9,858
Fund balances, ending	<u>\$ 22,811</u>	<u>\$ 2,100</u>	<u>\$ 49,850</u>	<u>\$ 8,296</u>	<u>\$ 40,192</u>	<u>\$ 60,693</u>	<u>\$ 14,629</u>

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-4)  
Year Ended December 31, 2023

	District Clerk Records Preservation & Mgt	District Attorney Hot Check Fund	District Attorney Seized Currency Fund	District Attorney Forfeiture Fund	County Court Technology	District Court Technology	Commissary Fund
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	4,553	-	-	-	746	135,059
Interest on investments	4,021	173	2,117	723	304	740	-
Miscellaneous	-	-	11,493	197	-	-	-
Total revenues	<u>4,021</u>	<u>4,726</u>	<u>13,610</u>	<u>920</u>	<u>304</u>	<u>1,486</u>	<u>135,059</u>
<b>Expenditures</b>							
Current							
General administration	-	-	12,724	-	-	-	-
Judicial	-	-	-	3,888	5,703	4,450	-
Public transportation	-	-	-	-	-	-	-
Public safety and correctional	-	312	-	-	-	-	120,239
Elections	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>312</u>	<u>12,724</u>	<u>3,888</u>	<u>5,703</u>	<u>4,450</u>	<u>120,239</u>
Excess (deficit) of revenues over (under) expenditures	<u>4,021</u>	<u>4,414</u>	<u>886</u>	<u>(2,968)</u>	<u>(5,399)</u>	<u>(2,964)</u>	<u>14,820</u>
<b>Other financing sources (uses)</b>							
Proceeds from the sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4,021	4,414	886	(2,968)	(5,399)	(2,964)	14,820
Fund balances, beginning	104,027	11,832	167,927	59,729	10,942	15,053	28,126
Fund balances, ending	<u>\$ 108,048</u>	<u>\$ 16,246</u>	<u>\$ 168,813</u>	<u>\$ 56,761</u>	<u>\$ 5,543</u>	<u>\$ 12,089</u>	<u>\$ 42,946</u>

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-4)  
Year Ended December 31, 2023

	Law Library	Courthouse Security Fund	Veterans' Assistance	JP #1 Case Manager	Drug Court Fund	Opiod Settlement	Total Nonmajor Special Revenue Funds
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,155
Intergovernmental	-	-	-	-	-	-	45,984
Charges for services	10	13,972	-	456	-	-	239,970
Interest on investments	1,024	1,689	11	1,555	2,794	-	204,262
Miscellaneous	-	-	-	-	-	-	19,737
Total revenues	1,034	15,661	11	2,011	2,794	-	516,108
Expenditures							
Current							
General administration	-	5,329	-	-	-	-	18,053
Judicial	5,912	-	-	-	92,246	-	287,381
Public transportation	-	-	-	-	-	-	2,224,322
Public safety and correctional	-	-	-	-	-	-	120,551
Elections	-	-	-	-	-	-	4,058
Capital outlay	-	-	-	-	-	-	711,125
Total expenditures	5,912	5,329	-	-	92,246	-	3,365,490
Excess (deficit) of revenues over (under) expenditures	(4,878)	10,332	11	2,011	(89,452)	-	(2,849,382)
Other financing sources (uses)							
Proceeds from the sale of capital assets	-	-	-	-	-	-	314,700
Transfers in	-	-	-	-	200,000	-	3,119,482
Transfers out	-	-	-	-	-	-	(127,902)
Total other financing sources (uses)	-	-	-	-	200,000	-	3,306,280
Net change in fund balance	(4,878)	10,332	11	2,011	110,548	-	456,898
Fund balances, beginning	19,910	26,629	192	26,104	-	-	2,140,675
Fund balances, ending	\$ 15,032	\$ 36,961	\$ 203	\$ 28,115	\$ 110,548	\$ -	\$ 2,597,573

Hale County, Texas

Combining Statement of Fiduciary Net Position – Custodial Funds (Exhibit C-5)

