

JIM HOGG COUNTY, TEXAS
ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2023

ISSUED BY
COUNTY AUDITOR'S OFFICE

HUMBERTO MARTINEZ
COUNTY AUDITOR

JIM HOGG COUNTY, TEXAS

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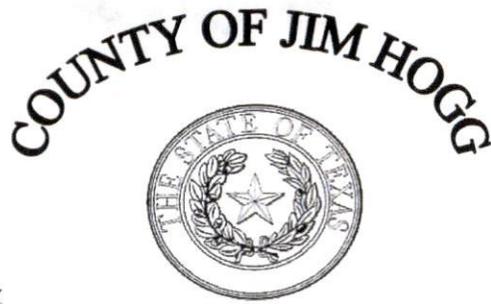
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JIM HOGG COUNTY, TEXAS

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INTRODUCTORY SECTION



HUMBERTO MARTINEZ
COUNTY AUDITOR

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HEBBRONVILLE, TX 78361
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Email: humberto@co.jim-hogg.tx.us

June 28, 2024

Honorable County Judge
Honorable County Commissioners
Jim Hogg County
Hebbronville, Texas

The annual financial report of Jim Hogg County, Texas, for the year ended September 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rest with the County (government). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The County has undergone an annual audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The comprehensive annual financial report is presented in three sections: introductory, financial and single audit. The introductory section includes this transmittal letter and the County's list of principal officials. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis and the Basic Financial Statements.

The report includes all funds and account groups of the County. The County, as a subdivision of the State of Texas, provides only those services allowed by statute. This includes judicial, detention facilities, public safety, highways, flood control, health and limited social services, public improvements, and general administration services. The County is not a component unit of any other entity.

ECONOMIC CONDITION AND OUTLOOK

The County is in good financial condition as of September 30, 2023. Unrestricted net position at September 30, 2023 totals \$4,821,769.

The position of the County has continued to be sound over the past year, with actual operating results better than originally estimated. Some of the factors which enabled the County to maintain this constant level were:

1. The County operated within budget appropriations
2. Costs were carefully monitored.

SIGNIFICANT ECONOMIC EVENTS AND PROSPECTS FOR THE FUTURE

The most significant economic event for the future was the awarding of grants to service the community's various needs.

FINANCIAL INFORMATION

The County's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure, designed to provide reasonable assurance, recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the government also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government.

As a part of the government's audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's audit for the year ended September 30, 2023, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County. Activities of the budgeted general, road and bridge and special revenue funds are included in the annual appropriated budget. Amounts finally budgeted may not exceed the County Judge's estimates of revenues and available cash by State Law. The County's Budget is prepared in accordance with generally accepted accounting principles.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

The following schedule presents a summary of general, road and bridge, and special revenue fund revenues for the year ended September 30, 2023.

REVENUES:	Amount	Percent of Total	Increase (Decrease) 2023	Percentage of Increase (Decrease)
Property Taxes	\$ 4,097,532	40.8%	\$ 198,930	5.1%
Sales and Miscellaneous Taxes	1,079,212	10.7%	68,896	6.8%
Penalty and Interest on Taxes	109,882	1.1%	(7,686)	-6.5%
Fees and Fines	345,290	3.4%	80,298	30.3%
Intergovernmental Revenues and Grants	1,160,872	11.6%	(1,808,929)	-60.9%
Charges for Services	839,254	8.4%	80,942	10.7%
Investment Earnings	205,292	2.0%	178,074	654.3%
Other Revenue	2,210,968	22.0%	463,715	26.5%
Total Revenues	\$ 10,048,302	100.0%	\$ (745,760)	-6.9%

The County's primary sources of revenues consist of property tax revenues which comprise 40.8% of the County's total revenues.

The following schedule presents a summary of general, road and bridge, and special revenue fund expenditures for the year ended September 30, 2023.

