

HOCKLEY COUNTY, TEXAS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

HOCKLEY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2020

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HOCKLEY COUNTY, TEXAS

COUNTY OFFICIALS

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hockley County, Texas, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hockley County, Texas, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

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

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

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the introductory section, combining nonmajor fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2021, on our consideration of Hockley County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hockley 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 Hockley County, Texas' internal control over financial reporting and compliance.

CMMS CPAs & Advisors, PLLC

CMMS CPAs & Advisors, PLLC
Levelland, Texas
October 4, 2021

BASIC FINANCIAL STATEMENTS

HOCKLEY COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2020

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 13,047,529	\$ 69,485	\$ 13,117,014
Taxes Receivable, Net	9,950,734	-	9,950,734
Due from Other Funds	9,232,309	-	9,232,309
Due from Others	5,278	-	5,278
Prepaid Items	126,140	-	126,140
Capital Assets:			
Land	300,729	-	300,729
Infrastructure, Net	1,416,769	-	1,416,769
Buildings, Net	17,875,318	-	17,875,318
Machinery and Equipment, Net	5,350,096	-	5,350,096
Total Assets	<u>57,304,902</u>	<u>69,485</u>	<u>57,374,387</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	816,807	-	816,807
Total Deferred Outflows of Resources	<u>816,807</u>	<u>-</u>	<u>816,807</u>
LIABILITIES			
Accounts Payable	157,584	-	157,584
Intergovernmental Payable	1,034	-	1,034
Noncurrent Liabilities:			
Net Pension Liability	1,583,341	-	1,583,341
Total Liabilities	<u>1,741,959</u>	<u>-</u>	<u>1,741,959</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	866,438	-	866,438
Total Deferred Inflows of Resources	<u>866,438</u>	<u>-</u>	<u>866,438</u>
NET POSITION			
Net Investment in Capital Assets	24,942,912	-	24,942,912
Restricted for:			
Debt Service	113,594	-	113,594
Highway and Streets	3,312,363	-	3,312,363
Courthouse Projects	477,708	-	477,708
Records Management/Retention	469,523	-	469,523
Unrestricted Net Position	26,197,212	69,485	26,266,697
Total Net Position	<u>\$ 55,513,312</u>	<u>\$ 69,485</u>	<u>\$ 55,582,797</u>

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 6,778,959	\$ 580,582	\$ 308,075
Public Safety	4,200,618	273,386	32,466
Highways and Streets	3,189,173	362,751	-
Health and Welfare	696,092	917,694	-
Culture and Recreation	1,429,007	374,569	-
Total Governmental Activities	16,293,849	2,508,982	340,541
BUSINESS-TYPE ACTIVITIES:			
Sheriff Commissary Fund	17,913	37,745	-
Inmate Trust Fund	128,531	123,134	-
Total Business-Type Activities	146,444	160,879	-
TOTAL PRIMARY GOVERNMENT	\$ 16,440,293	\$ 2,669,861	\$ 340,541

General Revenues:

Taxes:

- Property Taxes, Levied for General Purposes
- Property Taxes, Levied for Debt Service
- Property Taxes, Levied for Road & Bridge
- Other Taxes
- Penalty and Interest on Taxes
- Miscellaneous Revenue
- Investment Earnings
- Sale of Assets

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (5,890,302)	\$ -	\$ (5,890,302)
(3,894,766)	-	(3,894,766)
(2,826,422)	-	(2,826,422)
221,602	-	221,602
(1,054,438)	-	(1,054,438)
<u>(13,444,326)</u>	<u>-</u>	<u>(13,444,326)</u>
-	19,832	19,832
-	(5,397)	(5,397)
<u>-</u>	<u>14,435</u>	<u>14,435</u>
<u>(13,444,326)</u>	<u>14,435</u>	<u>(13,429,891)</u>
11,549,311	-	11,549,311
1,343	-	1,343
2,547,283	-	2,547,283
150,871	-	150,871
132,170	-	132,170
924,699	-	924,699
195,786	811	196,597
213,271	-	213,271
<u>15,714,734</u>	<u>811</u>	<u>15,715,545</u>
2,270,408	15,246	2,285,654
53,242,904	54,239	53,297,143
<u>\$ 55,513,312</u>	<u>\$ 69,485</u>	<u>\$ 55,582,797</u>

HOCKLEY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	Other Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 7,520,609	\$ 5,525,177	\$ 13,045,786
Taxes Receivable	7,257,630	2,851,456	10,109,086
Allowance for Uncollectible Taxes (credit)	(865,093)	(339,885)	(1,204,978)
Due from Other Funds	6,592,412	2,639,897	9,232,309
Due from Others	-	5,278	5,278
Prepaid Items	44,140	82,000	126,140
Total Assets	\$ 20,549,698	\$ 10,763,923	\$ 31,313,621
LIABILITIES			
Accounts Payable	\$ 126,824	\$ 30,760	\$ 157,584
Intergovernmental Payable	1,034	-	1,034
Total Liabilities	127,858	30,760	158,618
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	6,392,537	2,511,571	8,904,108
Total Deferred Inflows of Resources	6,392,537	2,511,571	8,904,108
FUND BALANCES			
Restricted Fund Balance:			
Debt Service	-	113,594	113,594
Highways and Streets	-	3,312,363	3,312,363
Courthouse Projects	-	477,708	477,708
Records Management/Preservation	-	469,523	469,523
Committed Fund Balance:			
Construction	-	2,563,662	2,563,662
Other Committed Fund Balance	-	964,256	964,256
Unassigned Fund Balance	14,029,303	320,486	14,349,789
Total Fund Balances	14,029,303	8,221,592	22,250,895
Total Liabilities, Deferred Inflows & Fund Balances	\$ 20,549,698	\$ 10,763,923	\$ 31,313,621

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

HOCKLEY COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2020

Total Fund Balances - Governmental Funds	\$	22,250,895
<p>The county uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to Increase (decrease) net position.</p>		
		1,743
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net position.</p>		
		25,582,626
<p>Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2020 capital outlays is to increase net position.</p>		
		1,090,377
<p>Included in the noncurrent assets is the recognition of the County's net pension Asset required by GASB 68 in the amount of (\$1,583,341), a deferred resource inflow in the amount of (\$866,438), and a deferred resource outflow in the amount of \$816,807. This resulted in an decrease in net position by (\$1,632,972).</p>		
		(1,632,972)
<p>The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,730,091)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase net position.</p>		
		9,950,734
Net Position of Governmental Activities	\$	55,513,312

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Other Funds	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	\$ 9,934,261	\$ 3,894,182	\$ 13,828,443
Other Taxes	150,871	-	150,871
Licenses and Permits	-	362,815	362,815
Intergovernmental Revenue and Grants	325,595	14,946	340,541
Charges for Services	581,008	1,291,368	1,872,376
Fines	-	140,942	140,942
Forfeits	-	132,444	132,444
Investment Earnings	146,297	49,489	195,786
Rents and Royalties	115,388	30	115,418
Other Revenue	395,490	414,166	809,656
Total Revenues	<u>11,648,910</u>	<u>6,300,382</u>	<u>17,949,292</u>
EXPENDITURES:			
Current:			
General Government	5,622,142	578,225	6,200,367
Public Safety	4,060,502	28,179	4,088,681
Highways and Streets	-	2,605,629	2,605,629
Health and Welfare	-	696,092	696,092
Culture and Recreation	38,719	883,173	921,892
Capital Outlay:			
Capital Outlay	350,914	1,078,654	1,429,568
Total Expenditures	<u>10,072,277</u>	<u>5,869,952</u>	<u>15,942,229</u>
Excess of Revenues Over Expenditures	<u>1,576,633</u>	<u>430,430</u>	<u>2,007,063</u>
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	-	552,462	552,462
Transfers In	5,068,868	524,329	5,593,197
Transfers Out (Use)	(5,593,197)	-	(5,593,197)
Total Other Financing Sources (Uses)	<u>(524,329)</u>	<u>1,076,791</u>	<u>552,462</u>
Net Change in Fund Balances	1,052,304	1,507,221	2,559,525
Fund Balance - December 31, 2019	<u>12,976,999</u>	<u>6,714,371</u>	<u>19,691,370</u>
Fund Balance - December 31, 2020	<u>\$ 14,029,303</u>	<u>\$ 8,221,592</u>	<u>\$ 22,250,895</u>

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

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HOCKLEY COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2020

Total Net Change in Fund Balances - Governmental Funds	\$ 2,559,525
The county uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) the change in net position.	(1,110)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase the change in net position.	1,090,377
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/19 caused change in the ending net position to increase in the amount of \$722,632. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$675,284). The County's reported TCDRS net pension expense had to be recorded. The net position expense increased the change in net position by (\$97,305). The result of those changes is to increase the change in net position by (\$49,957).	(49,957)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(1,730,091)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase the change in net position.	401,664
Change in Net Position of Governmental Activities	\$ 2,270,408