December 31, 2023

	Special Court Costs	NISC	Pension Concepts Fund	County Clerk Trust	District Clerk Trust	Sheriff's Inmate Fund #1	Sheriff's Inmate Fund #2	District Attorney Felony
<b>Assets</b>								
Cash and cash equivalents	\$ 49,544	\$ -	\$ 7,012	\$ 231,286	\$ 82,169	\$ 26,562	\$ 1,223	\$ 73,371
Investments	-	481,317	-	-	-	-	-	-
Accounts receivable	18,994	-	-	-	-	-	-	-
Leases receivable	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>68,538</b>	<b>481,317</b>	<b>7,012</b>	<b>231,286</b>	<b>82,169</b>	<b>26,562</b>	<b>1,223</b>	<b>73,371</b>
<b>Liabilities</b>								
Accounts payable	67,270	-	-	-	-	-	-	-
Due to others	-	-	407	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>67,270</b>	<b>-</b>	<b>407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>								
Deferred inflows - leases	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position</b>								
Invested in capital assets	-	-	-	-	-	-	-	-
Restricted	1,268	481,317	6,605	231,286	82,169	26,562	-	73,371
Unrestricted	-	-	-	-	-	-	1,223	-
<b>Total net position</b>	<b>\$ 1,268</b>	<b>\$ 481,317</b>	<b>\$ 6,605</b>	<b>\$ 231,286</b>	<b>\$ 82,169</b>	<b>\$ 26,562</b>	<b>\$ 1,223</b>	<b>\$ 73,371</b>

Hale County, Texas

Combining Statement of Fiduciary Net Position – Custodial Funds (Exhibit C-5)

December 31, 2023

	Sheriff's Drug Forfeiture	Juvenile Probation	Adult Probation	District Attorney State Fund	Airport Maintenance	JP #1 Technology Fund	JP #3 Technology Fund	LEOSE Sheriff
<b>Assets</b>								
Cash and cash equivalents	\$ 11,926	\$ 322,001	\$ 158,516	\$ 5,502	\$ 615,025	\$ 10,409	\$ 22,021	\$ 17,000
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	12,243	207	239	-
Leases receivable	-	-	-	-	700,468	-	-	-
Other assets	-	-	-	-	5,492	-	-	-
Capital assets, net	-	-	-	-	2,737,950	-	-	-
<b>Total assets</b>	<b>11,926</b>	<b>322,001</b>	<b>158,516</b>	<b>5,502</b>	<b>4,071,178</b>	<b>10,616</b>	<b>22,260</b>	<b>17,000</b>
<b>Liabilities</b>								
Accounts payable	-	-	-	-	825	133	86	-
Due to others	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	75,143	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,968</b>	<b>133</b>	<b>86</b>	<b>-</b>
<b>Deferred inflows of resources</b>								
Deferred inflows - leases	-	-	-	-	679,088	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>679,088</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position</b>								
Invested in capital assets	-	-	-	-	2,737,950	-	-	-
Restricted	11,926	322,001	158,516	5,502	-	10,483	22,174	17,000
Unrestricted	-	-	-	-	578,172	-	-	-
<b>Total net position</b>	<b>\$ 11,926</b>	<b>\$ 322,001</b>	<b>\$ 158,516</b>	<b>\$ 5,502</b>	<b>\$ 3,316,122</b>	<b>\$ 10,483</b>	<b>\$ 22,174</b>	<b>\$ 17,000</b>

Hale County, Texas  
Combining Statement of Fiduciary Net Position – Custodial Funds (Exhibit C-5)  
December 31, 2023

