

HOCKLEY COUNTY, TEXAS

FINANCIAL STATEMENTS

DECEMBER 31, 2021

HOCKLEY COUNTY, TEXAS

COUNTY OFFICIALS

Sharla D. Baldrige County Judge
Alan Wisdom Commissioner, Precinct 1
Larry Carter Commissioner, Precinct 2
Seth Graf Commissioner, Precinct 3
Tommy Clevenger Commissioner, Precinct 4
Anna Hord County Attorney
Jennifer N. Palermo County Clerk
Kelli Martin 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
Mike Richardson Justice of the Peace #2
Larry Wood Justice of the Peace #4
Christopher D. Lawless Justice of the Peace #5

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Opinions

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 (County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the 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 the County, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may



involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

The County 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hockley's basic financial statements. The identify accompanying supplementary information such as the combining and individual nonmajor fund financial statements, fiduciary funds, other schedules and schedule of expenditures of state awards, as required by the Texas Uniform Grant Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the identify accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

EMMS CPAs and Advisors, PLLC

Levelland, Texas
September 19, 2022

BASIC FINANCIAL STATEMENTS

HOCKLEY COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2021

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 17,592,070	\$ 89,982	\$ 17,682,052
Taxes Receivable, Net	9,979,169	-	9,979,169
Due from Other Funds	9,249,254	-	9,249,254
Due from Others	5,278	-	5,278
Prepaid Items	73,550	-	73,550
Capital Assets:			
Land Purchase and Improvements	300,729	-	300,729
Infrastructure, Net	1,319,969	-	1,319,969
Buildings, Net	16,918,709	-	16,918,709
Furniture and Equipment, Net	5,269,142	-	5,269,142
Total Assets	<u>60,707,870</u>	<u>89,982</u>	<u>60,797,852</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	2,020,394	-	2,020,394
Total Deferred Outflows of Resources	<u>2,020,394</u>	<u>-</u>	<u>2,020,394</u>
LIABILITIES			
Accounts Payable	369,311	-	369,311
Intergovernmental Payable	1,034	-	1,034
Noncurrent Liabilities:			
Net Pension Liability	1,924,534	-	1,924,534
Total Liabilities	<u>2,294,879</u>	<u>-</u>	<u>2,294,879</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	1,454,846	-	1,454,846
Total Deferred Inflows of Resources	<u>1,454,846</u>	<u>-</u>	<u>1,454,846</u>
NET POSITION			
Net Investment in Capital Assets	23,808,549	-	23,808,549
Restricted:			
Debt Service	121,182	-	121,182
Highways and Streets	3,776,808	-	3,776,808
Courthouse Projects	592,455	-	592,455
Records Management/Retention	443,169	-	443,169
Federal Grants Restriction	2,146,263	-	2,146,263
Unrestricted	28,090,113	89,982	28,180,095
Total Net Position	<u>\$ 58,978,539</u>	<u>\$ 89,982</u>	<u>\$ 59,068,521</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, 2021

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 7,013,198	\$ 544,521	\$ 2,466,479	\$ -
Public Safety	4,612,336	234,159	26,362	-
Highways and Streets	4,160,656	361,537	-	856,777
Health and Welfare	629,390	860,631	-	-
Culture and Recreation	1,446,976	351,278	-	-
Total Governmental Activities	<u>17,862,556</u>	<u>2,352,126</u>	<u>2,492,841</u>	<u>856,777</u>
BUSINESS-TYPE ACTIVITIES:				
Sheriff Commissary Fund	43,682	23,437	-	-
Inmate Trust Fund	110,060	150,301	-	-
Total Business-Type Activities	<u>153,742</u>	<u>173,738</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 18,016,298</u>	<u>\$ 2,525,864</u>	<u>\$ 2,492,841</u>	<u>\$ 856,777</u>

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

Grants and Contributions Not Restricted

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
\$ (4,002,198)	\$ -	\$ (4,002,198)
(4,351,815)	-	(4,351,815)
(2,942,342)	-	(2,942,342)
231,241	-	231,241
(1,095,698)	-	(1,095,698)
<u>(12,160,812)</u>	<u>-</u>	<u>(12,160,812)</u>
-	(20,245)	(20,245)
-	40,241	40,241
-	19,996	19,996
<u>(12,160,812)</u>	<u>19,996</u>	<u>(12,140,816)</u>
11,536,722	-	11,536,722
1,599	-	1,599
2,419,494	-	2,419,494
116,777	-	116,777
145,902	-	145,902
3,806	-	3,806
895,071	-	895,071
65,038	501	65,539
441,630	-	441,630
<u>15,626,039</u>	<u>501</u>	<u>15,626,540</u>
3,465,227	20,497	3,485,724
55,513,312	69,485	55,582,797
<u>\$ 58,978,539</u>	<u>\$ 89,982</u>	<u>\$ 59,068,521</u>

HOCKLEY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Permanent Improvement Fund	COVID-19 SLFRF Fund
ASSETS			
Cash and Cash Equivalents	\$ 8,752,416	\$ 2,590,968	\$ 2,146,263
Taxes Receivable	7,236,467	584,320	-
Allowance for Uncollectible Taxes (credit)	(848,110)	(68,483)	-
Due from Other Funds	6,584,698	524,417	-
Due from Others	-	-	-
Prepaid Items	43,575	-	-
Total Assets	<u>\$ 21,769,046</u>	<u>\$ 3,631,222</u>	<u>\$ 2,146,263</u>
LIABILITIES			
Accounts Payable	\$ 261,057	\$ -	\$ -
Intergovernmental Payable	1,034	-	-
Total Liabilities	<u>262,091</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	6,388,357	515,837	-
Total Deferred Inflows of Resources	<u>6,388,357</u>	<u>515,837</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
Federal or State Funds Grant Restriction	-	-	2,146,263
Debt Service	-	-	-
Highways and Streets	-	-	-
Courthouse Projects	-	-	-
Records Management/Preservation	-	-	-
Committed Fund Balance:			
Construction	-	3,115,385	-
Other Committed	-	-	-
Unassigned	15,118,598	-	-
Total Fund Balances	<u>15,118,598</u>	<u>3,115,385</u>	<u>2,146,263</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 21,769,046</u>	<u>\$ 3,631,222</u>	<u>\$ 2,146,263</u>

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

Other Funds	Total Governmental Funds
\$ 4,101,560	\$ 17,591,207
2,320,799	10,141,586
(271,995)	(1,188,588)
2,140,139	9,249,254
5,278	5,278
29,975	73,550
<u>\$ 8,325,756</u>	<u>\$ 35,872,287</u>
\$ 108,254	\$ 369,311
-	1,034
<u>108,254</u>	<u>370,345</u>
2,048,804	8,952,998
<u>2,048,804</u>	<u>8,952,998</u>
-	2,146,263
121,182	121,182
3,776,808	3,776,808
592,455	592,455
443,169	443,169
23,086	3,138,471
1,044,592	1,044,592
167,406	15,286,004
<u>6,168,698</u>	<u>26,548,944</u>
<u>\$ 8,325,756</u>	<u>\$ 35,872,287</u>

HOCKLEY COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2021

Total Fund Balances - Governmental Funds	\$	26,548,944
<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 net position.</p>		
		863
<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) and in the governmental activities is to increase net position.</p>		
		24,942,912
<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 2021 capital outlays and debt principal payments is to increase net position.</p>		
		935,885
<p>Included in the noncurrent assets is the recognition of the County's net pension liability required by GASB 68 in the amount of (\$1,924,534), a deferred resource inflow in the amount of (\$1,454,846), and a deferred resource outflow in the amount of \$2,020,394. This resulted in an decrease in net position by (\$1,358,986).</p>		
		(1,358,986)
<p>The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(2,070,248)
<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>		
		9,979,169
Net Position of Governmental Activities	\$	58,978,539