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

HOCKLEY COUNTY, TEXAS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2020

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 69,485	\$ 1,743
Total Assets	<u>69,485</u>	<u>1,743</u>
NET POSITION		
Individuals, Organizations, and Other Governments	69,485	1,743
Total Net Position	<u>\$ 69,485</u>	<u>\$ 1,743</u>

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT D-2

	Business-Type Activities	Governmental Activities
	Total	
	Enterprise Funds	Internal Service Fund
OPERATING REVENUES:		
Charges for Services	\$ 160,879	\$ 30
Total Operating Revenues	160,879	30
OPERATING EXPENSES:		
Other Operating Costs	34,710	1,140
Supplies	111,734	-
Total Operating Expenses	146,444	1,140
Operating Income (Loss)	14,435	(1,110)
NONOPERATING REVENUES (EXPENSES):		
Investment Earnings	811	31
Total Nonoperating Revenue (Expenses)	811	31
Change in Net Position	15,246	(1,079)
Total Net Position - December 31, 2019	54,239	2,822
Total Net Position - December 31, 2020	\$ 69,485	\$ 1,743

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT D-3

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 160,879	\$ 30
Cash Payments for Suppliers	(146,444)	-
Cash Payments for Other Operating Expenses	-	(1,140)
Net Cash Provided by (Used for) Operating Activities	14,435	(1,110)
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	811	31
Net Increase (Decrease) in Cash and Cash Equivalents	15,246	(1,079)
Cash and Cash Equivalents at Beginning of the Year	54,239	2,822
Cash and Cash Equivalents at the End of the Year	\$ 69,485	\$ 1,743

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 19,082,038
Accounts Receivable, Net	7,480
Due from Fiduciary Funds	1,631,227
Total Assets	20,720,745
LIABILITIES	
Held for Others	493,099
Due to Other Governments	9,102,161
Due to Other Funds	9,232,309
Due to Fiduciary Funds	1,631,227
Total Liabilities	20,458,796
NET POSITION	
Individuals, Organizations, and Other Governments	261,949
Total Net Position	\$ 261,949

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Custodial Funds
ADDITIONS:	
Tax Collections for Other Governments	\$ 58,319,245
Held for Others	6,865,164
Investment Earnings	4,931
Total Additions	65,189,340
DEDUCTIONS:	
Payments to Other Governments	58,319,245
Payments to Individuals	6,883,591
Total Deductions	65,202,836
Net Change in Fiduciary Net Position	(13,496)
Total Net Position - December 31, 2019	275,445
Total Net Position - December 31, 2020	\$ 261,949

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The County prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and the requirements of contracts and grants of agencies from which it receives funds. The following is a summary of the more significant accounting policies the County utilizes to prepare its basic financial statements.

A. REPORTING ENTITY

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

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

Blended Component Unit

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

The Commissioners' Court appoints all five Directors, and can remove them at will. The Court can also change the structure, organization, programs, or activities of the Corporation, and it may terminate or dissolve the Corporation. The Corporation was incorporated on January 30, 2004, and as of December 31, 2018, no financial transactions had taken place.

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

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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

Fund Financial Statements

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

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

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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

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

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

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

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

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

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

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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

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

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

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

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

C. OTHER ACCOUNTING POLICIES

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

HOCKLEY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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

C. OTHER ACCOUNTING POLICIES (Cont.)

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

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

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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

C. OTHER ACCOUNTING POLICIES (Cont.)

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

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

For the year ended December 31, 2020, the County contributed \$420,831 for its property, liability, workers' compensation, and unemployment coverage.

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

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

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

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

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

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

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

D. BUDGETARY DATA

The State of Texas requires annual budgets to be prepared for the general and special revenue funds. The budgets are prepared on the cash basis (budget basis) in order to comply with the Constitution of the State of Texas. The County Commissioners' Court, on a departmental basis, exercises budgetary controls over expenditures. The actual results of operations for the County's General Fund are presented in Exhibit G-1 in accordance with the budget (cash) basis to

HOCKLEY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

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

D. BUDGETARY DATA (cont.)

provide a meaningful comparison of actual results with the original and final budget. The differences between the cash basis (budget basis) and the modified accrual basis (generally accepted accounting principles [GAAP] basis) are that revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid (budget) as opposed to when incurred (GAAP).

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

1. As required by the State of Texas, the County Judge, with the assistance of the County Auditor, prepares an annual budget prior to the beginning of the fiscal year. Budgeted funds include the general and special revenue funds.
2. The budget is filed in the County Clerk's office and is open to public inspection. The Commissioners' Court is required to hold at least one public hearing on the budget no less than 15 days subsequent to the filing by the County Judge.
3. The budget is then adopted at the conclusion of the last public hearing by the favorable votes of a majority of the members of the Commissioners' Court. The original budget was adopted by the Commissioners' Court on August 18, 2019, in accordance with the above process. The final fiscal 2020 budget revision was adopted by the Commissioners' Court on December 21, 2020.
4. The Commissioners' Court approves all revisions of the budget, including transfers of budgeted amounts between departments within a specific fund, transfers between funds, and increases to total expenditures of any fund.
5. The fiscal 2020 budget was prepared on the cash basis using estimated beginning and ending cash balances. There is not a significant difference in the budgeted revenues and expenditures between the cash basis and the modified accrual basis.

E. IMPLEMENTATION OF NEW STANDARDS

GASB Statement No. 84, Fiduciary Activities ("GASB 84"), establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The required changes due to the implementation of GASB 84 are reflected in the County's financial statements and notes to those statements. As this statement was implemented retroactively it resulted in a restatement of the prior period net position of Fiduciary Activities and restatement of assets and liabilities in Governmental Activities both are as follows:

Net Position at December 31, 2019, as previously reported	\$ -
Addition of Net Position as calculated pursuant to GASB 84	<u>275,445</u>
Net Position December 31, 2019, as restated	<u>\$ 275,445</u>

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Compliance with the Public Funds Investment Act – The County’s investment policies are governed by State statutes and County ordinances. The Public Funds Investment Act (PFIA, Chapter 2256) requires the County to adopt, implement, and publicize the investment policy which covers specific provisions in the Act regarding investment practices, management reporting, and policy establishment. The investment policy is available for public inspection at the Hockley County Courthouse. The PFIA establishes authorized investment vehicles for the County. The County is in substantial compliance with the PFIA at the end of the 2020 fiscal year.

Restricted Cash - Under the normal course of conducting its activities, Hockley County will become the custodian of funds that can only be paid on behalf of, for, or to certain third-party beneficiaries. These funds are held in either bank accounts or short-term certificates of deposit until use of the funds is required. As of December 31, 2020, Hockley County had restricted cash in the amount of \$261,949 that was payable to third-party beneficiaries held in the Custodial funds.

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

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

In accordance with the FDIC, funds owned by the County are public unit deposits. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit held at a financial institution will be insured up to \$250,000 in aggregate and separate from the coverage for public unit demand deposits held at the same institution. All County deposits at December 31, 2020 were covered by the federal depository insurance, a line of credit or the financial institution’s pledged collateral, and were not subject to custodial credit risk.

The County’s deposits and collateralization by institution as of December 31, 2020 are as follows:

	AIM Bank
Carrying Amounts:	
Demand Deposits	\$ 17,413,791
Time Accounts	-
Total Public Funds on Deposit	<u>17,413,791</u>
Less FDIC Coverage	<u>(250,000)</u>
Amount to be Collateralized	17,163,791
Collateralization by Institution	<u>(39,410,210)</u>
Under (Over) Collateralized	<u>\$ (22,218,265)</u>

HOCKLEY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

NOTE 3 - CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 300,729	\$ -	\$ -	\$ 300,729
Infrastructure	6,773,959	-	-	6,773,959
Buildings	40,992,075	-	-	40,992,075
Machinery and Equipment	<u>12,563,176</u>	<u>1,429,569</u>	<u>(562,947)</u>	<u>13,429,798</u>
Totals at Historic Cost	<u>60,629,939</u>	<u>1,429,569</u>	<u>(562,947)</u>	<u>61,496,561</u>
Less Accumulated Depreciation:				
Infrastructure – Roads	(5,260,124)	(97,066)	-	(5,357,190)
Buildings	(22,157,531)	(959,226)	-	(23,116,757)
Machinery and Equipment	<u>(7,629,658)</u>	<u>(673,799)</u>	<u>223,755</u>	<u>(8,079,702)</u>
Total Accumulated Depreciation	<u>(35,047,313)</u>	<u>(1,730,091)</u>	<u>223,755</u>	<u>(36,553,649)</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,582,626</u>	<u>\$ (300,522)</u>	<u>\$ (339,192)</u>	<u>\$ 24,942,912</u>

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

General Government	\$ 571,248
Public Safety	83,711
Highways and Streets	572,004
Culture and Recreation	<u>503,128</u>
Total	<u>\$ 1,730,091</u>

Hockley County's business-type activities had no capital assets as of December 31, 2020.

