

- Fire expenses increased \$114,828 or 387% due to additional Chillicothe and Quannah Fire Department purchases during the year.

Table 5 presents the net cost of the County's most significant governmental functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, other taxes, and other miscellaneous general revenues.

Table 5 - Net Cost of County Functions

	Governmental Activities			
	2020	Percent	2019	Percent
County Judge	\$ 98,514	3%	\$ 98,080	3%
County & District Clerk	(4,810)	0%	(31,429)	-1%
Justice of the Peace	(164,318)	-4%	(133,542)	-4%
County Attorney	83,791	2%	81,606	2%
Tax Assessor/Collector	146,689	4%	141,397	4%
Jail	388,321	11%	419,778	12%
Ambulance	569,081	15%	547,668	16%
Sheriff	414,245	11%	294,046	8%
Road and Bridge	1,035,050	28%	1,017,813	29%

Financial Analysis of the County's Funds

As previously stated, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of September 30, 2020, the County's governmental funds reported a combined ending fund balance of \$1,118,584, a decrease of \$85,230 from the previous year amounts as restated. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances
September 30, 2020**

	General Fund	Road and Bridge Fund	Other Governmental Funds	Totals
Nonspendable:				
Prepays	\$ 45,180	\$ -	\$ -	\$ 45,180
Restricted:				
Debt service	-	-	12,220	12,220
Special assessments	-	-	65,274	65,274
K-9 Unit	-	-	14,680	14,680
Committed:				
Road & Bridge	-	25,624	-	25,624
Jury	-	-	12,681	12,681
Assigned:				
2020-21 deficit budget	198,055	-	-	198,055
Unassigned	744,870	-	-	744,870
Total Fund Balances	\$ 988,105	\$ 25,624	\$ 104,855	\$ 1,118,584

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$988,105, of which \$45,180 was nonspendable, \$198,055 was assigned, and \$744,870 was unassigned. The total unassigned fund balance represents 21% of the total General Fund expenditures for the year ended September 30, 2020. The total fund balance decreased \$101,935 in the current fiscal year.

Revenues totaled \$4,286,962, an increase of \$356,096 or 9% over the preceding year. Most of the revenues did not materially fluctuate between years, except for payments in lieu of taxes and other revenues. Payments in lieu of taxes increased \$95,049 due to the first Blue Summit PILT payment received in the current year, and other revenues increased \$93,333 mostly due to additional insurance refunds received during the year.

Expenditures totaled \$3,575,305, an increase of \$388,178 or 12% over the preceding year. Most expenditures did not materially fluctuate between years, except for ambulance and fire departments. Ambulance expenditures increased \$147,929 due to the Chillicothe EMS Bay renovations and the purchase of new CPR devices during the current year. Fire department expenditures increased \$114,828 due to additional Chillicothe and Quanah Fire Department purchases made during the year.

Other financing sources (uses) increased \$53,627 or 7%. The increase relates to the additional transfers out in the current year.

Road and Bridge Fund

At the end of the current fiscal year, the ending fund balance for the Road and Bridge Fund was \$25,624, which all was committed for road and bridge projects. The total committed fund balance represents less than 1% of the total Road and Bridge expenditures for the year ended September 30, 2020. The total fund balance decreased \$11,253 in the current fiscal year.

Revenues totaled \$296,051, a decrease of \$4,950 or 2% over the preceding year. The decrease is mostly due to the County receiving fewer highway taxes in the current year.

Expenditures totaled \$5,319,886, an increase of \$4,371,879 or 461%. The increase relates to additional capital outlay purchases in the current year.

Other financing sources (uses) increased \$4,344,363 or 650%. The increase relates to the issuance of capital leases and sales proceeds of capital lease equipment sold during the year.

Other Governmental Funds

Other governmental funds consist of the various special revenue funds and the debt service fund. The total ending fund balance was \$104,855, an increase of \$27,958 from the previous year.

Revenues totaled \$151,872, a decrease of \$165,568 or 52%. Most of the decrease relates to less tax revenue resulting from a significant I&S tax rate decrease as well as the final School FEMA grant revenue payment that was received in the prior year.

Expenditures totaled \$245,689, a decrease of \$181,919 or 43%. The decrease is mostly due to the payment of the final School FEMA grant payment to Quanah Independent School District in the prior year and fewer capital lease payments made during the current year.

Other financing sources totaled \$121,775, all from transfers in, a decrease of \$3,740. The decrease is due to fewer funds needed to supplement operations.

General Fund Budgetary Highlights

The County revised its budget during the year. With these adjustments, total expenditures were \$70,654 less than the final budget amounts. Overall, the County exceeded the budgeted expenditures in nine areas ranging from \$404 to \$55,246.

On the other hand, revenues were \$232,551 more than the final budgeted amount. All of the revenues fell within normal variance above and below budgeted levels, except for property taxes, which exceeded the budgeted amount by \$107,807.

The budget line items in the original budget were not materially different than in the final adopted budget in most areas, except for non-departmental (\$51,300), ambulance (\$87,140), fire (\$56,500), and sheriff (\$100,860).

Road and Bridge Fund Budgetary Highlights

The County revised its budget during the year. With these adjustments, total expenditures were \$4,245,199 more than the final budget amounts. All functional areas were above their budget.

On the other hand, revenues were \$10,449 below the final budgeted amount. All of the revenues fell within normal variance above and below budgeted levels, except for highway taxes (\$20,188) and other revenues (\$10,546).