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, 2021

	General Fund	Permanent Improvement Fund	COVID-19 SLFRF Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 10,069,710	\$ 804,768	\$ -
Other Taxes	116,777	-	-
Licenses and Permits	12	-	-
Intergovernmental Revenue and Grants	243,880	-	2,235,780
Charges for Services	642,654	-	-
Fines	-	-	-
Forfeits	-	-	-
Investment Earnings	30,240	11,964	3,675
Rents and Royalties	173,891	-	-
Contributions & Donations from Private Sources	-	-	-
Other Revenue	404,615	-	-
Total Revenues	<u>11,681,779</u>	<u>816,732</u>	<u>2,239,455</u>
EXPENDITURES:			
Current:			
General Government	5,178,485	242,057	64,707
Public Safety	4,363,856	-	28,485
Highways and Streets	-	-	-
Health and Welfare	-	-	-
Culture and Recreation	38,387	-	-
Capital Outlay:			
Capital Outlay	231,140	-	-
Total Expenditures	<u>9,811,868</u>	<u>242,057</u>	<u>93,192</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,869,911</u>	<u>574,675</u>	<u>2,146,263</u>
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	44,384	-	-
Transfers In	5,080,588	-	-
Transfers Out (Use)	(5,905,588)	-	-
Total Other Financing Sources (Uses)	<u>(780,616)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,089,295	574,675	2,146,263
Fund Balance - December 31, 2020	<u>14,029,303</u>	<u>2,540,710</u>	<u>-</u>
Fund Balance - December 31, 2021	<u>\$ 15,118,598</u>	<u>\$ 3,115,385</u>	<u>\$ 2,146,263</u>

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

Other Funds	Total Governmental Funds
\$ 3,200,804	\$ 14,075,282
-	116,777
361,525	361,537
869,958	3,349,618
1,113,736	1,756,390
131,463	131,463
102,696	102,696
19,159	65,038
20	173,911
3,806	3,806
316,545	721,160
<u>6,119,712</u>	<u>20,857,678</u>
970,186	6,455,435
235,669	4,628,010
3,388,943	3,388,943
629,390	629,390
925,209	963,596
<u>1,241,998</u>	<u>1,473,138</u>
<u>7,391,395</u>	<u>17,538,512</u>
<u>(1,271,683)</u>	<u>3,319,166</u>
934,499	978,883
825,000	5,905,588
-	(5,905,588)
<u>1,759,499</u>	<u>978,883</u>
487,816	4,298,049
<u>5,680,882</u>	<u>22,250,895</u>
<u>\$ 6,168,698</u>	<u>\$ 26,548,944</u>

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, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	4,298,049
<p>The county uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to (decrease) the change in net position.</p>		
		(880)
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase the change in net position.</p>		
		935,885
<p>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 12/31/20 caused change in the ending net position to increase in the amount of \$728,526. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$722,632). The County's reported TCDRS net pension expense had to be recorded. The net position expense increased the change in net position by \$268,092. The result of those changes is to increase the change in net position by \$273,986.</p>		
		273,986
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.</p>		
		(2,070,248)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase the change in net position.</p>		
		28,435
Change in Net Position of Governmental Activities	\$	3,465,227

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 89,982	\$ 863
Total Assets	89,982	863
NET POSITION		
Unrestricted	89,982	863
Total Net Position	\$ 89,982	\$ 863

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, 2021

EXHIBIT D-2

	Business-Type Activities	Governmental Activities
	Total	
	Enterprise	Internal
	Funds	Service Fund
OPERATING REVENUES:		
Charges for Services	\$ 173,738	\$ 30
Total Operating Revenues	173,738	30
OPERATING EXPENSES:		
Other Operating Costs	32,119	920
Supplies	121,623	-
Total Operating Expenses	153,742	920
Operating Income (Loss)	19,996	(890)
NONOPERATING REVENUES (EXPENSES):		
Investment Earnings	501	10
Total Nonoperating Revenue (Expenses)	501	10
Change in Net Position	20,497	(880)
Total Net Position - December 31, 2020	69,485	1,743
 Total Net Position - December 31, 2021	 \$ 89,982	 \$ 863

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, 2021

EXHIBIT D-3

	Business-Type Activities	Governmental Activities
	Total	
	Enterprise	Internal
	Funds	Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 173,738	\$ 30
Cash Payments for Suppliers	(121,623)	-
Cash Payments for Other Operating Expenses	(32,119)	(920)
Net Cash Provided by (Used for) Operating Activities	19,996	(890)
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	501	10
Net Increase (Decrease) in Cash and Cash Equivalents	20,497	(880)
Cash and Cash Equivalents at Beginning of the Year	69,485	1,743
Cash and Cash Equivalents at the End of the Year	\$ 89,982	\$ 863

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, 2021

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 20,928,989
Taxes Receivable	8,482
Due from Fiduciary Funds	2,595,416
Total Assets	23,532,887
LIABILITIES	
Held for Others	471,208
Due to Other Governments	10,855,635
Due to Other Funds	9,249,254
Due to Fiduciary Funds	2,595,416
Total Liabilities	23,171,513
NET POSITION	
Individuals, Organizations, and Other Governments	361,374
Total Net Position	\$ 361,374

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

HOCKLEY COUNTY, TEXAS
STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Custodial Funds
<hr/>	
ADDITIONS:	
Tax Collections for Other Governments	\$ 76,060,691
Held for Others	1,985,221
Investment Earnings	130,760
Total Additions	<u>78,176,672</u>
DEDUCTIONS:	
Payments to Other Governments	76,550,171
Payments to Individuals	1,527,076
Total Deductions	<u>78,077,247</u>
Net Change in Fiduciary Net Position	99,425
Total Net Position - December 31, 2020	<u>261,949</u>
Total Net Position - December 31, 2021	<u><u>\$ 361,374</u></u>

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

Blended Component Unit

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

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

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

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of 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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021, the County contributed \$281,203 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, 2021

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 23, 2021, in accordance with the above process. The final fiscal 2021 budget revision was adopted by the Commissioners' Court on August 23, 2021.
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.

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 2021 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, 2021, Hockley County had restricted cash in the amount of \$92,673 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.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Cont.)

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, 2021 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, 2021 are as follows:

	First Bank & Trust
Carrying Amounts:	
Demand Deposits	\$ <u>22,202,423</u>
Total Public Funds on Deposit	<u>22,202,423</u>
Less FDIC Coverage	<u>(250,000)</u>
Amount to be Collateralized	21,952,423
Collateralization by Institution	<u>(40,000,000)</u>
Under (Over) Collateralized	<u>\$ (18,047,577)</u>

NOTE 3 - CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended December 31, 2021 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>13,429,798</u>	<u>1,473,138</u>	<u>(747,235)</u>	<u>14,155,701</u>
Totals at Historic Cost	<u>61,496,561</u>	<u>1,473,138</u>	<u>(747,235)</u>	<u>62,222,464</u>
Less Accumulated Depreciation:				
Infrastructure – Roads	(5,357,190)	(96,800)	-	(5,453,990)
Buildings	(23,116,757)	(956,609)	-	(24,073,366)
Machinery and Equipment	<u>(8,079,702)</u>	<u>(1,016,839)</u>	<u>209,982</u>	<u>(8,886,559)</u>
Total Accumulated Depreciation	<u>(36,553,649)</u>	<u>(2,070,248)</u>	<u>209,982</u>	<u>(38,413,915)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 24,942,912</u>	<u>\$ (597,110)</u>	<u>\$ (537,253)</u>	<u>\$ 23,808,549</u>

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

General Government	\$ 598,039
Public Safety	139,128
Highways and Streets	835,004
Culture and Recreation	<u>498,077</u>
Total	<u>\$ 2,070,248</u>

Hockley County's business-type activities had no capital assets as of December 31, 2021.