<u>EXPENDITURES</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) 2022</u>	<u>Percentage of Increase (Decrease)</u>
General Government	\$ 2,576,553	25.3%	\$ 161,041	6.7%
Judicial	419,649	4.1%	22,805	5.7%
Financial Administration	384,205	3.8%	3,774	1.0%
Public Facilities	138,717	1.4%	41,077	42.1%
Legal	118,393	1.2%	785	0.7%
Public Safety	3,463,532	34.0%	598,899	20.9%
Highways and Streets	2,299,512	22.6%	(86,980)	-3.6%
Health & Welfare	333,586	3.3%	9,750	3.0%
Culture and Recreation	20,678	0.2%	708	3.5%
Capital Outlay	239,361	2.4%	(1,522,842)	-86.4%
Debt Service:				
Principal	131,492	1.3%	29,978	29.5%
Interest	51,961	0.5%	17,715	51.7%
Total Expenditures	<u>\$ 10,177,639</u>	<u>100.0%</u>	<u>\$ (723,290)</u>	<u>-6.6%</u>

The County's primary expenditures were for public safety, highways and streets, and general administration. The County is very concerned with providing the citizens with adequate roads, safety and health.

DEBT ADMINISTRATION

As of September 30, 2023, the County had debt outstanding consisting of \$1,446,438 general long-term debt. The County had \$60,178 reserved for the above debt at September 30, 2023.

CASH MANAGEMENT

Most cash is deposited in interest bearing demand accounts.

INDEPENDENT AUDIT

The financial statements for the year ended September 30, 2023 were audited by Canales, Garza & Baum, PLLC, and their independent auditor's report is included in this comprehensive annual financial report.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the cooperation of my staff, the various County officials and their staffs, the Commissioners Court, our independent auditors, and the citizens of Jim Hogg County, Texas. I wish to thank them all.

Respectfully submitted,

Humberto Martinez
County Auditor

JIM HOGG COUNTY, TEXAS
DIRECTORY OF OFFICIALS
SEPTEMBER 30, 2021

COUNTY COURT

Baldemar Garza

Judge, 229th Judicial District

COMMISSIONERS COURT

Juan Carlos Guerra

County Judge

Antonio Flores, III

Commissioner, Precinct #1

Abelardo Alaniz

Commissioner, Precinct #2

Sandalio Ruiz

Commissioner, Precinct #3

Cynthia G. Betancourt

Commissioner, Precinct #4

OTHER COUNTY OFFICIALS

Gloria Benavides

County Treasurer

Rodolfo V. Gutierrez

County Attorney

Zonia G. Morales

County/District Clerk

Erasmo Alarcon Jr.

Sheriff

Norma Lisa Hinojosa

Tax Assessor/Collector

Humberto Martinez

County Auditor

JUSTICE OF THE PEACE

Alma R. Silguero

Justice of the Peace, Precinct #1

Susan M. Douglas

Justice of the Peace, Precinct #2

Marissa M. Garza

Justice of the Peace, Precinct #3

Aaron Salazar

Justice of the Peace, Precinct #4

CONSTABLES

Basilio Galvan

Constable, Precinct #1

Carlos Guerra

Constable, Precinct #2

Rene Molina

Constable, Precinct #3

Amado A. Garza

Constable, Precinct #4

FINANCIAL SECTION



Aaron Canales, CPA
Juan José Garza, CPA
† J. Clayton Baum, CPA
Guadalupe Garcia-Wright, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge
And Honorable County Commissioners
Jim Hogg County, Texas

Report on the Audit of the Financial Statements

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 Jim Hogg County, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jim Hogg County, Texas, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Jim Hogg County, Texas and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jim Hogg County, Texas' 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 generally accepted auditing standards and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 Jim Hogg County, Texas' 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jim Hogg County, Texas' 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 and budgetary comparison information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jim Hogg County, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, and the schedules of expenditures of state awards, as required by the *Texas 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 combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the Jim Hogg County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of

Jim Hogg County, Texas' 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 Jim Hogg County, Texas' internal control over financial reporting and compliance.

Canales, Darya & Baum, PLLC

Laredo, Texas
June 27, 2024

JIM HOGG COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Jim Hogg County, Texas (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report. This is the annual financial report issued under the reporting guidelines issued by the Government Accounting Standards Board (GASB).