	Bail Bond Board	LEOSE District Attorney	LEOSE Constable #1	District Clerk General	District Clerk Registry	District Attorney Special Funds	Tax Assessor Check Clearing	Tax Assessor Motor Vehicle
<b>Assets</b>								
Cash and cash equivalents	\$ 17,665	\$ 539	\$ 3,780	\$ 49,637	\$ 303,368	\$ 5,961	\$ 1,500	\$ 676,338
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Leases receivable	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>17,665</b>	<b>539</b>	<b>3,780</b>	<b>49,637</b>	<b>303,368</b>	<b>5,961</b>	<b>1,500</b>	<b>676,338</b>
<b>Liabilities</b>								
Accounts payable	-	-	-	-	-	-	-	-
Due to others	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>								
Deferred inflows - leases	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position</b>								
Invested in capital assets	-	-	-	-	-	-	-	-
Restricted	17,665	539	3,780	49,637	303,368	5,961	1,500	676,338
Unrestricted	-	-	-	-	-	-	-	-
<b>Total net position</b>	<b>\$ 17,665</b>	<b>\$ 539</b>	<b>\$ 3,780</b>	<b>\$ 49,637</b>	<b>\$ 303,368</b>	<b>\$ 5,961</b>	<b>\$ 1,500</b>	<b>\$ 676,338</b>

Hale County, Texas

Combining Statement of Fiduciary Net Position – Custodial Funds (Exhibit C-5)

December 31, 2023

	Tax Assessor Liquor Tax	Tax Assessor Certificate of Title Account	Pretrial Service Program	Constable #3 LEOSE	District Attorney General Trust	Juvenile Probation Restitution	Hale County Probation Travel Fund	District Clerk Credit Card Clearing	Total Custodial Funds
<b>Assets</b>									
Cash and cash equivalents	\$ 3,084	\$ 12,299	\$ 33,449	\$ 731	\$ 7,043	\$ 4,140	\$ 3,028	\$ 26,093	\$ 2,782,222
Investments	-	-	-	-	-	-	-	-	481,317
Accounts receivable	-	-	-	-	-	-	-	-	31,683
Leases receivable	-	-	-	-	-	-	-	-	700,468
Other assets	-	-	-	-	-	-	-	-	5,492
Capital assets, net	-	-	-	-	-	-	-	-	2,737,950
<b>Total assets</b>	<b>3,084</b>	<b>12,299</b>	<b>33,449</b>	<b>731</b>	<b>7,043</b>	<b>4,140</b>	<b>3,028</b>	<b>26,093</b>	<b>6,739,132</b>
<b>Liabilities</b>									
Accounts payable	-	-	-	-	-	-	-	-	68,314
Due to others	-	-	-	-	-	-	-	-	407
Unearned revenue	-	-	-	-	-	-	-	-	75,143
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,864</b>
<b>Deferred inflows of resources</b>									
Deferred inflows - leases	-	-	-	-	-	-	-	-	679,088
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>679,088</b>
<b>Net position</b>									
Invested in capital assets	-	-	-	-	-	-	-	-	2,737,950
Restricted	3,084	12,299	33,449	731	7,043	4,140	3,028	26,093	2,598,835
Unrestricted	-	-	-	-	-	-	-	-	579,395
<b>Total net position</b>	<b>\$ 3,084</b>	<b>\$ 12,299</b>	<b>\$ 33,449</b>	<b>\$ 731</b>	<b>\$ 7,043</b>	<b>\$ 4,140</b>	<b>\$ 3,028</b>	<b>\$ 26,093</b>	<b>\$ 5,916,180</b>

Hale County, Texas

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds (Exhibit C-6)