HOCKLEY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021

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>\$ 6,584,698</u>	<u>\$ 336</u>	<u>\$ 2,664,220</u>	<u>\$ 9,249,254</u>
Totals	<u>\$ 6,584,698</u>	<u>\$ 336</u>	<u>\$ 2,664,220</u>	<u>\$ 9,249,254</u>

During the year ended December 31, 2021, the County transferred \$500,000 from the General Fund to the Mallet MPEC Operating Fund for general operation purposes, \$325,000 from the General fund to the Jury fund for general operation purposes.

NOTE 5 - PROPERTY TAXES

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

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

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

The County's fiscal year is the calendar year, while the tax years have a September 30 year end. This overlap in fiscal year requires the County to recognize the 2021 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 2021 tax levy is reported as a tax receivable and a deferred inflow in the governmental funds.

The tax rates for the 2021 fiscal year (2020 and 2021 tax levies) are \$0.54625 and \$0.59688 per \$100 assessed value for County operations, respectively. The maximum allowable tax rate for the County is \$1.10 for each \$100 assessed value. The County is subject to a tax rate rollback if the total amount of property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceding year, as defined by statute, by 3.5%.

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 5 - PROPERTY TAXES (Cont.)

The original appraised taxable values upon which the 2020 and 2021 tax levies are based are \$2,570,391,968 and \$2,311,898,512, respectively, resulting in tax levies of \$14,275,413 and \$13,832,053 respectively after supplemental adjustments made by the Hockley County Appraisal District. The County has collected approximately 96.59% of 2020's tax levy and 98.57% of 2021's levy as of December 31, 2021.

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

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

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

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 2021, the County paid approximately \$1,824,701 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 2021 fiscal year reported \$30 in operating revenues, \$920 in expenditures and \$10 in interest income in the fund. The fund has a cash balance of \$863 at December 31, 2021.

NOTE 7 - 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 830 nontraditional defined pension plans from various county and district governmental entities statewide. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon request through TCDRS, PO Box 2034, Austin, TX 78768-2034, or through the www.tcdrs.org website.

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

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

HOCKLEY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021

NOTE 7 - PENSION PLAN (Cont.)

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

Employees covered by benefit terms.

At December 31, 2020 valuation and measurement date, the following employees were covered by the benefits terms:

Inactive employees entitled to but not yet receiving benefits	109
Inactive employees receiving benefits	106
Active employees	<u>121</u>
Total	<u>336</u>

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

Employees for the Hockley County are required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the County were 13.89% and 14.00% in calendar 2020 and 2021, respectively. The County’s contributions to TCDRS for the year ended December 31, 2021 were \$728,526 and were equal to the required contributions.

Net Pension Liability – Hockley County’s Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date. The December 31, 2020 actuarial valuation is the most recent valuation.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation using following actuarial assumptions:	
Inflation	2.75%
Overall payroll growth	3.25%
Investment Rate of Return	7.50%

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 7 - PENSION PLAN (Cont.)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Inflation)
US Equities	11.50%	4.25%
Private Equity	25.00%	7.25%
Global Equities	2.50%	4.55%
International Equities - Developed	5.00%	4.25%
International Equities - Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships (MLPs)	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Hedge Funds	6.00%	1.85%
Cash Equivalents	<u>2.00%</u>	-0.70%
Total	100.00%	

Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/19	\$ 30,932,827	\$ 29,349,486	\$ 1,583,341
Changes for the year:			
Service cost	653,216		653,216
Interest	2,489,662		2,489,662
Change in benefit terms	-		-
Diff between expected/actual experience	(384,499)		(384,499)
Changes of assumptions	1,659,706		1,659,706
Contributions - employer	-	722,632	(722,632)
Contributions - employee	-	364,178	(364,178)
Net investment income	-	3,030,677	(3,030,677)
Benefit payments, including refunds of employee contributions	(1,732,688)	(1,732,688)	-
Administrative expenses	-	(23,191)	23,191
Other charges	-	(17,404)	17,404
Net changes	<u>2,685,397</u>	<u>2,344,204</u>	<u>341,193</u>
Balance at 12/31/20	<u>\$ 33,618,224</u>	<u>\$ 31,693,690</u>	<u>\$ 1,924,534</u>

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

HOCKLEY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 7 - PENSION PLAN (Cont.)

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	\$ 5,687,987	\$ 1,924,534	\$ (1,290,240)

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, 2021, Hockley County recognized pension expense of \$454,542.

At December 31, 2021, Hockley County reported deferred outflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 16,883	\$ 358,158
Changes in actuarial assumptions	1,274,985	-
Differences between projected and actual investment earnings (net of current year amortization)		1,096,688
Contributions subsequent to the measurement date	728,526	-
Total	\$ 2,020,394	\$ 1,054,846

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	\$ (43,839)
2022	269,199
2023	(252,213)
2024	(136,125)
2025	-
Total	\$ (162,978)

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, 2021

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 10,099,240	\$ 10,099,240	\$ 10,069,710	\$ (29,530)
Other Taxes	135,000	135,000	116,777	(18,223)
Licenses and Permits	-	-	12	12
Intergovernmental Revenue and Grants	7,500	7,500	243,880	236,380
Charges for Services	521,700	521,700	642,654	120,954
Investment Earnings	133,500	133,500	30,240	(103,260)
Rents and Royalties	79,265	79,265	173,891	94,626
Other Revenue	298,416	298,416	404,615	106,199
Total Revenues	<u>11,274,621</u>	<u>11,274,621</u>	<u>11,681,779</u>	<u>407,158</u>
EXPENDITURES:				
Current:				
General Government	5,947,436	5,947,436	5,178,485	768,951
Public Safety	4,522,895	4,522,895	4,363,856	159,039
Culture and Recreation	47,290	47,290	38,387	8,903
Capital Outlay:				
Capital Outlay	257,000	257,000	231,140	25,860
Total Expenditures	<u>10,774,621</u>	<u>10,774,621</u>	<u>9,811,868</u>	<u>962,753</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>500,000</u>	<u>500,000</u>	<u>1,869,911</u>	<u>1,369,911</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	44,384	44,384
Transfers In	5,080,588	5,080,588	5,080,588	-
Transfers Out (Use)	(5,580,588)	(5,905,588)	(5,905,588)	-
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(825,000)</u>	<u>(780,616)</u>	<u>44,384</u>
Net Change	-	(325,000)	1,089,295	1,414,295
Fund Balance - December 31, 2020	<u>14,029,303</u>	<u>14,029,303</u>	<u>14,029,303</u>	<u>-</u>
Fund Balance - December 31, 2021	<u>\$ 14,029,303</u>	<u>\$ 13,704,303</u>	<u>\$ 15,118,598</u>	<u>\$ 1,414,295</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, 2021

	2020 ⁽²⁾	2019 ⁽²⁾
Total Pension Liability		
Service cost	653,216	642,719
Interest (on the total pension liability)	2,489,662	2,385,065
Changes of benefit terms	-	-
Difference between expected and actual experience	(384,499)	(44,270)
Change of assumptions	1,659,706	-
Benefit payments, including refunds of employee contributions	(1,732,688)	(1,673,852)
Net Change in Total Pension Liability	<u>2,685,397</u>	<u>1,309,662</u>
Total Pension Liability - Beginning	<u>30,932,827</u>	<u>29,623,165</u>
Total Pension Liability - Ending (a)	<u><u>33,618,224</u></u>	<u><u>30,932,827</u></u>
Plan Fiduciary Net Position		
Contributions - employer	722,632	675,284
Contributions - employee	364,178	356,214
Net investment income	3,030,677	4,236,763
Benefit payments, including refunds of employee contributions	(1,732,688)	(1,673,852)
Administrative expense	(23,191)	(22,365)
Other	(17,404)	(17,904)
Net Change in Plan Fiduciary Net Position	<u>2,344,204</u>	<u>3,554,140</u>
Plan Fiduciary Net Position - Beginning	<u>29,349,486</u>	<u>25,795,346</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>31,693,690</u></u>	<u><u>29,349,486</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>1,924,534</u></u>	<u><u>1,583,341</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.28%	94.88%
Covered Employee Payroll	5,202,540	5,088,778
Net Pension Liability as a Percentage of Covered Employee Payroll	36.99%	31.11%