FINANCIAL HIGHLIGHTS

1. At fiscal year end, the County's net position exceeded its liabilities by \$13,597,079. Of this amount, \$4,821,769 is the unrestricted net position of Jim Hogg County which is available to meet the County's ongoing obligations to citizens and creditors.
2. In contrast to the government-wide statements, the County's governmental funds reported combined ending fund balances of \$5,252,117, a decrease of \$129,337 in comparison with the prior year.
3. The general fund balance increased from \$2,881,072 in 2022 to \$3,069,261 at September 30, 2023 which represents a 7% increase from the prior year.
4. The County's total long term debt decreased by \$131,492 during the current fiscal year due to bond and capital lease payments during fiscal year ended September 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County and all liabilities. Additionally, certain adjustments have occurred to eliminate duplications in regards to interfund activity such as premiums charged by the self-insurance fund, transfers, receivables and payables.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, buildings and facilities, administration of justice, law enforcement and corrections, social services, health, safety and sanitation, roads, bridges and transportation. The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The County currently has no proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains various governmental funds (excluding fiduciary funds): various special revenue funds, a debt service fund, a capital projects fund and the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and road & bridge fund which are considered the only major funds this fiscal year under the classification guidelines issued by GASB. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 18-25 of this report.

Proprietary funds. The County maintains no proprietary funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The basic fiduciary fund financial statements can be found on pages 25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-48 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 49 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds and fiduciary funds are presented immediately following the supplemental information. Combining and individual fund statements and schedules can be found on pages 55 through 60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net position may serve over time as a useful indicator of a government’s financial position.

Net position of the County’s governmental activities at year end were \$13,597,079. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$4,821,769 at September 30, 2023.

Table 1
JIM HOGG COUNTY, TEXAS

	NET POSITION	
	Primary Government	
	Governmental Activities 2023	Governmental Activities 2022
ASSETS		
Current and other assets	\$ 6,652,846	\$ 6,899,105
Net pension asset	708,002	2,318,550
Capital assets	8,038,892	8,293,846
Total assets	<u>15,399,740</u>	<u>17,511,501</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>650,924</u>	<u>995,993</u>
Total Deferred Outflows of Resources	<u>650,924</u>	<u>995,993</u>
LIABILITIES		
Other liabilities	668,740	633,846
Net pension Obligations - OPEB	319,533	404,580
Long-term liabilities	<u>1,330,792</u>	<u>1,444,438</u>
Total liabilities	<u>2,319,065</u>	<u>2,482,864</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>134,520</u>	<u>1,668,997</u>
Total Deferred Inflows of Resources	<u>134,520</u>	<u>1,668,997</u>
NET POSITION		
Invested in capital assets, net of related debt	6,592,454	6,715,916
Restricted for special revenue	2,122,678	2,437,743
Restricted for debt service	60,178	62,639
Unrestricted	<u>4,821,769</u>	<u>5,139,335</u>
Total net position	<u>\$ 13,597,079</u>	<u>\$ 14,355,633</u>

Table 1
JIM HOGG COUNTY, TEXAS

CHANGES IN NET POSITION

	Primary Government	
	Governmental Activities	Governmental Activities
	2023	2022
General Revenues:		
Property taxes	\$ 3,927,870	\$ 4,052,405
Penalties	109,882	117,568
Sales tax	1,079,212	1,010,316
Interest	205,292	27,218
Other	2,556,258	2,012,245
total general revenues	<u>7,878,514</u>	<u>7,219,752</u>
Expenses:		
General government	2,763,704	1,493,501
Judicial	263,727	231,112
Financial administration	323,020	324,535
Public facilities	141,484	100,406
Legal	118,393	117,608
Public safety	2,648,653	1,254,098
Highways and streets	1,968,760	1,526,722
Health and welfare	336,251	301,520
Culture and recreation	21,115	19,693
Interest and fiscal charges	51,961	34,246
Total expenses	<u>8,637,068</u>	<u>5,403,441</u>
Increase (decrease) in net position	(758,554)	1,816,311
Net position - beginning	14,355,633	12,539,322
Net position - ending	<u>\$ 13,597,079</u>	<u>\$ 14,355,633</u>

Comparing program revenues to the corresponding governmental function costs reveals what functions are most dependent on property taxes.

For most fees and other charges for services, the Commissioners Court's hands are tied because state statutes regulate the maximum amounts that can be charged, increasing the County's leniency on property taxes for funding.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the County's strong fiscal management and accountability.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$5,252,117 a decrease of \$129,337 or (2.4%) in comparison with the prior year.

The following table presents revenues by source as compared with prior year.