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

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

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

Due From	General Fund	Debt Service Fund	Special Revenue Funds	Totals
Custodial Funds	<u>\$ 6,592,412</u>	<u>\$ 53</u>	<u>\$ 2,639,844</u>	<u>\$ 9,232,309</u>
Totals	<u>\$ 6,592,412</u>	<u>\$ 53</u>	<u>\$ 2,639,844</u>	<u>\$ 9,232,309</u>

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 5 - INTERFUND BALANCES AND TRANSFERS (Cont.)

During the year ended December 31, 2020, the County transferred \$500,000 from the General Fund to the Mallet MPEC Operating Fund for general operation purposes, \$24,324 from the General fund to the Road & Bridge fund for general operation purposes.

NOTE 6 - PROPERTY TAXES

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

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

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

The County's fiscal year is the calendar year, while the tax years have a September 30 year end. This overlap in fiscal year requires the County to recognize the 2020 tax levy as income for government-wide financial statement purposes under the full accrual basis of accounting, but only recognize what is collected during the fiscal year as revenue for the governmental fund financial statements. The remainder of the 2020 tax levy is reported as a tax receivable and a deferred inflow in the governmental funds.

The tax rates for the 2020 fiscal year (2019 and 2020 tax levies) are \$0.52867 and \$0.54225 per \$100 assessed value for County operations, respectively. The maximum allowable tax rate for the County is \$1.10 for each \$100 assessed value. The County is subject to a tax rate rollback if the total amount of property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceding year, as defined by statute, by 3.5%.

The original appraised taxable values upon which the 2019 and 2020 tax levies are based are \$2,627,212,870 and \$2,570,391,968, respectively, resulting in tax levies of \$14,171,741 and \$14,275,413 respectively after supplemental adjustments made by the Hockley County Appraisal District. The County has collected approximately 94.92% of 2019's tax levy and 32.95% of 2020's levy as of December 31, 2020.

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

NOTE 7 - MEDICAL/HEALTH CARE COVERAGE – SELF-INSURANCE FUND

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

HOCKLEY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

NOTE 7 - MEDICAL/HEALTH CARE COVERAGE – SELF-INSURANCE FUND (Cont.)

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

Beginning June 1, 2006, the County discontinued the self-insurance fund and converted to Blue Cross Blue Shield of Texas for health insurance benefits. The Texas Association of Counties Health Benefits Department serves as plan administrator. The County pays premiums for full-time employees. Employees may add spouses and children and pay premiums through payroll deductions. For the calendar year 2020, the County paid approximately \$1,790,044 for health insurance.

The internal service fund is still active to account for any pending claims under the old self-insurance program. Activity for the 2020 fiscal year reported \$30 in operating revenues, \$1,140 in expenditures and \$31 in interest income in the fund. The fund has a cash balance of \$1,743 at December 31, 2020.

NOTE 8 - PENSION PLAN

Hockley County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined pension plan through the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system, consisting of 677 nontraditional defined pension plans from various county and district governmental entities statewide. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon request through TCDRS, PO Box 2034, Austin, TX 78768-2034, or through the www.tcdrs.org website.

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

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

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

Employees covered by benefit terms.

At December 31, 2019 valuation and measurement date, the following employees were covered by the benefits terms:

Inactive employees entitled to but not yet receiving benefits	103
Inactive employees receiving benefits	97
Active employees	<u>130</u>
Total	<u>330</u>

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (Cont.)

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

Employees for the Hockley County are required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the County were 13.27% and 13.89% in calendar 2019 and 2020, respectively. The County’s contributions to TCDRS for the year ended December 31, 2020 were \$722,632 and were equal to the required contributions.

Net Pension Liability – Hockley County’s Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date. The December 31, 2019 actuarial valuation is the most recent valuation.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation using following actuarial assumptions:

Inflation	2.75%
Overall payroll growth	3.25%
Investment Rate of Return	8.00%

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’s investment consultants and are based on January 2020 information for a 7-10 year time horizon.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Inflation)
US Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities - Developed	7.00%	5.20%
International Equities - Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships (MLPs)	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	<u>8.00%</u>	2.30%
Total	100.00%	

HOCKLEY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (Cont.)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/18	\$ 29,623,166	\$ 25,795,346	\$ 3,827,820
Changes for the year:			
Service cost	642,718		642,718
Interest	2,385,065		2,385,065
Change in benefit terms	-		-
Diff between expected/actual experience	(44,270)		(44,270)
Changes of assumptions	-		-
Contributions - employer	-	675,284	(675,284)
Contributions - employee	-	356,214	(356,214)
Net investment income	-	4,236,763	(4,236,763)
Benefit payments, including refunds of employee contributions	(1,673,852)	(1,673,852)	-
Administrative expenses	-	(22,365)	22,365
Other charges	-	(17,904)	17,904
Net changes	1,309,661	3,554,140	(2,244,479)
Balance at 12/31/19	\$ 30,932,827	\$ 29,349,486	\$ 1,583,341

Discount Rate – The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine Total Pension Liability.

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

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	Increase in Discount Rate (9.1%)
County's net pension liability	\$ 4,997,840	\$ 1,583,341	\$ (1,346,820)

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

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

For the year ended December 31, 2020, Hockley County recognized pension expense of \$772,589.

At December 31, 2019, Hockley County reported deferred outflows of resources related to pensions from the following resources:

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (Cont.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 33,765	\$ 128,504
Changes in actuarial assumptions	\$ 60,410	\$ -
Differences between projected and actual investment earnings (net of current year amortization)	\$	\$ 737,934
Contributions subsequent to the measurement date	\$ 722,632	-
Total	\$ 816,807	\$ 866,438

Hockley County reported \$722,633 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,		
2021	\$	(197,383)
2022	\$	(226,515)
2023	\$	86,523
2024	\$	(434,888)
2025	\$	-
Total	\$	(772,263)

REQUIRED SUPPLEMENTARY INFORMATION

HOCKLEY COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 9,934,611	\$ 9,934,611	\$ 9,934,261	\$ (350)
Other Taxes	120,000	120,000	150,871	30,871
Intergovernmental Revenue and Grants	9,500	9,500	325,595	316,095
Charges for Services	517,550	517,550	581,008	63,458
Investment Earnings	185,000	185,000	146,297	(38,703)
Rents and Royalties	154,265	154,265	115,388	(38,877)
Other Revenue	306,392	306,392	395,490	89,098
Total Revenues	<u>11,227,318</u>	<u>11,227,318</u>	<u>11,648,910</u>	<u>421,592</u>
EXPENDITURES:				
Current:				
General Government	6,023,778	6,023,778	5,622,142	401,636
Public Safety	4,504,575	4,504,575	4,060,502	444,073
Culture and Recreation	40,580	40,580	38,719	1,861
Capital Outlay:				
Capital Outlay	158,385	158,385	350,914	(192,529)
Total Expenditures	<u>10,727,318</u>	<u>10,727,318</u>	<u>10,072,277</u>	<u>655,041</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>500,000</u>	<u>500,000</u>	<u>1,576,633</u>	<u>1,076,633</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	5,068,868	5,068,868	5,068,868	-
Transfers Out (Use)	(5,568,868)	(5,568,868)	(5,593,197)	(24,329)
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(524,329)</u>	<u>(24,329)</u>
Net Change	-	-	1,052,304	1,052,304
Fund Balance - January 1 (Beginning)	<u>12,976,999</u>	<u>12,976,999</u>	<u>12,976,999</u>	<u>-</u>
Fund Balance - December 31 (Ending)	<u>\$ 12,976,999</u>	<u>\$ 12,976,999</u>	<u>\$ 14,029,303</u>	<u>\$ 1,052,304</u>

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

HOCKLEY COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS ⁽¹⁾
FOR THE YEAR ENDED DECEMBER 31, 2020