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

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

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

HOCKLEY COUNTY, TEXAS
 SCHEDULE OF CONTRIBUTIONS⁽¹⁾
 FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

HOCKLEY COUNTY, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

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	16.0 years (based on contribution rate calculated in 12/31/20 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% 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. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: Employer contributions reflect that a 10% CPI COLA was adopted. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

HOCKLEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2021

	Indigent Health Care	Jury Fund	Road & Bridge #1	Road & Bridge #2
ASSETS				
Cash and Cash Equivalents	\$ 167,406	\$ 239,911	\$ 172,771	\$ 541,814
Taxes Receivable	-	363,437	454,976	454,977
Allowance for Uncollectible Taxes (credit)	-	(42,594)	(53,323)	(53,324)
Due from Other Funds	-	326,259	422,039	422,039
Due from Others	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 167,406</u>	<u>\$ 887,013</u>	<u>\$ 996,463</u>	<u>\$ 1,365,506</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 57,144	\$ 869	\$ 1,926
Total Liabilities	<u>-</u>	<u>57,144</u>	<u>869</u>	<u>1,926</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	320,843	401,653	401,653
Total Deferred Inflows of Resources	<u>-</u>	<u>320,843</u>	<u>401,653</u>	<u>401,653</u>
FUND BALANCES				
Restricted Fund Balance:				
Debt Service	-	-	-	-
Highways and Streets	-	-	593,941	961,927
Courthouse Projects	-	509,026	-	-
Records Management/Preservation	-	-	-	-
Committed Fund Balance:				
Construction	-	-	-	-
Other Committed	-	-	-	-
Unassigned	167,406	-	-	-
Total Fund Balances	<u>167,406</u>	<u>509,026</u>	<u>593,941</u>	<u>961,927</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 167,406</u>	<u>\$ 887,013</u>	<u>\$ 996,463</u>	<u>\$ 1,365,506</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
\$ 1,138,136	\$ 188,398	\$ 20,350	\$ 6,268	\$ 86,394	\$ 19,381	\$ 112,244	\$ 26,966
454,978	454,974	-	-	137,457	-	-	-
(53,324)	(53,321)	-	-	(16,109)	-	-	-
422,040	422,041	-	140	123,365	1,599	-	171
-	-	-	-	-	-	-	-
29,975	-	-	-	-	-	-	-
<u>\$ 1,991,805</u>	<u>\$ 1,012,092</u>	<u>\$ 20,350</u>	<u>\$ 6,408</u>	<u>\$ 331,107</u>	<u>\$ 20,980</u>	<u>\$ 112,244</u>	<u>\$ 27,137</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,104	\$ -
-	-	-	-	-	-	27,104	-
401,654	401,653	-	-	121,348	-	-	-
<u>401,654</u>	<u>401,653</u>	<u>-</u>	<u>-</u>	<u>121,348</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
1,590,151	610,439	20,350	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	6,408	209,759	20,980	85,140	27,137
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,590,151</u>	<u>610,439</u>	<u>20,350</u>	<u>6,408</u>	<u>209,759</u>	<u>20,980</u>	<u>85,140</u>	<u>27,137</u>
<u>\$ 1,991,805</u>	<u>\$ 1,012,092</u>	<u>\$ 20,350</u>	<u>\$ 6,408</u>	<u>\$ 331,107</u>	<u>\$ 20,980</u>	<u>\$ 112,244</u>	<u>\$ 27,137</u>

HOCKLEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2021

	Courthouse Security	Court Technology	Road Bond Fund	Mallet Operating Fund
ASSETS				
Cash and Cash Equivalents	\$ 68,592	\$ 25,043	\$ 23,086	\$ 863,640
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Due from Other Funds	110	-	-	-
Due from Others	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 68,702</u>	<u>\$ 25,043</u>	<u>\$ 23,086</u>	<u>\$ 863,640</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 21,211
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,211</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Debt Service	-	-	-	-
Highways and Streets	-	-	-	-
Courthouse Projects	-	-	-	-
Records Management/Preservation	68,702	25,043	-	-
Committed Fund Balance:				
Construction	-	-	23,086	-
Other Committed	-	-	-	842,429
Unassigned	-	-	-	-
Total Fund Balances	<u>68,702</u>	<u>25,043</u>	<u>23,086</u>	<u>842,429</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 68,702</u>	<u>\$ 25,043</u>	<u>\$ 23,086</u>	<u>\$ 863,640</u>

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

Farmer to Market & Lateral Road	District Attorney Proceeds		Country Attorney Restitution	District Attorney Restitution	CA Pre-Trial Diversion	Total Nonmajor Special Revenue Funds	Debt Service Fund-Hospital
\$ 4,888	\$ 83,429	\$ 34,316	\$ 34,666	\$ 1,856	\$ 126,047	\$ 3,985,602	\$ 40,270
-	-	-	-	-	-	2,320,799	-
-	-	-	-	-	-	(271,995)	-
-	-	-	-	-	-	2,139,803	-
-	-	5,278	-	-	-	5,278	-
-	-	-	-	-	-	29,975	-
<u>\$ 4,888</u>	<u>\$ 83,429</u>	<u>\$ 39,594</u>	<u>\$ 34,666</u>	<u>\$ 1,856</u>	<u>\$ 126,047</u>	<u>\$ 8,209,462</u>	<u>\$ 40,270</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,254	\$ -
-	-	-	-	-	-	108,254	-
-	-	-	-	-	-	2,048,804	-
-	-	-	-	-	-	2,048,804	-
4,888	-	-	-	-	-	4,888	40,270
-	-	-	-	-	-	3,776,808	-
-	83,429	-	-	-	-	592,455	-
-	-	-	-	-	-	443,169	-
-	-	-	-	-	-	23,086	-
-	-	39,594	34,666	1,856	126,047	1,044,592	-
-	-	-	-	-	-	167,406	-
<u>4,888</u>	<u>83,429</u>	<u>39,594</u>	<u>34,666</u>	<u>1,856</u>	<u>126,047</u>	<u>6,052,404</u>	<u>40,270</u>
<u>\$ 4,888</u>	<u>\$ 83,429</u>	<u>\$ 39,594</u>	<u>\$ 34,666</u>	<u>\$ 1,856</u>	<u>\$ 126,047</u>	<u>\$ 8,209,462</u>	<u>\$ 40,270</u>

HOCKLEY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2021

	Debt Service Fund-Mallet	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 75,688	\$ 115,958	\$ 4,101,560
Taxes Receivable	-	-	2,320,799
Allowance for Uncollectible Taxes (credit)	-	-	(271,995)
Due from Other Funds	336	336	2,140,139
Due from Others	-	-	5,278
Prepaid Items	-	-	29,975
Total Assets	<u>\$ 76,024</u>	<u>\$ 116,294</u>	<u>\$ 8,325,756</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 108,254
Total Liabilities	<u>-</u>	<u>-</u>	<u>108,254</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	-	-	2,048,804
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>2,048,804</u>
FUND BALANCES			
Restricted Fund Balance:			
Debt Service	76,024	116,294	121,182
Highways and Streets	-	-	3,776,808
Courthouse Projects	-	-	592,455
Records Management/Preservation	-	-	443,169
Committed Fund Balance:			
Construction	-	-	23,086
Other Committed	-	-	1,044,592
Unassigned	-	-	167,406
Total Fund Balances	<u>76,024</u>	<u>116,294</u>	<u>6,168,698</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 76,024</u>	<u>\$ 116,294</u>	<u>\$ 8,325,756</u>