Year Ended December 31, 2023

	Special Court Costs	NISC Deferred Compensation	Pension Concepts Fund	County Clerk Trust	District Clerk Trust	Sheriff's Inmate Fund #1	Sheriff's Inmate Fund #2	District Attorney Felony
<b>Additions</b>								
Licenses, fines, and fees	\$ 248,666	\$ -	\$ -	\$ 31,391	\$ 15,000	\$ -	\$ 174,981	\$ 1,905
Tax collections for other governments	-	-	-	-	-	-	-	-
Employee contributions	-	-	53,131	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Interest on investments	-	147,292	177	-	-	-	-	-
Insurance recovery	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total additions</b>	<b>248,666</b>	<b>147,292</b>	<b>53,308</b>	<b>31,391</b>	<b>15,000</b>	<b>-</b>	<b>174,981</b>	<b>1,905</b>
<b>Deductions</b>								
Tax payments to other governments	-	-	-	-	-	-	-	-
Juvenile probation costs	-	-	-	-	-	-	-	-
CSCD program costs	-	-	-	-	-	-	-	-
Other disbursements	248,666	134,559	52,505	18,291	19,950	-	172,556	1,866
Depreciation	-	-	-	-	-	-	-	-
<b>Total deductions</b>	<b>248,666</b>	<b>134,559</b>	<b>52,505</b>	<b>18,291</b>	<b>19,950</b>	<b>-</b>	<b>172,556</b>	<b>1,866</b>
<b>Net change in net position</b>	<b>-</b>	<b>12,733</b>	<b>803</b>	<b>13,100</b>	<b>(4,950)</b>	<b>-</b>	<b>2,425</b>	<b>39</b>
<b>Net position, beginning</b>	<b>1,268</b>	<b>468,584</b>	<b>5,802</b>	<b>218,186</b>	<b>87,119</b>	<b>26,562</b>	<b>(1,202)</b>	<b>73,332</b>
<b>Net position, ending</b>	<b>\$ 1,268</b>	<b>\$ 481,317</b>	<b>\$ 6,605</b>	<b>\$ 231,286</b>	<b>\$ 82,169</b>	<b>\$ 26,562</b>	<b>\$ 1,223</b>	<b>\$ 73,371</b>

Hale County, Texas

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds (Exhibit C-6)  
Year Ended December 31, 2023

	Sheriff's Drug Forfeiture	Juvenile Probation	Adult Probation	District Attorney State Fund	Airport Maintenance	JP #1 Technology Fund	JP #3 Technology Fund	LEOSE Sheriff
<b>Additions</b>								
Licenses, fines, and fees	\$ -	\$ 14,043	\$ 407,853	\$ 27,809	\$ 202,170	\$ 2,754	\$ 3,523	\$ 3,600
Tax collections for other governments	-	-	-	-	-	-	-	-
Employee contributions	-	-	-	-	-	-	-	-
Intergovernmental	-	1,682,466	299,293	-	-	-	-	-
Interest on investments	665	8,502	4,911	-	49,693	571	1,313	935
Insurance recovery	-	-	-	-	32,388	-	-	-
Miscellaneous	-	78,730	2,160	-	53,375	-	-	-
<b>Total additions</b>	<b>665</b>	<b>1,783,741</b>	<b>714,217</b>	<b>27,809</b>	<b>337,626</b>	<b>3,325</b>	<b>4,836</b>	<b>4,535</b>
<b>Deductions</b>								
Tax payments to other governments	-	-	-	-	-	-	-	-
Juvenile probation costs	-	1,773,202	-	-	-	-	-	-
CSCD program costs	-	-	773,212	-	-	-	-	-
Other disbursements	-	-	-	32,336	139,037	1,768	8,992	-
Depreciation	-	-	-	-	125,898	-	-	-
<b>Total deductions</b>	<b>-</b>	<b>1,773,202</b>	<b>773,212</b>	<b>32,336</b>	<b>264,935</b>	<b>1,768</b>	<b>8,992</b>	<b>-</b>
<b>Net change in net position</b>	<b>665</b>	<b>10,539</b>	<b>(58,995)</b>	<b>(4,527)</b>	<b>72,691</b>	<b>1,557</b>	<b>(4,156)</b>	<b>4,535</b>
<b>Net position, beginning</b>	<b>11,261</b>	<b>311,462</b>	<b>217,511</b>	<b>10,029</b>	<b>3,243,431</b>	<b>8,926</b>	<b>26,330</b>	<b>12,465</b>
<b>Net position, ending</b>	<b>\$ 11,926</b>	<b>\$ 322,001</b>	<b>\$ 158,516</b>	<b>\$ 5,502</b>	<b>\$ 3,316,122</b>	<b>\$ 10,483</b>	<b>\$ 22,174</b>	<b>\$ 17,000</b>