	Plan Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	642,719	635,836	661,083	719,931	689,376	654,382
Interest (on the total pension liability)	2,385,065	2,293,843	2,167,614	2,061,725	1,992,208	1,884,149
Changes of benefit terms	-	-	-	(666,522)	(60,296)	-
Difference between expected and actual experience	(44,270)	(190,606)	84,412	(88,177)	(323,072)	(31,684)
Change of assumptions	-	-	151,022	-	301,437	-
Benefit payments, including refunds of employee contributions	(1,673,852)	(1,567,726)	(1,396,598)	(1,314,240)	(1,308,612)	(1,307,737)
Net Change in Total Pension Liability	<u>1,309,662</u>	<u>1,171,347</u>	<u>1,667,533</u>	<u>712,717</u>	<u>1,291,041</u>	<u>1,199,110</u>
Total Pension Liability - Beginning	<u>29,623,165</u>	<u>28,451,818</u>	<u>26,784,285</u>	<u>26,071,568</u>	<u>24,780,527</u>	<u>23,581,417</u>
Total Pension Liability - Ending (a)	<u><u>30,932,827</u></u>	<u><u>29,623,165</u></u>	<u><u>28,451,818</u></u>	<u><u>26,784,285</u></u>	<u><u>26,071,568</u></u>	<u><u>24,780,527</u></u>
Plan Fiduciary Net Position						
Contributions - employer	675,284	653,533	611,866	645,326	689,962	914,506
Contributions - employee	356,214	354,631	350,493	359,084	354,344	344,180
Net investment income	4,236,763	(507,334)	3,478,201	1,666,519	128,614	1,459,207
Benefit payments, including refunds of employee contributions	(1,673,852)	(1,567,726)	(1,396,598)	(1,314,240)	(1,308,612)	(1,307,737)
Administrative expense	(22,365)	(20,719)	(17,886)	(18,102)	(16,241)	(16,884)
Other	(17,904)	(13,969)	(5,988)	8,996	28,792	48,359
Net Change in Plan Fiduciary Net Position	<u>3,554,140</u>	<u>(1,101,584)</u>	<u>3,020,088</u>	<u>1,347,583</u>	<u>(123,141)</u>	<u>1,441,631</u>
Plan Fiduciary Net Position - Beginning	<u>25,795,346</u>	<u>26,896,930</u>	<u>23,876,842</u>	<u>22,529,259</u>	<u>22,652,400</u>	<u>21,210,769</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>29,349,486</u></u>	<u><u>25,795,346</u></u>	<u><u>26,896,930</u></u>	<u><u>23,876,842</u></u>	<u><u>22,529,259</u></u>	<u><u>22,652,400</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>1,583,341</u></u>	<u><u>3,827,819</u></u>	<u><u>1,554,888</u></u>	<u><u>2,907,443</u></u>	<u><u>3,542,309</u></u>	<u><u>2,128,127</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.88%	87.08%	94.54%	89.14%	86.41%	91.41%
Covered Employee Payroll	5,088,778	5,066,160	5,007,048	5,129,776	5,062,061	4,916,857
Net Pension Liability as a Percentage of Covered Employee Payroll	31.11%	75.56%	31.05%	56.68%	69.98%	43.28%

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

HOCKLEY COUNTY, TEXAS
 SCHEDULE OF CONTRIBUTIONS⁽¹⁾
 FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

HOCKLEY COUNTY, TEXAS
 NOTES TO SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
 Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	9.5 years (based on contribution rate calculated in 12/31/19 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality, assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: Employer contributions reflect that a 10% CPI COLA was adopted. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

HOCKLEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2020

	Indigent Health Care	Jury Fund	Road & Bridge#1	Road & Bridge#2
ASSETS				
Cash and Cash Equivalents	\$ 328,088	\$ 145,423	\$ 113,175	\$ 410,331
Taxes Receivable	-	356,062	445,355	445,356
Allowance for Uncollectible Taxes (credit)	-	(42,441)	(53,085)	(53,086)
Due from Other Funds	-	320,177	419,309	419,310
Due from Others	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	\$ 328,088	\$ 779,221	\$ 924,754	\$ 1,221,911
LIABILITIES				
Accounts Payable	\$ 7,602	\$ -	\$ 2,881	\$ 2,332
Total Liabilities	7,602	-	2,881	2,332
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	313,621	392,270	392,270
Total Deferred Inflows of Resources	-	313,621	392,270	392,270
FUND BALANCES				
Restricted Fund Balance:				
Debt Service	-	-	-	-
Highways and Streets	-	-	529,603	827,309
Courthouse Projects	-	465,600	-	-
Records Management/Preservation	-	-	-	-
Committed Fund Balance:				
Construction	-	-	-	-
Other Committed Fund Balance	-	-	-	-
Unassigned Fund Balance	320,486	-	-	-
Total Fund Balances	320,486	465,600	529,603	827,309
Total Liabilities, Deferred Inflows & Fund Balances	\$ 328,088	\$ 779,221	\$ 924,754	\$ 1,221,911

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

Road & Bridge #3	Road & Bridge #4	Road & Bridge #5	Law Library	Library	District Clerk Preservation	County Clerk Preservation	Records Management Office
\$ 905,606	\$ 109,029	\$ 15,903	\$ 10,353	\$ 56,094	\$ 17,623	\$ 140,294	\$ 25,463
445,356	445,353	-	-	141,573	-	-	-
(53,086)	(53,083)	-	-	(16,874)	-	-	-
419,311	419,311	-	140	127,290	104	-	140
-	-	-	-	-	-	-	-
82,000	-	-	-	-	-	-	-
<u>\$ 1,799,187</u>	<u>\$ 920,610</u>	<u>\$ 15,903</u>	<u>\$ 10,493</u>	<u>\$ 308,083</u>	<u>\$ 17,727</u>	<u>\$ 140,294</u>	<u>\$ 25,603</u>
\$ -	\$ 51	\$ 518	\$ -	\$ -	\$ -	\$ -	\$ -
-	51	518	-	-	-	-	-
392,270	392,270	-	-	124,699	-	-	-
392,270	392,270	-	-	124,699	-	-	-
-	-	-	-	-	-	-	-
1,406,917	528,289	15,385	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	10,493	183,384	17,727	140,294	25,603
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,406,917</u>	<u>528,289</u>	<u>15,385</u>	<u>10,493</u>	<u>183,384</u>	<u>17,727</u>	<u>140,294</u>	<u>25,603</u>
<u>\$ 1,799,187</u>	<u>\$ 920,610</u>	<u>\$ 15,903</u>	<u>\$ 10,493</u>	<u>\$ 308,083</u>	<u>\$ 17,727</u>	<u>\$ 140,294</u>	<u>\$ 25,603</u>

HOCKLEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2020

	Courthouse Security	Court Technology	Permanent Improvement Fund	Road Bond Fund
ASSETS				
Cash and Cash Equivalents	\$ 60,941	\$ 30,978	\$ 2,026,061	\$ 22,952
Taxes Receivable	-	-	572,401	-
Allowance for Uncollectible Taxes (credit)	-	-	(68,230)	-
Due from Other Funds	103	-	514,649	-
Due from Others	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	\$ 61,044	\$ 30,978	\$ 3,044,881	\$ 22,952
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	504,171	-
Total Deferred Inflows of Resources	-	-	504,171	-
FUND BALANCES				
Restricted Fund Balance:				
Debt Service	-	-	-	-
Highways and Streets	-	-	-	-
Courthouse Projects	-	-	-	-
Records Management/Preservation	61,044	30,978	-	-
Committed Fund Balance:				
Construction	-	-	2,540,710	22,952
Other Committed Fund Balance	-	-	-	-
Unassigned Fund Balance	-	-	-	-
Total Fund Balances	61,044	30,978	2,540,710	22,952
Total Liabilities, Deferred Inflows & Fund Balances	\$ 61,044	\$ 30,978	\$ 3,044,881	\$ 22,952

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

EXHIBITH-1 (Cont'd)

Mallet Operating Fund	Farm to Market & Lateral Road	District Attorney Forfeiture	District Attorney Proceeds	County Attorney Restitution	District Attorney Restitution	CA Pre-Trial Diversion	Total Nonmajor Special Revenue Funds
\$ 664,570	\$ 4,860	\$ 12,108	\$ 153,272	\$ 34,572	\$ 3,226	\$ 120,714	\$ 5,411,636
-	-	-	-	-	-	-	2,851,456
-	-	-	-	-	-	-	(339,885)
-	-	-	-	-	-	-	2,639,844
-	-	-	5,278	-	-	-	5,278
-	-	-	-	-	-	-	82,000
<u>\$ 664,570</u>	<u>\$ 4,860</u>	<u>\$ 12,108</u>	<u>\$ 158,550</u>	<u>\$ 34,572</u>	<u>\$ 3,226</u>	<u>\$ 120,714</u>	<u>\$ 10,650,329</u>
\$ 17,376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,760
<u>17,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,760</u>
-	-	-	-	-	-	-	2,511,571
-	-	-	-	-	-	-	2,511,571
-	-	-	-	-	-	-	-
-	4,860	-	-	-	-	-	3,312,363
-	-	12,108	-	-	-	-	477,708
-	-	-	-	-	-	-	469,523
-	-	-	-	-	-	-	2,563,662
647,194	-	-	158,550	34,572	3,226	120,714	964,256
-	-	-	-	-	-	-	320,486
<u>647,194</u>	<u>4,860</u>	<u>12,108</u>	<u>158,550</u>	<u>34,572</u>	<u>3,226</u>	<u>120,714</u>	<u>8,107,998</u>
<u>\$ 664,570</u>	<u>\$ 4,860</u>	<u>\$ 12,108</u>	<u>\$ 158,550</u>	<u>\$ 34,572</u>	<u>\$ 3,226</u>	<u>\$ 120,714</u>	<u>\$ 10,650,329</u>

HOCKLEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2020

EXHIBIT H-1

	Debt Service Fund-Hospital	Debt Service Fund-Mallet	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 39,894	\$ 73,647	\$ 113,541	\$ 5,525,177
Taxes Receivable	-	-	-	2,851,456
Allowance for Uncollectible Taxes (credit)	-	-	-	(339,885)
Due from Other Funds	-	53	53	2,639,897
Due from Others	-	-	-	5,278
Prepaid Items	-	-	-	82,000
Total Assets	\$ 39,894	\$ 73,700	\$ 113,594	\$ 10,763,923
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 30,760
Total Liabilities	-	-	-	30,760
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	2,511,571
Total Deferred Inflows of Resources	-	-	-	2,511,571
FUND BALANCES				
Restricted Fund Balance:				
Debt Service	39,894	73,700	113,594	113,594
Highways and Streets	-	-	-	3,312,363
Courthouse Projects	-	-	-	477,708
Records Management/Preservation	-	-	-	469,523
Committed Fund Balance:				
Construction	-	-	-	2,563,662
Other Committed Fund Balance	-	-	-	964,256
Unassigned Fund Balance	-	-	-	320,486
Total Fund Balances	39,894	73,700	113,594	8,221,592
Total Liabilities, Deferred Inflows & Fund Balances	\$ 39,894	\$ 73,700	\$ 113,594	\$ 10,763,923

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

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Indigent Health Care	Jury Fund	Road & Bridge#1	Road & Bridge#2
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ 483,819	\$ 645,203	\$ 603,583
Licenses and Permits	-	-	90,703	90,704
Intergovernmental Revenue and Grants	-	14,946	-	-
Charges for Services	915,000	4,047	-	-
Fines	-	-	25,595	25,595
Forfeits	-	-	-	-
Investment Earnings	2,597	2,547	2,317	3,218
Rents and Royalties	-	-	-	-
Other Revenue	3	3,098	73,144	60,743
Total Revenues	<u>917,600</u>	<u>508,457</u>	<u>836,962</u>	<u>783,843</u>
EXPENDITURES:				
Current:				
General Government	-	415,591	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	668,876	690,840
Health and Welfare	696,092	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	302,894	245,000
Total Expenditures	<u>696,092</u>	<u>415,591</u>	<u>971,770</u>	<u>935,840</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>221,508</u>	<u>92,866</u>	<u>(134,808)</u>	<u>(151,997)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	173,500	160,000
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>173,500</u>	<u>160,000</u>
Net Change in Fund Balance	221,508	92,866	38,692	8,003
Fund Balance - December 31, 2019	<u>98,978</u>	<u>372,734</u>	<u>490,911</u>	<u>819,306</u>
Fund Balance - December 31, 2020	<u>\$ 320,486</u>	<u>\$ 465,600</u>	<u>\$ 529,603</u>	<u>\$ 827,309</u>

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

Road & Bridge #3	Road & Bridge #4	Road & Bridge #5	Law Library	Library	District Clerk Preservation	County Clerk Preservation	Records Management Office
\$ 568,170	\$ 590,661	\$ 27,000	\$ -	\$ 192,808	\$ -	\$ -	\$ -
90,704	90,704	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	998	2,927	77,841	3,849
25,594	25,595	36,079	2,100	384	-	-	-
-	-	-	-	-	-	-	-
6,394	2,334	155	141	1,731	188	1,137	287
-	-	-	-	-	-	-	-
144,026	60,842	-	-	-	-	-	-
<u>834,888</u>	<u>770,136</u>	<u>63,234</u>	<u>2,241</u>	<u>195,921</u>	<u>3,115</u>	<u>78,978</u>	<u>4,136</u>
-	-	-	-	-	3,963	6,875	3,075
-	-	-	-	-	-	-	-
600,736	599,871	45,306	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	6,383	192,935	-	-	-
462,000	48,335	-	-	-	-	-	-
<u>1,062,736</u>	<u>648,206</u>	<u>45,306</u>	<u>6,383</u>	<u>192,935</u>	<u>3,963</u>	<u>6,875</u>	<u>3,075</u>
<u>(227,848)</u>	<u>121,930</u>	<u>17,928</u>	<u>(4,142)</u>	<u>2,986</u>	<u>(848)</u>	<u>72,103</u>	<u>1,061</u>
219,000	-	-	-	-	-	-	-
-	-	24,329	-	-	-	-	-
<u>219,000</u>	<u>-</u>	<u>24,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(8,848)	121,930	42,257	(4,142)	2,986	(848)	72,103	1,061
<u>1,415,765</u>	<u>406,359</u>	<u>(26,872)</u>	<u>14,635</u>	<u>180,398</u>	<u>18,575</u>	<u>68,191</u>	<u>24,542</u>
<u>\$ 1,406,917</u>	<u>\$ 528,289</u>	<u>\$ 15,385</u>	<u>\$ 10,493</u>	<u>\$ 183,384</u>	<u>\$ 17,727</u>	<u>\$ 140,294</u>	<u>\$ 25,603</u>

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Courthouse Security	Court Technology	Permanent Improvement Fund	Road Bond Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ 780,333	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	8,114	5,405	-	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	746	408	15,522	265
Rents and Royalties	30	-	-	-
Other Revenue	-	-	69,767	-
Total Revenues	<u>8,890</u>	<u>5,813</u>	<u>865,622</u>	<u>265</u>
EXPENDITURES:				
Current:				
General Government	10,904	17,482	106,629	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	14,795	-
Total Expenditures	<u>10,904</u>	<u>17,482</u>	<u>121,424</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,014)</u>	<u>(11,669)</u>	<u>744,198</u>	<u>265</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(2,014)	(11,669)	744,198	265
Fund Balance - December 31, 2019	<u>63,058</u>	<u>42,647</u>	<u>1,796,512</u>	<u>22,687</u>
Fund Balance - December 31, 2020	<u>\$ 61,044</u>	<u>\$ 30,978</u>	<u>\$ 2,540,710</u>	<u>\$ 22,952</u>

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

Mallet Operating Fund	Farm to Market & Lateral Road	District Attorney Forfeiture	District Attorney Proceeds	County Attorney Restitution	District Attorney Restitution	CA Pre-Trial Diversion	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,891,577
-	-	-	-	-	-	-	362,815
-	-	-	-	-	-	-	14,946
255,949	-	4,649	-	3,392	-	9,197	1,291,368
-	-	-	-	-	-	-	140,942
-	-	-	132,444	-	-	-	132,444
5,357	56	249	728	392	46	1,388	48,203
-	-	-	-	-	-	-	30
-	-	-	-	-	-	2,543	414,166
<u>261,306</u>	<u>56</u>	<u>4,898</u>	<u>133,172</u>	<u>3,784</u>	<u>46</u>	<u>13,128</u>	<u>6,296,491</u>
-	-	13,706	-	-	-	-	578,225
-	-	-	14,245	2,180	-	11,754	28,179
-	-	-	-	-	-	-	2,605,629
-	-	-	-	-	-	-	696,092
683,855	-	-	-	-	-	-	883,173
5,630	-	-	-	-	-	-	1,078,654
<u>689,485</u>	<u>-</u>	<u>13,706</u>	<u>14,245</u>	<u>2,180</u>	<u>-</u>	<u>11,754</u>	<u>5,869,952</u>
<u>(428,179)</u>	<u>56</u>	<u>(8,808)</u>	<u>118,927</u>	<u>1,604</u>	<u>46</u>	<u>1,374</u>	<u>426,539</u>
(38)	-	-	-	-	-	-	552,462
<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>524,329</u>
<u>499,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,076,791</u>
71,783	56	(8,808)	118,927	1,604	46	1,374	1,503,330
<u>575,411</u>	<u>4,804</u>	<u>20,916</u>	<u>39,623</u>	<u>32,968</u>	<u>3,180</u>	<u>119,340</u>	<u>6,604,668</u>
<u>\$ 647,194</u>	<u>\$ 4,860</u>	<u>\$ 12,108</u>	<u>\$ 158,550</u>	<u>\$ 34,572</u>	<u>\$ 3,226</u>	<u>\$ 120,714</u>	<u>\$ 8,107,998</u>