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

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Indigent Health Care	Jury Fund	Road & Bridge #1	Road & Bridge #2
REVENUES:				
Property Taxes	\$ -	\$ 500,642	\$ 626,231	\$ 625,990
Licenses and Permits	-	-	90,382	90,381
Intergovernmental Revenue and Grants	-	13,181	344,542	89,931
Charges for Services	475,000	3,656	-	-
Fines	-	-	23,084	23,084
Forfeits	-	-	-	-
Investment Earnings	1,310	1,201	1,010	1,565
Rents and Royalties	-	-	-	-
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	\$ -	\$ 1,775	\$ 71,837	\$ 113,347
Total Revenues	<u>476,310</u>	<u>520,455</u>	<u>1,157,086</u>	<u>944,298</u>
EXPENDITURES:				
General Government	-	802,029	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	980,384	724,680
Health and Welfare	629,390	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	284,500	262,000
Total Expenditures	<u>629,390</u>	<u>802,029</u>	<u>1,264,884</u>	<u>986,680</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(153,080)</u>	<u>(281,574)</u>	<u>(107,798)</u>	<u>(42,382)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	172,136	177,000
Transfers In	-	325,000	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>325,000</u>	<u>172,136</u>	<u>177,000</u>
Net Change in Fund Balance	(153,080)	43,426	64,338	134,618
Fund Balance - December 31, 2020	<u>320,486</u>	<u>465,600</u>	<u>529,603</u>	<u>827,309</u>
Fund Balance - December 31, 2021	<u>\$ 167,406</u>	<u>\$ 509,026</u>	<u>\$ 593,941</u>	<u>\$ 961,927</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
\$ 590,576	\$ 610,916	\$ 52,067	-	\$ 192,766	-	\$ -	-
90,381	90,381	-	-	-	-	-	-
220,519	201,785	-	-	-	-	-	-
-	-	-	-	1,748	7,116	92,314	4,069
23,084	23,084	36,546	2,130	451	-	-	-
-	-	-	-	-	-	-	-
4,366	816	200	51	797	99	910	152
-	-	-	-	-	-	-	-
-	-	-	-	3,806	-	-	-
\$ 69,110	\$ 54,471	\$ -	\$ 408	\$ -	\$ -	\$ -	\$ -
998,036	981,453	88,813	2,589	199,568	7,215	93,224	4,221
-	-	-	-	-	3,962	148,378	2,687
-	-	-	-	-	-	-	-
815,228	784,803	83,848	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	6,674	173,193	-	-	-
410,998	284,500	-	-	-	-	-	-
1,226,226	1,069,303	83,848	6,674	173,193	3,962	148,378	2,687
(228,190)	(87,850)	4,965	(4,085)	26,375	3,253	(55,154)	1,534
411,424	170,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
411,424	170,000	-	-	-	-	-	-
183,234	82,150	4,965	(4,085)	26,375	3,253	(55,154)	1,534
1,406,917	528,289	15,385	10,493	183,384	17,727	140,294	25,603
\$ 1,590,151	\$ 610,439	\$ 20,350	\$ 6,408	\$ 209,759	\$ 20,980	\$ 85,140	\$ 27,137

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Courthouse Security	Court Technology	Road Bond Fund	Mallet Operating Fund
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	7,861	3,356	-	433,470
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	371	166	134	3,168
Rents and Royalties	20	-	-	-
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	8,252	3,522	134	436,638
EXPENDITURES:				
General Government	594	9,457	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	745,342
Capital Outlay	-	-	-	-
Total Expenditures	594	9,457	-	745,342
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,658	(5,935)	134	(308,704)
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	3,939
Transfers In	-	-	-	500,000
Total Other Financing Sources (Uses)	-	-	-	503,939
Net Change in Fund Balance	7,658	(5,935)	134	195,235
Fund Balance - December 31, 2020	61,044	30,978	22,952	647,194
Fund Balance - December 31, 2021	\$ 68,702	\$ 25,043	\$ 23,086	\$ 842,429

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

Farmer to Market & Lateral Road	District Attorney Proceeds	Country Attorney Restitution	District Attorney Restitution	CA Pre-Trial Diversion	Total Nonmajor Special Revenue Funds	Debt Service Fund-Hospital
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,199,188	\$ -
-	-	-	-	-	361,525	-
-	-	-	-	-	869,958	-
-	74,160	-	2,066	-	8,920	1,113,736
-	-	-	-	-	-	131,463
-	-	102,696	-	-	-	102,696
28	240	828	202	12	732	18,358
-	-	-	-	-	-	20
-	-	-	-	-	-	3,806
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,314	\$ 316,262
28	74,400	103,524	2,268	12	14,966	6,117,012
-	3,079	-	-	-	-	970,186
-	-	222,480	2,174	1,382	9,633	235,669
-	-	-	-	-	-	3,388,943
-	-	-	-	-	-	629,390
-	-	-	-	-	-	925,209
-	-	-	-	-	-	1,241,998
-	3,079	222,480	2,174	1,382	9,633	7,391,395
28	71,321	(118,956)	94	(1,370)	5,333	(1,274,383)
-	-	-	-	-	-	934,499
-	-	-	-	-	-	825,000
-	-	-	-	-	-	1,759,499
28	71,321	(118,956)	94	(1,370)	5,333	485,116
4,860	12,108	158,550	34,572	3,226	120,714	5,567,288
\$ 4,888	\$ 83,429	\$ 39,594	\$ 34,666	\$ 1,856	\$ 126,047	\$ 6,052,404
						\$ 40,270

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Debt Service Fund-Mallet	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES:			
Property Taxes	\$ 1,616	\$ 1,616	\$ 3,200,804
Licenses and Permits	-	-	361,525
Intergovernmental Revenue and Grants	-	-	869,958
Charges for Services	-	-	1,113,736
Fines	-	-	131,463
Forfeits	-	-	102,696
Investment Earnings	425	801	19,159
Rents and Royalties	-	-	20
Contributions & Donations from Private Sources	-	-	3,806
Other Revenue	\$ 283	\$ 283	\$ 316,545
Total Revenues	<u>2,324</u>	<u>2,700</u>	<u>6,119,712</u>
EXPENDITURES:			
General Government	-	-	970,186
Public Safety	-	-	235,669
Highways and Streets	-	-	3,388,943
Health and Welfare	-	-	629,390
Culture and Recreation	-	-	925,209
Capital Outlay	-	-	1,241,998
Total Expenditures	<u>-</u>	<u>-</u>	<u>7,391,395</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,324</u>	<u>2,700</u>	<u>(1,271,683)</u>
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	-	-	934,499
Transfers In	-	-	825,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,759,499</u>
Net Change in Fund Balance	2,324	2,700	487,816
Fund Balance - December 31, 2020	<u>73,700</u>	<u>113,594</u>	<u>5,680,882</u>
Fund Balance - December 31, 2021	<u>\$ 76,024</u>	<u>\$ 116,294</u>	<u>\$ 6,168,698</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, 2021

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 36,607	\$ 53,375	\$ 89,982
Total Assets	<u>36,607</u>	<u>53,375</u>	<u>89,982</u>
NET POSITION			
Unrestricted	<u>36,607</u>	<u>53,375</u>	<u>89,982</u>
Total Net Position	<u><u>\$ 36,607</u></u>	<u><u>\$ 53,375</u></u>	<u><u>\$ 89,982</u></u>