Hale County, Texas

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds (Exhibit C-6)  
Year Ended December 31, 2023

	Bail Bond Board	LEOSE District Attorney	LEOSE Constable #1	District Clerk General	District Clerk Registry	District Attorney Special Funds	Tax Assessor Check Clearing	Tax Assessor Motor Vehicle
<b>Additions</b>								
Licenses, fines, and fees	\$ 1,000	\$ 565	\$ 565	\$ 92,156	\$ 134,601	\$ 7,285	\$ -	\$ -
Tax collections for other governments	-	-	-	-	-	-	2,052	6,592,784
Employee contributions	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Interest on investments	972	48	286	-	-	-	-	-
Insurance recovery	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total additions</b>	<b>1,972</b>	<b>613</b>	<b>851</b>	<b>92,156</b>	<b>134,601</b>	<b>7,285</b>	<b>2,052</b>	<b>6,592,784</b>
<b>Deductions</b>								
Tax payments to other governments	-	-	-	-	-	-	2,052	6,476,217
Juvenile probation costs	-	-	-	-	-	-	-	-
CSCD program costs	-	-	-	-	-	-	-	-
Other disbursements	-	565	1,823	89,605	135,387	7,952	-	-
Depreciation	-	-	-	-	-	-	-	-
<b>Total deductions</b>	<b>-</b>	<b>565</b>	<b>1,823</b>	<b>89,605</b>	<b>135,387</b>	<b>7,952</b>	<b>2,052</b>	<b>6,476,217</b>
<b>Net change in net position</b>	<b>1,972</b>	<b>48</b>	<b>(972)</b>	<b>2,551</b>	<b>(786)</b>	<b>(667)</b>	<b>-</b>	<b>116,567</b>
<b>Net position, beginning</b>	<b>15,693</b>	<b>491</b>	<b>4,752</b>	<b>47,086</b>	<b>304,154</b>	<b>6,628</b>	<b>1,500</b>	<b>559,771</b>
<b>Net position, ending</b>	<b>\$ 17,665</b>	<b>\$ 539</b>	<b>\$ 3,780</b>	<b>\$ 49,637</b>	<b>\$ 303,368</b>	<b>\$ 5,961</b>	<b>\$ 1,500</b>	<b>\$ 676,338</b>

Hale County, Texas

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds (Exhibit C-6)  
Year Ended December 31, 2023

	Tax Assessor Liquor Tax	Tax Assessor Certificate of Title Account	Pretrial Service Program	Constable #3 LEOSE	District Attorney General Trust	Juvenile Probation Restitution	Hale County Probation Travel Fund	District Clerk Credit Card Clearing	Total Custodial Funds
<b>Additions</b>									
Licenses, fines, and fees	\$ -	\$ -	\$ -	\$ 565	\$ 16,553	\$ 108	\$ 485	\$ 105,881	\$1,493,459
Tax collections for other governments	5,939	144,214	-	-	-	-	-	-	6,744,989
Employee contributions	-	-	-	-	-	-	-	-	53,131
Intergovernmental	-	-	-	-	-	-	-	-	1,981,759
Interest on investments	-	-	1,864	84	-	-	-	-	217,313
Insurance recovery	-	-	-	-	-	-	-	-	32,388
Miscellaneous	-	-	-	-	-	-	-	-	134,265
<b>Total additions</b>	<b>5,939</b>	<b>144,214</b>	<b>1,864</b>	<b>649</b>	<b>16,553</b>	<b>108</b>	<b>485</b>	<b>105,881</b>	<b>10,657,304</b>
<b>Deductions</b>									
Tax payments to other governments	5,263	143,645	-	-	-	-	-	-	6,627,177
Juvenile probation costs	-	-	-	-	-	-	-	-	1,773,202
CSCD program costs	-	-	-	-	-	-	-	-	773,212
Other disbursements	-	-	-	1,584	16,947	95	475	104,281	1,189,240
Depreciation	-	-	-	-	-	-	-	-	125,898
<b>Total deductions</b>	<b>5,263</b>	<b>143,645</b>	<b>-</b>	<b>1,584</b>	<b>16,947</b>	<b>95</b>	<b>475</b>	<b>104,281</b>	<b>10,488,729</b>
<b>Net change in net position</b>	<b>676</b>	<b>569</b>	<b>1,864</b>	<b>(935)</b>	<b>(394)</b>	<b>13</b>	<b>10</b>	<b>1,600</b>	<b>168,575</b>
<b>Net position, beginning</b>	<b>2,408</b>	<b>11,730</b>	<b>31,585</b>	<b>1,666</b>	<b>7,437</b>	<b>4,127</b>	<b>3,018</b>	<b>24,493</b>	<b>5,747,605</b>
<b>Net position, ending</b>	<b>\$ 3,084</b>	<b>\$ 12,299</b>	<b>\$33,449</b>	<b>\$ 731</b>	<b>\$ 7,043</b>	<b>\$ 4,140</b>	<b>\$ 3,028</b>	<b>\$ 26,093</b>	<b>\$5,916,180</b>