FIDUCIARY FUNDS

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Debt Service Fund-Hospital	Debt Service Fund-Mallet	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ 2,605	\$ 2,605	\$ 3,894,182
Licenses and Permits	-	-	-	362,815
Intergovernmental Revenue and Grants	-	-	-	14,946
Charges for Services	-	-	-	1,291,368
Fines	-	-	-	140,942
Forfeits	-	-	-	132,444
Investment Earnings	435	851	1,286	49,489
Rents and Royalties	-	-	-	30
Other Revenue	-	-	-	414,166
Total Revenues	<u>435</u>	<u>3,456</u>	<u>3,891</u>	<u>6,300,382</u>
EXPENDITURES:				
Current:				
General Government	-	-	-	578,225
Public Safety	-	-	-	28,179
Highways and Streets	-	-	-	2,605,629
Health and Welfare	-	-	-	696,092
Culture and Recreation	-	-	-	883,173
Capital Outlay:				
Capital Outlay	-	-	-	1,078,654
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,869,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>435</u>	<u>3,456</u>	<u>3,891</u>	<u>430,430</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	552,462
Transfers In	-	-	-	524,329
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,076,791</u>
Net Change in Fund Balance	435	3,456	3,891	1,507,221
Fund Balance - December 31, 2019	<u>39,459</u>	<u>70,244</u>	<u>109,703</u>	<u>6,714,371</u>
Fund Balance - December 31, 2020	<u>\$ 39,894</u>	<u>\$ 73,700</u>	<u>\$ 113,594</u>	<u>\$ 8,221,592</u>

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

NONMAJOR ENTERPRISE FUNDS

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2020

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 56,544	\$ 12,941	\$ 69,485
Total Assets	<u>56,544</u>	<u>12,941</u>	<u>69,485</u>
NET POSITION			
Individuals, Organizations, and Other Governments	56,544	12,941	69,485
Total Net Position	<u>\$ 56,544</u>	<u>\$ 12,941</u>	<u>\$ 69,485</u>

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

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBITH-7

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 37,745	\$ 123,134	\$ 160,879
Total Operating Revenues	<u>37,745</u>	<u>123,134</u>	<u>160,879</u>
OPERATING EXPENSES:			
Other Operating Costs	-	34,710	34,710
Supplies	17,913	93,821	111,734
Total Operating Expenses	<u>17,913</u>	<u>128,531</u>	<u>146,444</u>
Operating Income (Loss)	<u>19,832</u>	<u>(5,397)</u>	<u>14,435</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Earnings	551	260	811
Total Nonoperating Revenue (Expenses)	<u>551</u>	<u>260</u>	<u>811</u>
Change in Net Position	20,383	(5,137)	15,246
Total Net Position - December 31, 2019	<u>36,161</u>	<u>18,078</u>	<u>54,239</u>
Total Net Position - December 31, 2020	<u>\$ 56,544</u>	<u>\$ 12,941</u>	<u>\$ 69,485</u>

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

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 37,745	\$ 123,134	\$ 160,879
Cash Payments for Suppliers	(17,913)	(128,531)	(146,444)
Net Cash Provided by (Used for) Operating Activities	<u>19,832</u>	<u>(5,397)</u>	<u>14,435</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	551	260	811
Net Increase (Decrease) in Cash and Cash Equivalents	20,383	(5,137)	15,246
Cash and Cash Equivalents at the Beginning of the Year	<u>36,161</u>	<u>18,078</u>	<u>54,239</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 56,544</u>	<u>\$ 12,941</u>	<u>\$ 69,485</u>

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

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 CUSTODIAL FUNDS
 DECEMBER 31, 2020

	L.E.O.S.E. Fund	Road & Bridge Fund	Sheriff Bond Fund	Sheriff Forfeiture Fund	Juvenile & Adult Probation Fund
ASSETS					
Cash and Cash Equivalents	\$ 29,974	\$ 33,440	\$ 93,484	\$ 30,183	\$ 152,781
Accounts Receivable	-	-	-	-	-
Due from Fiduciary Fuunds	-	-	-	-	-
Total Assets	\$ 29,974	\$ 33,440	\$ 93,484	\$ 30,183	\$ 152,781
LIABILITIES					
Held for Others	\$ -	\$ -	\$ -	\$ -	\$ 14,290
Due to Other Governments	-	-	-	30,183	-
Due to Other Funds	-	33,440	-	-	-
Due to Fiduciary Fuunds	-	-	-	-	-
Total Liabilities	\$ -	\$ 33,440	\$ -	\$ 30,183	\$ 14,290
NET POSITION					
Individuals, Organizations, and Other Governments	\$ 29,974	\$ -	\$ 93,484	\$ -	\$ 138,491
Total Net Position	\$ 29,974	\$ -	\$ 93,484	\$ -	\$ 138,491

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

EXHIBIT H-9

Justice of the Peace #1 Fund	Justice of the Peace #2 Fund	Justice of the Peace #4 Fund	Justice of the Peace #5 Fund	County Clerk Fund	District Clerk Fund
\$ 3,146	\$ 433	\$ 3,918	\$ 13,895	\$ 82,463	\$ 313,080
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,146</u>	<u>\$ 433</u>	<u>\$ 3,918</u>	<u>\$ 13,895</u>	<u>\$ 82,463</u>	<u>\$ 313,080</u>
\$ -	\$ -	\$ -	\$ 6,085	\$ 55,997	\$ 303,505
-	-	-	-	-	3,098
3,146	433	3,918	7,810	26,466	6,477
-	-	-	-	-	-
<u>\$ 3,146</u>	<u>\$ 433</u>	<u>\$ 3,918</u>	<u>\$ 13,895</u>	<u>\$ 82,463</u>	<u>\$ 313,080</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 CUSTODIAL FUNDS
 DECEMBER 31, 2020

	County Attorney Fund	District Attorney Fund	Sheriff's Work Release Fund	Tax Assessor- Collector-Tax Fund	Tax Assessor- Collector-Highway Fund
ASSETS					
Cash and Cash Equivalents	\$ 101,018	\$ 8,856	\$ 2,017	\$ 10,039,543	\$ 296,201
Accounts Receivable	-	-	-	-	7,480
Due from Fiduciary Funds	-	-	-	182,208	-
Total Assets	\$ 101,018	\$ 8,856	\$ 2,017	\$ 10,221,751	\$ 303,681
LIABILITIES					
Held for Others	\$ 95,331	\$ 8,856	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-	8,772,679	296,201
Due to Other Funds	5,687	-	2,017	53	7,480
Due to Fiduciary Funds	-	-	-	1,449,019	-
TOTAL LIABILITIES	\$ 101,018	\$ 8,856	\$ 2,017	\$ 10,221,751	\$ 303,681
NET POSITION					
Individuals, Organizations, and Other Governments	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net Position	\$ -	\$ -	\$ -	\$ -	\$ -

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

EXHIBIT H-9

Tax Assessor- Collector-Dealer Escrow Fund	Tax Assessor- Collector-Office Expense Fund	Sheriff Fund	Auditor's Auto Registration Fund	Auditor's Ad Valorem Fund	TOTAL
\$ 184,723	\$ 9,035	\$ 1,612	\$ 42,116	\$ 7,640,120	\$ 19,082,038
-	-	-	-	-	7,480
-	-	-	-	1,449,019	1,631,227
<u>\$ 184,723</u>	<u>\$ 9,035</u>	<u>\$ 1,612</u>	<u>\$ 42,116</u>	<u>\$ 9,089,139</u>	<u>\$ 20,720,745</u>
\$ -	\$ 9,035	\$ -	\$ -	\$ -	\$ 493,099
-	-	-	-	-	9,102,161
2,515	-	1,612	42,116	9,089,139	9,232,309
182,208	-	-	-	-	1,631,227
<u>\$ 184,723</u>	<u>\$ 9,035</u>	<u>\$ 1,612</u>	<u>\$ 42,116</u>	<u>\$ 9,089,139</u>	<u>\$ 20,458,796</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,949</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,949</u>

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 CUSTODIAL FUNDS
 DECEMBER 31, 2020

	L.E.O.S.E. Fund	Road & Bridge Fund	Sheriff Bond Fund	Sheriff Forfeiture Fund	Juvenile & Adult Probation Fund
ADDITIONS					
Tax Collections for Other					
Governments	\$ -	\$ -	\$ -	\$ -	\$ -
Held for Others	2,316	207,223	21,250	7,620	566,241
Investment Earnings	-	1,591	-	212	3,037
Total Additions	<u>2,316</u>	<u>208,814</u>	<u>21,250</u>	<u>7,832</u>	<u>569,278</u>
DEDUCTIONS					
Payments to Other Governments	-	-	-	-	-
Payments to Individuals	<u>215</u>	<u>208,814</u>	<u>4,750</u>	<u>7,832</u>	<u>601,375</u>
Total Deductions	<u>215</u>	<u>208,814</u>	<u>4,750</u>	<u>7,832</u>	<u>601,375</u>
Change in Net Position	2,101	-	16,500	-	(32,097)
Total Net Position - Beginning	<u>27,873</u>	<u>-</u>	<u>76,984</u>	<u>-</u>	<u>170,588</u>
Total Net Position - Ending	<u>\$ 29,974</u>	<u>\$ -</u>	<u>\$ 93,484</u>	<u>\$ -</u>	<u>\$ 138,491</u>

