

**HARDEMAN COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 2,931	\$ 37,610	\$ 52,324	\$ 92,865
Investments	973,311	-	-	973,311
Receivables, net:				
Ad valorem taxes	121,728	-	5,512	127,240
Sales taxes	33,336	-	-	33,336
Fines	294,377	-	-	294,377
Ambulance	86,930	-	-	86,930
Other	16,500	15,859	-	32,359
Due from other funds	48,657	-	55,088	103,745
Prepaid items	45,180	-	-	45,180
Total assets	<u>\$ 1,622,950</u>	<u>\$ 53,469</u>	<u>\$ 112,924</u>	<u>\$ 1,789,343</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 75,437	\$ 13,169	\$ 1,819	\$ 90,425
Payroll deductions and withholdings	49,675	14,676	738	65,089
Due to other funds	56,263	-	-	56,263
Unearned revenues	5,000	-	-	5,000
Total liabilities	<u>186,375</u>	<u>27,845</u>	<u>2,557</u>	<u>216,777</u>
Deferred inflows of resources	<u>448,470</u>	<u>-</u>	<u>5,512</u>	<u>453,982</u>
Fund balances:				
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	<u>988,105</u>	<u>25,624</u>	<u>104,855</u>	<u>1,118,584</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,622,950</u>	<u>\$ 53,469</u>	<u>\$ 112,924</u>	<u>\$ 1,789,343</u>

The accompanying notes are an integral part of this statement.

**HARDEMAN COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

Total fund balances - governmental funds (Exhibit A-3)		\$ 1,118,584
Amounts reported for <i>governmental activities</i> in the Statement of Net Position (Exhibit A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:		
Gross capital assets	\$ 12,205,835	
Related accumulated depreciation	<u>3,084,394</u>	9,121,441
Property tax receivables, fines receivables, and ambulance receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		
		453,982
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities and related accrued interest at year-end consist of:		
Capital leases payable	2,888,998	
Accrued compensated absences	45,225	
Accrued interest	<u>55,105</u>	<u>(2,989,328)</u>
The County's net pension asset and related deferred outflows related to its participation in the Texas County and District Retirement System do not meet criteria to be reported in the governmental funds financial statements. These items consist of:		
Net pension asset	491,017	
Deferred outflows - pension related items	192,306	
Deferred inflows - pension related items	<u>(219,718)</u>	<u>463,605</u>
Total net position - governmental activities (Exhibit A-1)		<u>\$ 8,168,284</u>

The accompanying notes are an integral part of this statement.

**HARDEMAN COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Ad valorem taxes	\$ 2,591,658	\$ -	\$ 92,277	\$ 2,683,935
Sales taxes	242,872	-	-	242,872
Highway taxes	-	271,312	-	271,312
Fees and commissions	519,109	14,193	29,856	563,158
Ambulance revenues	268,020	-	-	268,020
Law enforcement revenues	232,800	-	-	232,800
Intergovernmental	167,316	-	19,807	187,123
Payments in lieu of taxes	97,316	-	-	97,316
Interest	26,565	-	-	26,565
Other	141,306	10,546	9,932	161,784
Total revenues	<u>4,286,962</u>	<u>296,051</u>	<u>151,872</u>	<u>4,734,885</u>
<b>Expenditures</b>				
County Judge	117,164	-	-	117,164
Commissioners' Court	98,084	-	-	98,084
County & District Clerk	155,403	-	26,822	182,225
Non-departmental	104,291	-	-	104,291
Law library	-	-	3,652	3,652
Appraisal district	65,337	-	-	65,337
County Court	-	-	6,550	6,550
District Court	-	-	60,541	60,541
Justice of the Peace	154,944	-	-	154,944
County Attorney	111,186	-	-	111,186
District Attorney	-	-	50,774	50,774
Election	8,545	-	-	8,545
Treasurer	83,450	-	-	83,450
Tax Assessor/Collector	170,061	-	-	170,061
Courthouse maintenance	107,666	-	-	107,666
Jail	386,563	-	-	386,563
Ambulance	927,736	-	-	927,736
Emergency management	36,178	-	-	36,178
Fire	141,646	-	-	141,646
Constable	28,757	-	-	28,757
Sheriff	719,439	-	6,233	725,672
Juvenile probation	13,319	-	-	13,319
Road and bridge	-	3,290,649	-	3,290,649
Public health and welfare	77,666	-	-	77,666
Agricultural extension service	67,870	-	-	67,870
Debt service	-	2,029,237	91,117	2,120,354
Total expenditures	<u>3,575,305</u>	<u>5,319,886</u>	<u>245,689</u>	<u>9,140,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>711,657</u>	<u>(5,023,835)</u>	<u>(93,817)</u>	<u>(4,405,995)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	1,691,385	-	1,691,385
Proceeds from capital lease obligations	-	2,629,380	-	2,629,380
Transfers in	-	691,817	121,775	813,592
Transfers out	(813,592)	-	-	(813,592)
Total other financing sources (uses)	<u>(813,592)</u>	<u>5,012,582</u>	<u>121,775</u>	<u>4,320,765</u>
Change in fund balances	<u>(101,935)</u>	<u>(11,253)</u>	<u>27,958</u>	<u>(85,230)</u>
Fund balances, beginning of year, as originally stated	1,110,643	44,306	76,897	1,231,846
Prior period adjustment	<u>(20,603)</u>	<u>(7,429)</u>	<u>-</u>	<u>(28,032)</u>
Fund balances, beginning of year, as restated	<u>1,090,040</u>	<u>36,877</u>	<u>76,897</u>	<u>1,203,814</u>
Fund balances, end of year	<u>\$ 988,105</u>	<u>\$ 25,624</u>	<u>\$ 104,855</u>	<u>\$ 1,118,584</u>