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

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 23,437	\$ 150,301	\$ 173,738
Total Operating Revenues	<u>23,437</u>	<u>150,301</u>	<u>173,738</u>
OPERATING EXPENSES:			
Other Operating Costs	7,327	24,792	32,119
Supplies	36,355	85,268	121,623
Total Operating Expenses	<u>43,682</u>	<u>110,060</u>	<u>153,742</u>
Operating Income (Loss)	<u>(20,245)</u>	<u>40,241</u>	<u>19,996</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Earnings	308	193	501
Total Nonoperating Revenue (Expenses)	<u>308</u>	<u>193</u>	<u>501</u>
Change in Net Position	(19,937)	40,434	20,497
Total Net Position - December 31, 2020	<u>56,544</u>	<u>12,941</u>	<u>69,485</u>
Total Net Position - December 31, 2021	<u>\$ 36,607</u>	<u>\$ 53,375</u>	<u>\$ 89,982</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, 2021

	Sheriff Commissary	Inmate Trust	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 23,437	\$ 150,301	\$ 173,738
Cash Payments for Suppliers	(36,355)	(85,268)	(121,623)
Cash Payments for Other Operating Expenses	(7,327)	(24,792)	(32,119)
Net Cash Provided by (Used for) Operating Activities	<u>(20,245)</u>	<u>40,241</u>	<u>19,996</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	308	193	501
Net Increase (Decrease) in Cash and Cash Equivalents	(19,937)	40,434	20,497
Cash and Cash Equivalents at the Beginning of the Year	<u>56,544</u>	<u>12,941</u>	<u>69,485</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 36,607</u>	<u>\$ 53,375</u>	<u>\$ 89,982</u>

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

FIDUCIARY FUNDS

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 CUSTODIAL FUNDS
 DECEMBER 31, 2021

	L.E.O.S.E. Fund	Road & Bridge Fund	Sheriff Bond Fund	Sheriff Forfeiture Fund	Juvenile & Adult Probation Fund
ASSETS					
Cash and Cash Equivalents	\$ 30,200	\$ 11,185	\$ 103,228	\$ 21,453	\$ 228,044
Accounts Receivable	-	-	-	-	-
Due from Fiduciary Fuunds	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 30,200</u>	<u>\$ 11,185</u>	<u>\$ 103,228</u>	<u>\$ 21,453</u>	<u>\$ 228,044</u>
LIABILITIES					
Held for Others	\$ -	\$ -	\$ -	\$ -	\$ 98
Due to Other Governments	-	-	-	21,453	-
Due to Other Funds	-	11,185	-	-	-
Due to Fiduciary Fuunds	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ -</u>	<u>\$ 11,185</u>	<u>\$ -</u>	<u>\$ 21,453</u>	<u>\$ 98</u>
NET POSITION					
Individuals, Organizations, and Other Governments	<u>\$ 30,200</u>	<u>\$ -</u>	<u>\$ 103,228</u>	<u>\$ -</u>	<u>\$ 227,946</u>
Total Net Position	<u>\$ 30,200</u>	<u>\$ -</u>	<u>\$ 103,228</u>	<u>\$ -</u>	<u>\$ 227,946</u>

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
\$ 8,239	\$ 1,470	\$ 3,405	\$ 12,761	\$ 84,386	\$ 278,918
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 8,239</u>	<u>\$ 1,470</u>	<u>\$ 3,405</u>	<u>\$ 12,761</u>	<u>\$ 84,386</u>	<u>\$ 278,918</u>
\$ -	\$ -	\$ -	\$ 6,485	\$ 57,872	\$ 267,278
-	-	-	-	-	3,237
8,239	1,470	3,405	6,276	26,514	8,403
-	-	-	-	-	-
<u>\$ 8,239</u>	<u>\$ 1,470</u>	<u>\$ 3,405</u>	<u>\$ 12,761</u>	<u>\$ 84,386</u>	<u>\$ 278,918</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, 2021

	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	\$ 101,052	\$ 8,856	\$ 2,029	\$ 12,744,016	\$ 341,341
Accounts Receivable	-	-	-	-	8,482
Due from Fiduciary Fuunds	-	-	-	194,840	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 101,052</u>	<u>\$ 8,856</u>	<u>\$ 2,029</u>	<u>\$ 12,938,856</u>	<u>\$ 349,823</u>
LIABILITIES					
Held for Others	\$ 95,331	\$ 8,856	\$ -	\$ -	\$ 29,982
Due to Other Governments	-	-	-	10,520,031	310,914
Due to Other Funds	5,721	-	2,029	18,249	8,927
Due to Fiduciary Fuunds	-	-	-	2,400,576	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 101,052</u>	<u>\$ 8,856</u>	<u>\$ 2,029</u>	<u>\$ 12,938,856</u>	<u>\$ 349,823</u>
NET POSITION					
Individuals, Organizations, and Other Governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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
\$ 195,871	\$ 5,306	\$ 2,276	\$ 43,641	\$ 6,701,312	\$ 20,928,989
-	-	-	-	-	8,482
-	-	-	-	2,400,576	2,595,416
<u>\$ 195,871</u>	<u>\$ 5,306</u>	<u>\$ 2,276</u>	<u>\$ 43,641</u>	<u>\$ 9,101,888</u>	<u>\$ 23,532,887</u>
\$ -	\$ 5,306	\$ -	\$ -	\$ -	\$ 471,208
-	-	-	-	-	10,855,635
1,031	-	2,276	43,641	9,101,888	9,249,254
<u>194,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,595,416</u>
<u>\$ 195,871</u>	<u>\$ 5,306</u>	<u>\$ 2,276</u>	<u>\$ 43,641</u>	<u>\$ 9,101,888</u>	<u>\$ 23,171,513</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361,374
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,374</u>

HOCKLEY COUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 CUSTODIAL FUNDS
 DECEMBER 31, 2021

	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	2,670	217,191	20,500	10,049	252,604
Investment Earnings	181	504	-	77	610
Total Additions	<u>2,851</u>	<u>217,695</u>	<u>20,500</u>	<u>10,126</u>	<u>253,214</u>
DEDUCTIONS					
Payments to Other Governments	-	-	-	-	-
Payments to Individuals	2,625	217,695	10,756	10,126	163,759
Total Deductions	<u>2,625</u>	<u>217,695</u>	<u>10,756</u>	<u>10,126</u>	<u>163,759</u>
Change in Net Position	226	-	9,744	-	89,455
Total Net Position - Beginning	<u>29,974</u>	<u>-</u>	<u>93,484</u>	<u>-</u>	<u>138,491</u>
Total Net Position - Ending	<u>\$ 30,200</u>	<u>\$ -</u>	<u>\$ 103,228</u>	<u>\$ -</u>	<u>\$ 227,946</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
84,353	11,194	42,142	171,607	313,092	207,067
-	-	-	-	-	-
<u>84,353</u>	<u>11,194</u>	<u>42,142</u>	<u>171,607</u>	<u>313,092</u>	<u>207,067</u>
-	-	-	-	-	-
84,353	11,194	42,142	171,607	313,092	207,067
<u>84,353</u>	<u>11,194</u>	<u>42,142</u>	<u>171,607</u>	<u>313,092</u>	<u>207,067</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, 2021

	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	\$ -	\$ -	\$ -	\$ 58,095,496	\$ 4,990,696
Held for Others	3,469	19,991	-	-	-
Investment Earnings	<u>34</u>	<u>-</u>	<u>12</u>	<u>172</u>	<u>427</u>
Total Additions	<u>3,503</u>	<u>19,991</u>	<u>12</u>	<u>58,095,668</u>	<u>4,991,123</u>
DEDUCTIONS					
Payments to Other Governments	-	-	-	58,095,668	4,991,123
Payments to Individuals	<u>3,503</u>	<u>19,991</u>	<u>12</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>3,503</u>	<u>19,991</u>	<u>12</u>	<u>58,095,668</u>	<u>4,991,123</u>
Change in Net Position	-	-	-	-	-
Total Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