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

EXHIBIT H-10

Justice of the Peace #1 Fund	Justice of the Peace #2 Fund	Justice of the Peace #4 Fund	Justice of the Peace #5 Fund	County Clerk Fund	District Clerk Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90,302	14,766	46,912	202,841	311,499	268,755
-	-	-	-	-	-
<u>90,302</u>	<u>14,766</u>	<u>46,912</u>	<u>202,841</u>	<u>311,499</u>	<u>268,755</u>
-	-	-	-	-	-
90,302	14,766	46,912	202,841	311,499	268,755
<u>90,302</u>	<u>14,766</u>	<u>46,912</u>	<u>202,841</u>	<u>311,499</u>	<u>268,755</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 CUSTODIAL FUNDS
 DECEMBER 31, 2020

	County Attorney Fund	District Attorney Fund	Sheriff's Work Release Fund	Tax Assessor- Collector-Tax Fund	Tax Assessor- Collector-Highway Fund
ADDITIONS					
Tax Collections for Other					
Governments	\$ -	\$ -	\$ -	\$ 44,374,637	\$ -
Held for Others	11,112	62,850	-	-	4,447,381
Investment Earnings	-	-	23	-	-
Total Additions	<u>11,112</u>	<u>62,850</u>	<u>23</u>	<u>44,374,637</u>	<u>4,447,381</u>
DEDUCTIONS					
Payments to Other Governments	-	-	-	44,374,637	-
Payments to Individuals	<u>11,112</u>	<u>62,850</u>	<u>23</u>	<u>-</u>	<u>4,447,381</u>
Total Deductions	<u>11,112</u>	<u>62,850</u>	<u>23</u>	<u>44,374,637</u>	<u>4,447,381</u>
Change in Net Position	-	-	-	-	-
Total Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

EXHIBIT H-10

Tax Assessor- Collector-Dealer Escrow Fund	Tax Assessor- Collector-Office Expense Fund	Sheriff Fund	Auditor's Auto Registration Fund	Auditor's Ad Valorem Fund	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 13,944,608	\$ 58,319,245
182,207	44,268	14,806	362,815	-	6,865,164
-	-	68	-	-	4,931
<u>182,207</u>	<u>44,268</u>	<u>14,874</u>	<u>362,815</u>	<u>13,944,608</u>	<u>65,189,340</u>
-	-	-	-	13,944,608	58,319,245
<u>182,207</u>	<u>44,268</u>	<u>14,874</u>	<u>362,815</u>	<u>-</u>	<u>6,883,591</u>
<u>182,207</u>	<u>44,268</u>	<u>14,874</u>	<u>362,815</u>	<u>13,944,608</u>	<u>65,202,836</u>
-	-	-	-	-	(13,496)
-	-	-	-	-	275,445
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,949</u>

OTHER SCHEDULES

HOCKLEY COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
DECEMBER 31, 2020

YEAR LEVIED OCTOBER 1,	YEAR BUDGETED DECEMBER 31,	TAX RATES		ASSESSED/ APPRAISED VALUE FOR TAX PURPOSES
		LOCAL	DEBT SERVICE	
2011 AND PRIOR	2012 AND PRIOR	\$ VARIOUS	\$ VARIOUS	\$ VARIOUS
2012	2013	\$ 0.27541	\$ 0.04126	\$ 4,306,993,240
2013	2014	\$ 0.30640	\$ 0.04406	\$ 4,007,382,865
2014	2015	\$ 0.30442	\$ 0.04392	\$ 4,019,050,641
2015	2016	\$ 0.40055	\$ 0.56780	\$ 3,020,899,109
2016	2017	\$ 0.56409	\$ 0.00000	\$ 2,124,056,018
2017	2018	\$ 0.53388	\$ 0.00000	\$ 2,293,764,239
2018	2019	\$ 0.53361	\$ 0.00000	\$ 2,442,812,183
2019	2020	\$ 0.52867	\$ 0.00000	\$ 2,627,212,870
2020	2021	\$ 0.54225	\$ 0.00000	\$ 2,570,391,968

TOTALS

EXHIBIT J-1

BEGINNING BALANCE 1/01/2020	CURRENT YEAR'S TOTAL LEVY	COLLECTIONS		ADJUST- MENTS	ENDING BALANCE 12/31/2020
		LOCAL	DEBT SERVICE		
\$ 71,527	\$ -	\$ 1,916	\$ 112	\$ (2,550)	\$ 66,949
11,569	-	977	158	(436)	9,998
12,709	-	1,330	199	(31)	11,149
19,540	-	2,223	320	(122)	16,875
37,262	-	3,839	554	(180)	32,689
70,383	-	20,414	-	(2,015)	47,954
88,459	-	28,457	-	(2,235)	57,767
170,505	-	72,375	-	(12,793)	85,337
9,162,827	-	8,953,614	-	4,011	213,224
-	14,275,413	4,704,385	-	(3,884)	9,567,144
<u>\$ 9,644,781</u>	<u>\$ 14,275,413</u>	<u>\$ 13,789,530</u>	<u>\$ 1,343</u>	<u>\$ (20,235)</u>	<u>\$ 10,109,086</u>

HOCKLEY COUNTY, TEXAS
 RECONCILIATION OF CURRENT TAX COLLECTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Taxes Assessed
2020 Adjusted Tax Roll	\$ 14,275,413
Less: Current Tax Collections	(4,704,385)
Plus: Current Year Adjustments	(3,884)
<i>Current Taxes Receivable</i>	\$ 9,567,144
 Percent of current taxes collected through December 31, 2020	 32.95%

HOCKLEY COUNTY, TEXAS
RECONCILIATION OF DELINQUENT TAX COLLECTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

Delinquent Taxes Receivable - January 1, 2020	\$	481,954
Plus: Taxes Transferred to Delinquent Roll - September 30, 2020		
Current Taxes Receivable - January 1, 2020	\$	9,162,827
Less: Tax Collections January through September, 2020		(8,947,508)
Plus: Net Adjustments and Supplements		4,497
2019 Taxes Transferred to Delinquent Roll - September 30, 2020		219,816
Available for Collection	\$	701,770
More: Adjustments		809
Less: Write-Offs per State Statutes		-
Less: Prior Year Refund Collections		(772)
Less: Tax Collections January through September, 2020		(104,765)
Less: Tax Collections October through December, 2020		(55,100)
<i>Delinquent Taxes Receivable - December 31, 2020</i>	\$	541,942

HOCKLEY COUNTY, TEXAS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
DECEMBER 31, 2020

Name of Depository	Pledged Collateral	Name and Location of Custodian	Fair Market Value December 31, 2020
First Bank & Trust	FHR 4816 VE Matures 09/15/2029	Raymond James St. Petersburg, FL	3,377,337
First Bank & Trust	FHR 4764 NA Matures 07/15/2045	Raymond James St. Petersburg, FL	1,395,862
First Bank & Trust	FNR 2017-61 NB Matures 11/25/2045	Raymond James St. Petersburg, FL	3,410,624
First Bank & Trust	FHR 4910 DA Matures 03/15/2049	Raymond James St. Petersburg, FL	4,625,869
First Bank & Trust	FHR 4821 MA Matures 10/15/2053	Raymond James St. Petersburg, FL	2,818,936
First Bank & Trust	FHMS K717 A2 Matures 09/25/2021	Raymond James St. Petersburg, FL	3,481,360
First Bank & Trust	FHMS K030 A2 Matures 04/25/2023	Raymond James St. Petersburg, FL	2,118,499
First Bank & Trust	TEXAS ST A & M UNIV REVENUES Matures 05/15/2039	Raymond James St. Petersburg, FL	5,038,548
First Bank & Trust	YSLETA TX INDEP SCH DIST Matures 08/15/2045	Raymond James St. Petersburg, FL	3,492,005
			\$ 29,759,040