Single Audit Section  
December 31, 2023

# Hale County, Texas



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Honorable Judge and Members of the Commissioners’ Court  
Hale County, Texas  
Plainview, Texas

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hale County, Texas (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated July 30, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

## **Hale County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Hale County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Hale County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 result 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.



Abilene, Texas  
July 30, 2024



**Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Honorable Judge and Members of the Commissioners’ Court  
Hale County, Texas  
Plainview, Texas

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

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

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

***Basis for Opinion on the Major Federal Program***

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

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control

over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 to be significant deficiencies.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Abilene, Texas

July 30, 2024

Hale County, Texas  
 Schedule of Expenditures of Federal Awards  
 December 31, 2023

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Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Treasury			
Direct			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>\$ 898,572</u>
Total Federal Financial Assistance			<u><u>\$ 898,572</u></u>

**Note 1 - General**

The accompanying schedules of expenditures of federal awards (the schedule) includes federal award activity of Hale County, Texas (the County) under programs of the federal government for the year ended December 31, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, they are not intended to and do not present the financial position, changes in net position or fund balance, or cash flows of the County.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The County has not elected to use the 10% de minimis cost rate.

**Section I - Summary of Auditor's Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with Uniform Guidance 2 CFR 200.516	Yes

**Identification of major programs:**

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	No

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**Section II – Financial Statement Findings**

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<b><u>Finding 2023-001:</u></b>	Preparation of Financial Statements and Material Audit Adjustments
Type of Finding:	Material Weakness
Criteria:	Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.
Condition:	The County does not have an internal control system designed to provide for the timely preparation of the financial statements and related financial statement disclosures. There were material entries recorded that were detected as a result of audit procedures. Further, Eide Bailly assists in the preparation of multiple cash-to-accrual entries as an approved nonattest service.
Cause:	The County does not prepare and has not developed an internal control system to provide for the timely preparation of the financial statements and related disclosures in a timely manner.
Effect:	The preparation of financial statements may result in financial statements and related information included in financial statement disclosures not being available or accurate for management purposes as timely and accurate as it would be if the financial statements were prepared by the County.
Recommendation:	Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Commissioners review on a routine basis, similar to many smaller governmental entities. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
Views of Responsible Officials:	Management agrees with the noted finding. Refer to Corrective Action Plan.

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**Section III – Federal Award Findings and Questioned Costs**

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<b>Finding 2023-002:</b>	U.S. Department of the Treasury Federal Financial Assistance Listing 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency in Internal Controls over Compliance
Criteria:	2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award.
Condition:	The County's reports submitted to the Department of Treasury were not reviewed and approved by a separate individual outside of the preparer.
Cause:	The County did not have an internal control process in place to ensure a secondary review and approval of the reports submitted to the Department of Treasury were performed by someone other than the preparer of the report.
Effect:	Without a secondary review and approval, there is a possibility that the report may not be accurately completed.
Questioned Costs:	None.
Context / Sampling:	For the Coronavirus State and Local Fiscal Recovery Funds, only one annual report was required to be filed. We tested the one annual report filed.
Repeat Finding from Prior Year:	No
Recommendation:	We recommend the County implement a control process which includes a secondary review and approval of the required reports to be submitted to the federal agency.
Views of Responsible Officials:	Management agrees with the noted finding. Refer to Corrective Action Plan.