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
\$ -	\$ -	\$ -	\$ -	\$ 12,974,499	\$ 76,060,691
194,912	68,971	5,250	360,159	-	1,985,221
-	-	21	1,366	127,356	130,760
<u>194,912</u>	<u>68,971</u>	<u>5,271</u>	<u>361,525</u>	<u>13,101,855</u>	<u>78,176,672</u>
-	-	-	361,525	13,101,855	76,550,171
194,912	68,971	5,271	-	-	1,527,076
<u>194,912</u>	<u>68,971</u>	<u>5,271</u>	<u>361,525</u>	<u>13,101,855</u>	<u>78,077,247</u>
-	-	-	-	-	99,425
-	-	-	-	-	261,949
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,374</u>

OTHER SCHEDULES

HOCKLEY COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
DECEMBER 31, 2021

YEAR LEVIED OCTOBER 1,	YEAR BUDGETED DECEMBER 31,	TAX RATES		ASSESSED/ APPRAISED VALUE FOR TAX PURPOSES
		LOCAL	DEBT SERVICE	
2012 AND PRIOR	2013 AND PRIOR	\$ VARIOUS	\$ VARIOUS	\$ VARIOUS
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
2021	2022	\$ 0.59688	\$ 0.00000	\$ 2,311,898,512

TOTALS

EXHIBIT J-1

BEGINNING BALANCE 1/01/2021	CURRENT YEAR'S TOTAL LEVY	COLLECTIONS		ADJUST- MENTS	ENDING BALANCE 12/31/2021
		LOCAL	DEBT SERVICE		
\$ 76,947	\$ -	\$ 2,712	\$ 425	\$ (3,202)	\$ 70,608
11,149	-	1,480	115	(100)	9,454
16,875	-	608	275	(221)	15,771
32,689	-	1,414	781	(383)	30,111
47,954	-	6,201	-	(537)	41,216
57,767	-	13,795	-	(282)	43,690
85,337	-	27,507	-	(1,672)	56,158
213,224	-	113,260	-	(8,514)	91,450
9,567,144	-	9,375,073	-	(23,263)	168,808
-	13,832,053	4,220,496	-	2,763	9,614,320
<u>\$ 10,109,086</u>	<u>\$ 13,832,053</u>	<u>\$ 13,762,546</u>	<u>\$ 1,596</u>	<u>\$ (35,411)</u>	<u>\$ 10,141,586</u>

HOCKLEY COUNTY, TEXAS
 RECONCILIATION OF CURRENT TAX COLLECTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Taxes Assessed
2021 Adjusted Tax Roll	\$ 13,832,053
Less: Current Tax Collections	(4,220,496)
Plus: Current Year Adjustments	2,763
<i>Current Taxes Receivable</i>	\$ 9,614,320
 Percent of current taxes collected through December 31, 2021	 30.51%

HOCKLEY COUNTY, TEXAS
RECONCILIATION OF DELINQUENT TAX COLLECTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Delinquent Taxes Receivable - January 1, 2021	\$	541,942
Plus: Taxes Transferred to Delinquent Roll - September 30, 2020		
Current Taxes Receivable - January 1, 2021	\$	9,567,144
Less: Tax Collections January through September, 2021		(9,319,395)
Plus: Net Adjustments and Supplements		<u>(22,134)</u>
 2020 Taxes Transferred to Delinquent Roll - September 30, 2021		 <u>225,615</u>
 Available for Collection	 \$	 767,557
 More: Adjustments		 (14,240)
Less: Write-Offs per State Statutes		-
Less: Prior Year Refund Collections		(1,799)
Less: Tax Collections January through September, 2021		(140,787)
Less: Tax Collections October through December, 2021		<u>(83,465)</u>
 <i>Delinquent Taxes Receivable - December 31, 2021</i>	 \$	 <u><u>527,266</u></u>

HOCKLEY COUNTY, TEXAS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
DECEMBER 31, 2021

Name of Depository	Pledged Collateral	Name and Location of Custodian	Fair Market Value December 31, 2021
First Bank & Trust	Line of Credit No. 100008637 Matures 02/24/2022	FHL Bank Dallas Dallas, TX	\$ 40,000,000

HOCKLEY COUNTY, TEXAS
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2021

Company	Policy Number	Policy Period		Type of Insurance
		From	To	
Texas Association of Counties	CAS-1100-2019401-1	04/01/21	04/01/22	General Liability Included Coverage
Texas Association of Counties	CAS-1100-2019401-1	04/01/21	04/01/22	Auto Liability Included Coverage Optional Coverage
Texas Association of Counties	PR-1100-20200322-1	07/01/21	07/01/22	Property Insurance Mobile Equipment Crime
Texas Association of Counties	CAS-1100-2019401-1	04/01/21	04/01/22	Public Officials Liability Optional Coverage Split Coverage Retroactive
Texas Association of Counties	CAS-1100-2019401-1	04/01/21	04/01/22	Law Enforcement Liability Policy
Texas Assoc.of Counties	CAS-1100-2019401-1	04/01/21	04/01/22	Auto Physical Damage
Chubb Inland Marine Insurance	0664-04-25WCE	03/23/21	03/23/22	Comprehensive Property Damage/Per Accident
Texas Association of Counties	WC 1100-20210101-1	01/01/21	01/01/22	Worker's Compensation
Insure All Inc	18242784	01/12/21	01/12/22	Errors and Omissions
National District Attorneys	CEM 701	04/01/21	04/01/22	Professional Liability
TLIE Texas Lawyers Insurance	90251	12/6/2021	12/6/2022	Judge's Professional Liability

Type of Coverage	Co-Insurance	Coverage Amount	Premium
Bodily Injury Liability-Each Person	\$0.00	\$ 100,000	\$ 5,928
Bodily Injury Liability-Each Accident	\$0.00	\$ 300,000	Included
Property Damage Liability-Each Accident	\$0.00	\$ 100,000	Included
Pers & Adv Injury Liability			
Per Person	\$0.00	\$ 100,000	Included
Per Offense/Aggregate	\$0.00	\$ 300,000	Included
Employee Benefits Liability	\$1,000.00	\$ 500,000	Included
Garage Keeper's Legal Liability	\$1,000.00	\$ 50,000	Included
Crisis Management Coverage	\$0.00	100,000	Included
Bodily Injury Liability-Each Person	\$0.00	\$ 100,000	
Bodily Injury Liability-Each Accident	\$0.00	\$ 300,000	
Property Damage Liability-Each Accident	\$0.00	100,000	\$ 9,671
Personal Injury Protection	\$0.00	5,000	
	\$0.00	5,000	
Uninsured/Undersinsured Motorist	\$250.00	Per Endorsement	\$ 1,142
Total Auto Liability Contribution			\$ 10,813
All risks of direct physical loss of or direct physical damage to Member Property	\$10000 Deductible	\$ 69,990,400	\$ 121,855
	\$5000 Deductible	As Scheduled	\$ 15,749
	\$1000 Deductible	250,000	Included
Public Officials Liability	\$10,000.00	\$ 2,000,000	
		Per Claim/Aggregate	\$ 13,110
Privacy/Security Event Liability and Expense Coverage	\$10,000.00	\$ 2,000,000	
		General Aggregate	
District Judge	Per Endorsement		\$ 500
District Atty-Malicious Prosecution	Per Endorsement		\$ 500
Privacy/Security Event Liability and Expense Coverage		\$ 1,000,000	
		General Aggregate	
Total Public Officials Liability Contribution			\$ 14,110
Comprehensive Law(Police) Enforcement Liability	\$20,000.00	\$ 2,000,000	\$ 16,368
		per Claim/Aggregate	
Comprehensive Coverage	\$500.00		\$ 21,619
Collision Coverage	\$500.00		
Computer and Printers Electronic Equipment	\$1,000 Deductible	\$ 442,973	\$ 5,050
Employees	No Deductible	\$ Unlimited	\$ 66,128
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
			\$ 281,203

HOCKLEY COUNTY, TEXAS
SURETY BOND SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2021