HOCKLEY COUNTY, TEXAS
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2020

Company	Policy Number	Policy Period		Type of Insurance
		From	To	
Texas Association of Counties	CAS-1100-2019401-1	04/01/20	04/01/21	General Liability
Texas Association of Counties	CAS-1100-2019401-1	04/01/20	04/01/21	Liability, B.I.P.D., Uninsured, Underinsured
West Texas Rural Counties Asso Preferred Risk Pool Fund	MIA1030817HOCK	03/22/19	03/22/20	Property Insurance
Texas Association of Counties	PR-1100-20200322-1	03/22/20	07/01/20	Property Insurance Mobile Equipment
Texas Association of Counties	PR-1100-20200322-1	07/01/20	07/01/21	Property Insurance Mobile Equipment
Texas Association of Counties	CAS-1100-2019401-1	04/01/20	04/01/21	Public Officials and Employee Liability
Texas Association of Counties	CAS-1100-2019401-1	04/01/20	04/01/21	Crime Coverage
Texas Association of Counties	CAS-1100-2019401-1	04/01/20	04/01/21	Law Enforcement Liability Policy
Texas Assoc. of Counties	CAS-1100-2019401-1	04/01/20	04/01/21	Juvenile Prob/Co Judge
Chubb Inland Marine Insurance	0664-04-25WCE	03/23/20	03/23/21	Comprehensive Property Damage/Per Accident
Texas Association of Counties	WC 1100 2019 01 01	01/01/20	01/01/21	Worker's Compensation
Insure All Inc	18242784	01/12/20	01/12/21	Errors and Omissions
National District Attorneys	CEM 701	04/01/20	04/01/21	Professional Liability
TLIE Texas Lawyers Insurance	90251	12/06/20	12/06/21	Judge's Professional Liability

EXHIBIT J-5

Type of Coverage	Co-Insurance	Coverage Amount	Premium
Commercial General Personal and Advers. Injury Fire Damage	No Deductible	\$ 1,000,000	\$ 6,015
Auto Fleet		\$ 250,000 Per Endorsement	\$ 10,434
Fire, E. C., M. M., Van.	\$5,000 Deductible	\$ 62,411,068	\$ 117,230
	\$25,000 Wind & Hail	\$ 4,082,500	
All risks of direct physical loss of or direct physical damage to Member Property	\$10,000 Deductible	\$ 62,411,068	\$ 28,680
	\$5,000 Deductible	As Scheduled	\$ 3,948
All risks of direct physical loss of or direct physical damage to Member Property	\$10,000 Deductible	\$ 62,411,068	\$ 103,738
	\$5,000 Deductible	As Scheduled	\$ 14,175
Public Officials and Employees Liability	\$10,000 Deductible	\$ 2,000,000	\$ 14,968
Cyber, Counterfeit, Forgery, Dishonesty, Computer Fraud	\$1,000 Deductible	\$ 100,000	\$ 1,531
Comprehensive Law (Police) Enforcement Liability	\$20,000 Deductible	\$ 2,000,000 Each Wrongful Act	\$ 16,033
Physical Damage, Collision	\$500 Deductible	Damages	\$ 19,660
Computer and Printers Electronic Equipment	\$1,000 Deductible	\$ 442,973	\$ 5,050
Employees	No Deductible	Unlimited	\$ 75,786
Notary Public Comprehensive		\$ 20,000	\$ 422
Lawyers	\$5,000 Deductible	\$ 100,000/300,000	\$ 1,661
District Judge Liability Michael "Pat" Phelan	\$1,000 Deductible	\$ 1,000,000	\$ 1,500
			<u>\$ 420,831</u>

HOCKLEY COUNTY, TEXAS
SURETY BOND SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2020

Name	Policy Number	Effective Dates	
		Beginning	Ending
Kenny Greenlee	63019040	01/01/17	01/01/21
Lance Scott	54939425	08/28/19	08/28/20
Robert Dalton	54939536	04/13/19	Continuous
E. Jennifer Kinney	13748653	10/21/70	12/31/20
Toney Cowan	64905778	12/18/19	Indefinite
Bonnie Sue Coker	LPO1136525	01/04/19	01/01/23
Linda Canon	54939508	01/01/19	01/01/23
Brenda Nock	54939500	01/01/18	01/01/22
Nina Perez	63119366	03/16/17	Continuous
Curtis Thrash	POB2104895	01/07/19	01/01/23
Larry R. Carter	LPO1136526	01/01/19	01/01/23
J.L. Whitey Barnett	93QS20269	01/01/17	12/31/20
Tommy Clevenger	15863951	01/01/19	01/01/22
Jennifer Lomas	63631336	04/01/19	Continuous
Janie Salazar	15863956	01/01/17	Continuous
Anna Garza	54939539	04/11/19	Continuous
Jennifer Nicole Palermo	63668157	01/06/18	01/01/22
Pamela Dee Kiser	63631296	04/01/20	Continuous
Tammy Barron	62053889	02/21/20	Continuous
Denise Bohannon	14381676	01/01/19	01/01/22
Brandon Walters	54939537	05/02/19	Continuous
Anna Hord	54939424	01/10/20	01/10/21
Stacy Schulle	15865339	06/29/17	Continuous
Veronica Quintanilla	54939151	06/29/17	Continuous
Rita Kay Caroland	54939150	06/29/17	Continuous
Landon Durham	62054058	06/03/14	Continuous
Cody Salazar	54939466	07/02/17	07/02/18
Larry Cardena	64757294	08/13/19	Indefinite
Margaret Jeffcoat	61746089	07/05/17	07/05/21
David Lee Olivo	61871364	11/13/13	Continuous
Melissa Lynn Hodge	71963442	08/28/17	Continuous
Sylvia Ann Garza	64498087	01/16/19	Continuous
Melissa Duran	62278026	01/15/19	01/15/20
Whitney Poston Henderson	72092886	11/01/18	Continuous
Dominique Abercrombie	72092838	10/31/18	Continuous

EXHIBIT J-6

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

HOCKLEY COUNTY, TEXAS
 SURETY BOND SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2020

Name	Policy Number	Effective Dates	
		Beginning	Ending
Tammy Castro	64498070	01/16/19	Indefinite
Yvonne Lanelle Gipson	70468387	02/20/19	43881
Debra C Bramlett	61379351	07/02/16	07/02/20
Linda Sehon	14383630	11/29/17	Continuous
Melissa Duran	62278026	01/15/20	01/15/21
Ann marie Castellano	72249108	03/10/20	Indefinite
Karissa Ann Pompa	72249113	03/10/20	Indefinite
Tristan Volanos	65119984	06/24/20	Indefinite
Misty Taylor	65119968	06/24/20	Indefinite
Nina Perez	65119997	06/24/20	Indefinite
Norman Moore	54939509	08/11/19	08/11/20
Scott Winn	54939530	08/11/16	Continuous
Tammy Mosteller	54939531	08/11/16	Continuous
Lora Dockery	68501272	06/06/19	Continuous
Lisa G Richardson	61241858	01/03/17	Continuous
Shirley Penner	63614843	04/18/18	04/16/22
Sharla Baldrige	62899997	12/31/18	12/31/21
Dennis Price	14381670	01/01/19	12/31/22
Gary Goff	64800368	09/17/19	Indefinite
Cheryl Smart	71165526	09/09/19	09/09/20
Ray Scifres	63019040	01/01/17	01/01/21
Angela Overman	64877670	11/08/19	11/08/20
Mark Miller	65014939	03/10/20	03/10/21

EXHIBIT J-6

Office	Bond Amount	Bonding Company
Deputy Tax Clerk	10,000.00	Western Surety Company
Deputy Tax Assessor-Collector	10,000.00	Western Surety Company
Tax Collector-Assessor	100,000.00	Western Surety Company
Deputy Tax Collector	10,000.00	Western Surety Company
Macha Insurance	10,000.00	Western Surety Company
Deputy Tax Collector	10,000.00	Western Surety Company
Deputy Tax Collector	10,000.00	Western Surety Company
Deputy	10,000.00	Western Surety Company
Book Keeper	10,000.00	Western Surety Company
Deputy	10,000.00	Western Surety Company
Juv Prob Officer	10,000.00	Western Surety Company
Chief Asst. Juv Prob Officer	10,000.00	Western Surety Company
Asst Probation Officer	10,000.00	Western Surety Company
Deputy Tax Collector	10,000.00	Western Surety Company
Deputy Tax Collector	10,000.00	Western Surety Company
Hockley County Auditor	5,000.00	Western Surety Company
County Judge	100,000.00	Western Surety Company
Hockley County District Clerk	25,000.00	Western Surety Company
Assistant District Attorney	5,000.00	Western Surety Company
Elections Admin	10,000.00	Western Surety Company
Hockley County Sheriff	10,000.00	Western Surety Company
Hockley County District Attorney	5,000.00	Western Surety Company
Hockley County Sheriff's Office Jailer	10,000.00	Bradley Insurance Agency

INTERNAL CONTROL AND COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hockley County, Texas (County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Hockley County, Texas' basic financial statements, and have issued our report thereon dated October 4, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hockley County, Texas' 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*.



Purpose of this Report

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

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

CMMS CPAs & Advisors, PLLC

CMMS CPAs & Advisors, PLLC
Levelland, Texas
October 4, 2021