The accompanying notes are an integral part of this statement.

**HARDEMAN COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net change in fund balances - total governmental funds (Exhibit A-5) \$ (85,230)

Amounts reported for *governmental activities* in the Statement of Activities (Exhibit A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:

Capital outlay during the year	\$ 2,803,165	
Depreciation expense for the year	<u>622,120</u>	2,181,045

Only the proceeds from the sale of capital leases are recorded in the governmental fund financial statements. However, only the gain or loss on the sale is recorded in the government-wide financial statements. The net book value of the capital assets sold during the year was: (1,579,450)

Because property tax receivables, fines receivables, and ambulance receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred inflows of resources changed by this amount this year: 24,932

The issuance of long-term debt provides current financial resources to governmental funds. However, the issuance increases long-term liabilities in the Statement of Net Position. Long-term debt issued during the year was: (2,629,380)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was: 2,043,997

Included in long-term debt are obligations for accrued vacation leave. The changes in this obligation are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in this long-term obligation was: 1,231

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase in accrued interest is as follows:

Accrued interest at September 30, 2019	42,395	
Accrued interest at September 30, 2020	<u>55,105</u>	(12,710)

The County participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. Payments were more than the actuarial expenses in the current year. (39,507)

Change in net position of governmental activities (Exhibit A-2) \$ (95,072)

The accompanying notes are an integral part of this statement.

**HARDEMAN COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**SEPTEMBER 30, 2020**

	Agency Funds
<b>Assets</b>	
Cash	\$ 187,901
Due from other governments	14,829
Due from other funds	24,074
Total assets	<u>\$ 226,804</u>
<b>Liabilities</b>	
Due to other funds	\$ 71,556
Due to other governments	67,843
Due to others	87,405
Total liabilities	<u>\$ 226,804</u>

The accompanying notes are an integral part of this statement.

**HARDEMAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting Entity

Hardeman County (County), a political subdivision of the State of Texas is governed by an elected judge and four county commissioners which comprise the Commissioners' Court. The County's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, conservation, and ambulance service.

The accounting policies of the County conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standards setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement Nos. 39 and 61, in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**HARDEMAN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, fines, fees and ambulance revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental funds:

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

The *Road and Bridge Fund* accounts for the activities of the Road and Bridge department.

*Other Governmental Funds* are a summarization of all the nonmajor governmental funds and includes special revenue funds and the debt service fund.

Additionally, the County reports the following fund types:

*Agency Funds* are used to account for assets held by the government as an agent for individuals, private organizations, and/or other agency funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.