<b>Finding 2023-003:</b>	U.S. Department of the Treasury Federal Financial Assistance Listing 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Compliance Requirement:	Procurement Suspension and Debarment
Type of Finding:	Significant Deficiency in Internal Controls over Compliance
Criteria:	2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award.  Per 31 CFR 19.300, prior to enter in subawards and contracts with award funds, recipients must verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR § 19.300.
Condition:	The County did not review one vendor to determine that it was not suspended, debarred, or otherwise excluded prior to entering into a transaction with them.
Cause:	Adequate controls are not in place to require verification of suspension or debarment prior to entering into a contract.
Effect:	The County could enter into a contract with a suspended or debarred vendor.
Questioned Costs:	None
Context / Sampling:	We tested 9 of 28 transactions subject to suspension and debarment in the SLFRF program.
Repeat Finding from Prior Year:	No
Recommendation:	The County should review all vendors for suspension and debarment.
Views of Responsible Officials:	Management agrees with the noted finding. Refer to Corrective Action Plan.

Management's Response to Auditor's Findings:  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
December 31, 2023

Prepared by Management of  
**Hale County, Texas**



*Melinda Silvas  
County Auditor*

HALE COUNTY COURTHOUSE  
500 Broadway, Suite 300  
Plainview, Texas 79072  
PHONE (806) 291-5294 - FAX (806) 291-5303  
Email: msilvas@halecounty.org

**Summary Schedule of Prior Audit Findings**

**Finding 2022-001**

**Finding Summary:**

The County does not have an internal control system designed to provide for the timely preparation of the financial statements and related financial statement disclosures. There were material entries recorded that were detected as a result of audit procedures. Further, Eide Bailly assists in the preparation of multiple cash-to-accrual entries as an approved nonattest service.

**Status:**

Ongoing. See Finding 2023-001.

## Corrective Action Plan

### Finding 2023-001

Finding Summary: The County does not have an internal control system designed to provide for the timely preparation of the financial statements and related financial statement disclosures. There were material entries recorded that were detected as a result of audit procedures. Further, Eide Bailly assists in the preparation of multiple cash-to-accrual entries as an approved nonattest service.

Responsible Individuals: Melinda Silvas, County Auditor

Corrective Action Plan: It is not cost effective to have an internal control system designed to provide for preparation of the financial statements and accompanying notes. We requested that our auditors, Eide Bailly LLP, prepared the financial statements and the accompanying notes to the financial statements as a part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes, and we have reviewed with and agree with the adjustments proposed during the audit.

Anticipated Completion Date: Ongoing

### Finding 2023-002

Federal Agency Name: U.S. Department of the Treasury

Program Name: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027

Finding Summary: The County's annual performance report submitted to the Department of Treasury was not reviewed and approved by a separate individual outside of the preparer.

Responsible Individuals: Melinda Silvas, County Auditor

Corrective Action Plan: Hale County will continue to have the County Auditor prepare the performance reports, with a mechanical review of the report performed by an individual within the Auditor's Office.

Anticipated Completion Date: July 2024

**Finding 2023-003**

Federal Agency Name: U.S. Department of the Treasury

Program Name: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027

Finding Summary: 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award. Per 31 CFR 19.300, prior to enter in subawards and contracts with award funds, recipients must verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR § 19.300. The County did not review one vendor to determine that it was not suspended, debarred, or otherwise excluded prior to entering into a transaction with it.

Responsible Individuals: Melinda Silvas, County Auditor

Corrective Action Plan: Hale County will review all vendors paid with federal funds against the sam.gov suspension and debarment review tool, and will document the periodic review of suspended and debarred vendors.

Anticipated Completion Date: July 2024