The budget line items in the original budget were not materially different than in the final adopted budget in most areas, except for road and bridge general (\$20,000), precinct two (\$120,976), precinct four (\$173,242) and debt service (\$9,877).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the County had invested in a broad range of capital assets totaling \$9,121,441, net of accumulated depreciation, including land, buildings, equipment, and infrastructure. See Table 7 below.

Table 7 - Capital Assets, Net

	2020	2019	Change	% Change
Land	\$ 59,356	\$ 57,356	\$ 2,000	3%
Buildings and improvements	5,177,108	5,237,890	(60,782)	-1%
Equipment	1,273,895	1,059,764	214,131	20%
Equipment under capital lease	2,588,071	2,141,054	447,017	21%
Infrastructure	23,011	23,782	(771)	-3%
Totals	\$ 9,121,441	\$ 8,519,846	\$ 601,595	7%

Capital assets, net of accumulated depreciation, increased \$601,595 or 7% from the previous year. Additional information about the County's capital assets is presented in the notes to the financial statements.

Long-term Obligations

At September 30, 2020, the County had \$2,934,223 in long-term obligations outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2020	2019	Change	% Change
Capital lease obligations	\$ 2,888,998	\$ 2,303,615	\$ 585,383	25%
Compensated absences	45,225	46,456	(1,231)	-3%
Totals	<u>\$ 2,934,223</u>	<u>\$ 2,350,071</u>	<u>\$ 584,152</u>	<u>25%</u>

Total long-term obligations increased \$584,152 or 25%. Additional information about the County's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2020-21 budget preparation is \$447,055,887, an increase of \$8,425,667, or 2%, from the prior year. The overall tax rate is \$.6053 per \$100 valuation, a decrease of \$.0118 or 2%.

Revenues budgeted in the General Fund's budget are \$4,233,326, a decrease of just \$53,636 from the final 2019-20 revenues of \$4,286,962.

Expenditures budgeted in the General Fund are \$3,834,881, an increase of \$259,576 from the 2019-20 expenditures of \$3,575,305. The County does not anticipate any new programs or projects being added in 2020-21.

Transfers out to other funds are anticipated to be \$596,500, a decrease of \$217,092 from the prior year transfers out of \$813,592.

If these estimates are realized, the County's General Fund's fund balance is expected to decrease by \$198,055 by September 30, 2021.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

HARDEMAN COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities
Assets	
Cash	\$ 92,865
Investments	973,311
Receivables, net:	
Ad valorem taxes	127,240
Sales taxes	33,336
Fines	294,377
Ambulance	86,930
Other	32,359
Due from fiduciaries	47,482
Prepaid items	45,180
Capital assets, net	9,121,441
Net pension asset	491,017
Total assets	<u>11,345,538</u>
 Deferred Outflows of Resources	
Pension plan related	<u>192,306</u>
 Liabilities	
Accounts payable	90,425
Payroll deductions and withholdings	65,089
Accrued interest	55,105
Unearned revenues	5,000
Long-term liabilities:	
Due within one year	294,447
Due in more than one year	2,639,776
Total liabilities	<u>3,149,842</u>
 Deferred Inflows of Resources	
Pension plan related	<u>219,718</u>
 Net Position	
Net investment in capital assets	6,232,443
Restricted for:	
Special assessments	65,274
Unrestricted	1,870,567
Total net position	<u>\$ 8,168,284</u>

The accompanying notes are an integral part of this statement.

HARDEMAN COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Primary Government:				\$ (98,514)
County Judge	\$ 119,205	\$ 29	\$ 20,662	(98,084)
Commissioners' Court	98,084	-	-	4,810
County & District Clerk	183,180	187,990	-	(274,891)
Non-departmental	274,891	-	-	(887)
Law library	3,652	2,765	-	(65,337)
Appraisal district	65,337	-	-	(6,550)
County Court	6,550	-	-	(42,631)
District Court	61,142	-	18,511	164,318
Justice of the Peace	156,116	320,434	-	(83,791)
County Attorney	112,831	1,040	28,000	(46,625)
District Attorney	51,625	-	5,000	(8,545)
Election	8,545	-	-	(84,444)
Treasurer	84,444	-	-	(146,689)
Tax Assessor/Collector	172,111	25,422	-	(78,218)
Courthouse maintenance	78,218	-	-	(388,321)
Jail	388,321	-	-	(569,081)
Ambulance	855,218	278,893	7,244	(45,907)
Emergency management	62,377	-	16,470	(76,005)
Fire	144,466	-	68,461	(29,048)
Constable	29,048	-	-	(414,245)
Sheriff	703,755	266,735	22,775	(13,319)
Juvenile probation	13,319	-	-	(1,035,050)
Road and bridge	1,059,786	24,736	-	(77,666)
Public health and welfare	77,666	-	-	(67,870)
Agricultural extension service	67,870	-	-	(89,067)
Interest	89,067	-	-	(3,671,657)
Total governmental activities	<u>\$ 4,966,824</u>	<u>\$ 1,108,044</u>	<u>\$ 187,123</u>	
General revenues				2,592,090
Property taxes, levied for general purposes				91,091
Property taxes, levied for debt service				242,872
Sales taxes				271,312
Highway taxes				26,565
Investment earnings				352,655
Miscellaneous				<u>3,576,585</u>
Total general revenues				<u>(95,072)</u>
Change in net position				8,291,388
Net position - beginning, as originally stated				<u>(28,032)</u>
Prior period adjustment				8,263,356
Net position - beginning, as restated				<u>\$ 8,168,284</u>
Net position - ending				

The accompanying notes are an integral part of this statement.