Name	Policy Number	Effective Dates	
		Beginning	Ending
Kenny Greenlee	63019040	01/01/17	01/01/25
Robert Dalton	54939536	04/13/19	Continuous
E. Jennifer Kinney	13748653	10/21/70	01/01/25
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
Larry Wood	62917967	12/31/18	Indefinite
Mike Richardson	65441093	04/05/21	01/01/23
Derek Lawless	65150215	04/29/21	1-Year
Paula Moody	15865338	06/29/17	07/23/21
Stacey Sisk	65580069	07/28/21	Indefinite
Jellica Meza-Morales	65580134	07/28/21	Indefinite
Stephanie Tienda	65650755	10/04/21	Indefinite
Larry R. Carter	LPO1136526	01/01/19	01/01/23
Tommy Clevenger	15863951	01/01/19	01/01/22
Seth Graf	65310936	01/01/21	01/01/25
Alan Wisdom	65311069	01/01/21	01/01/25
Janie Salazar	65365136	01/21/22	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 Doshier	62053889	02/21/20	Continuous
Kelli Martin	65735164	01/03/22	Continuous
Brandon Walters	54939537	05/02/19	Continuous
Anna Hord	54939424	01/10/20	01/10/22
Stacy Schulle	15865339	06/29/17	Continuous
Veronica Quintanilla	54939151	06/29/17	Continuous
Angela Overman	65330063	11/08/19	11/08/22
Rita Kay Caroland	54939150	06/29/17	Continuous
Larry Cardona	64757294	08/13/21	Indefinite
Margaret Jeffcoat	61746089	07/05/17	07/05/22
Jeff Pharis			
Brandon Lewis	65524685	06/08/21	06/08/22
Melissa Lynn Hodge	71963442	08/28/17	Continuous
Sylvia Ann Garza	64498087	09/30/21	Continuous

Office	Bond Amount	Bonding Company
Constable - Precinct #1	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 #4	5,000.00	Western 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	5,000.00	Western Surety Company
Justice of the Peace Clerk#5	5,000.00	Western Surety Company
Justice of the Peace Clerk#5	5,000.00	Western Surety Company
Justice of the Peace Clerk#5	5,000.00	Western Surety Company
County Commissioner - Precinct #2	3,000.00	Old Republic Surety Company
County Commissioner - Precinct #4	3,000.00	Western Surety Company
County Commissioner - Precinct #1	3,000.00	Western Surety Company
County Commissioner - Precinct #3	3,000.00	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
District Attorney	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
Deputy Tax Clerk	10,000.00	Western Surety Company
Deputy Clerk	10,000.00	Western Surety Company

HOCKLEY COUNTY, TEXAS
SURETY BOND SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2021

Name	Policy Number	Effective Dates	
		Beginning	Ending
Tammy Castro	64498070	09/30/21	Indefinite
Debra C Bramlett	61392294	03/20/20	12/02/24
Debra C Bramlett	61379351	07/02/16	12/02/24
Linda Schon	14383630	11/29/17	Continuous
Ann marie Castellano	72249108	03/10/21	Continuous
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
Melissa Lynn Land Hodge	71963442	05/06/21	
Norman Moore	54939509	08/11/20	08/11/22
Scott Winn	54939530	08/11/16	Continuous
Tammy Mosteller	54939531	08/11/16	Continuous
Lora Dockery	68501272	06/06/21	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
Maggie Rodriguez	65357638	01/14/22	Indefinite
Oralie Gutierrez	65357479	01/14/22	Indefinite
Cheryl Smart	71165526	09/09/19	09/09/22
Jody Rose	65537095	06/17/21	Indefinite
Tracy Evans	65330036	12/16/21	Indefinite
Latrelle Schon	65330063	12/17/21	Indefinite
Ray Scifres	63019040	01/01/17	01/01/25
Mark Miller	65014939	03/10/20	03/10/21
Elsa Cavazos	65614751	08/30/21	Indefinite
Clint Overland	65614806	08/30/21	Indefinite

Office	Bond Amount	Bonding Company
Deputy Tax Clerk	10,000.00	Western Surety Company
Tax Collector-Assessor	10,000.00	Western Surety Co./ State of Texas Bond
Tax Collector-Assessor	100,000.00	Western Surety Company
Deputy Tax Collector	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
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	30,000.00	Western Surety Company
Hockley County District Clerk	30,000.00	Western Surety Company
Hockley County District Clerk	30,000.00	Western Surety Company
Elections Admin	10,000.00	Western Surety Company
Elections Admin	10,000.00	Western Surety Company
Mallet Event Center	5,000.00	Western Surety Company
Mallet Event Center	5,000.00	Western Surety Company
Hockley County Sheriff	10,000.00	Western Surety Company
Hockley County Sheriff's Office Jailer	10,000.00	Bradley Insurance Agency
Hockley County Sheriff's Office Jailer	5,000.00	Bradley Insurance Agency
Hockley County Sheriff's Office Jailer	5,000.00	Bradley Insurance Agency

INTERNAL CONTROL AND COMPLIANCE SECTION

HOCKLEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE AWARDS
DECEMBER 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Materials weakness(es) identified? yes no

- Significant deficiencies identified
that are not considered to be
material weaknesses? yes none reported

Noncompliance material to financial
Statements noted? yes no

State Awards

Internal control over major programs:

- Materials weakness(es) identified? yes no

- Significant deficiencies identified
that are not considered to be
material weaknesses? yes none reported

Type of auditor’s report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are
required to be reported in accordance
with Section 510 of the Texas State
Single Audit Circular? yes no

Identification of major state programs:

<i>Contract Number</i>	<i>Name of State Program</i>
CTIF-02-111	County Transportation Infrastructure Fund Grant (CETRZ)

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: yes no

HOCKLEY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE AWARDS (CONT.)
DECEMBER 31, 2021

Section II – Financial Statement Findings

None noted.

Section III – State Award Findings and Questioned Costs

None noted.

HOCKLEY COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021

There were no findings reported in the prior audit as of December 31, 2020.

HOCKLEY COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 December 31, 2021

State Grantor/ Program Title	Grantor's Number	State Disbursements Expenditures
<u>Texas Department of Transportation</u>		
County Transportation Infrastructure Fund Grant (CETRZ)	CTIF-02-111	848,242
<u>Bureau of Justice Assistance</u>		
Coronavirus Emergency Supplemental Funding (CESF)	4170001	78,026
<u>Texas Indigent Defense Commission</u>		
Texas Task Force on Indigent Defense	212-21-110	26,361
TOTAL EXPENDITURES OF STATE AWARDS		\$ 952,629

HOCKLEY COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
DECEMBER 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards includes the state grant activity of Hockley County, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Uniform Grant Management Standards* as issued by the Texas Comptroller of Public Accounts . Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Matching costs, the non-state share of certain program costs, are not included in the Schedule.

Expenditures reported on the Schedule are reported on the accrual basis of accounting and such expenditures are recognized following the cost principles contained in the Uniform Grant Management Standards.

There were no state award expenditures in the form of non-cash assistance. There were no loans or loan guarantees outstanding at the end of the year, and no insurance in effect during the year.



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, 2021, and the related notes to the financial statements, which collectively comprise County's basic financial statements, and have issued our report thereon dated September 19, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's 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 County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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.

EMMS CPAs and Advisors, PLLC

Levelland, Texas
September 19, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH STATE
OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS CHAPTER IV *STATE OF
TEXAS SINGLE AUDIT CIRCULAR***

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

Report on Compliance for Each Major State Program

Opinion on Each Major State program

We have audited Hockley County, Texas' (County) compliance with the types of compliance requirements described in the *TxGMS* (*TxGMS*) that could have a direct and material effect on each of the County's major state programs for the year ended December 31, 2021. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2021.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *TxGMS* will always detect material



noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County compliance with the requirements of each major State program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

EMMS CPAs and Advisors, PLLC

Levelland, Texas
September 19, 2022