	2023		Increase (Decrease) 2023	Percentage of Increase (Decrease)
REVENUES:	Amount	Percent of Total		
Property Taxes	\$ 4,097,532	40.8%	\$ 198,930	5.1%
Sales and Miscellaneous Taxes	1,079,212	10.7%	68,896	6.8%
Penalty and Interest on Taxes	109,882	1.1%	(7,686)	-6.5%
Fees and Fines	345,290	3.4%	80,298	30.3%
Intergovernmental Revenues and Grants	1,160,872	11.6%	(1,808,929)	-60.9%
Charges for Services	839,254	8.4%	80,942	10.7%
Investment Earnings	205,292	2.0%	178,074	654.3%
Other Revenue	2,210,968	22.0%	463,715	26.5%
Total Revenues	<u>\$ 10,048,302</u>	<u>100.0%</u>	<u>\$ (745,760)</u>	<u>-6.9%</u>

The County's primary sources of revenues consist of tax revenues which comprise 40.8% of the County's total revenues.

	2022		Increase (Decrease) 2022	Percentage of Increase (Decrease)
EXPENDITURES	Amount	Percent of Total		
General Government	\$ 2,576,553	25.3%	\$ 161,041	6.7%
Judicial	419,649	4.1%	22,805	5.7%
Financial Administration	384,205	3.8%	3,774	1.0%
Public Facilities	138,717	1.4%	41,077	42.1%
Legal	118,393	1.2%	785	0.7%
Public Safety	3,463,532	34.0%	598,899	20.9%
Highways and Streets	2,299,512	22.6%	(86,980)	-3.6%
Health & Welfare	333,586	3.3%	9,750	3.0%
Culture and Recreation	20,678	0.2%	708	3.5%
Capital Outlay	239,361	2.4%	(1,522,842)	-86.4%
Debt Service:				
Principal	131,492	1.3%	29,978	29.5%
Interest	51,961	0.5%	17,715	51.7%
Total Expenditures	<u>\$ 10,177,639</u>	<u>100.0%</u>	<u>\$ (723,290)</u>	<u>-6.6%</u>

The County's primary expenditures were for public safety, highways and streets, and general administration. The County is very concerned with providing the citizens with adequate roads, safety and health.

Other Financing Resources

Proprietary funds. The County does not maintain any proprietary fund types.

GENERAL FUND BUDGETARY HIGHLIGHTS

In total, the original budget and the final amended budget changed slightly. While there were a number of budget amendments during the year, the final budgeted amounts for the general fund decreased slightly for revenues and increased slightly for expenditures between the total original budget and the total amended final budget. The County made a few changes between the functions. The actual expenditures for this fiscal year ended under total appropriations for expenditures and transfers out. Actual revenues and transfers in for the general fund came in \$354,535 over budget. Actual expenditures and transfers out for the general fund came in \$768,840 over budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County’s investment in capital assets for its governmental activities as of September 30, 2023, amounts to \$8,038,892 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment.

The County did not have any major capital projects completed during the fiscal year.

Total investments in the County’s net capital assets decreased by \$254,954, or (3)% from the prior year.

	<u>2023</u>	<u>2022</u>
Land	\$ 515,167	\$ 515,167
Construction in Progress	-	-
Furniture and Equipment	959,428	1,062,564
Infrastructure	6,564,297	6,716,115
Total	<u>\$ 8,038,892</u>	<u>\$ 8,293,846</u>

Long-term debt. At September 30, 2023, the County had \$1,446,438 in bonded indebtedness as follows:

Jim Hogg County Outstanding Debt

	<u>2023</u>	<u>2022</u>
Limited Tax Refunding Bonds, Series 2019	\$ 1,069,000	\$ 1,150,000
Capital Lease No. 8913	-	11,531
Capital Lease No. 8914	-	9,957
Capital Lease No. 10154	377,438	406,442
Total	<u>\$ 1,446,438</u>	<u>\$ 1,577,930</u>

The County’s total net indebtedness decreased by \$131,492 during the current year due to payments of principal of Refunding Bonds, Series 2019 and Capital Leases No. 8913, 8914, and 10054.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances including the component units. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Jim Hogg County Auditor
P. O. Box 729
Hebbronville, Texas 78361
Telephone: 361/527-5825
Fax: 361/527-5436

BASIC FINANCIAL STATEMENTS

JIM HOGG COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	5,804,051
Receivables (net of allowance for uncollectibles)	848,320
Net Pension Asset	708,002
Other Assets	475
Capital Assets Not Being Depreciated	
Land	515,167
Capital Assets Being Depreciated, Net	
Furniture and Equipment	959,428
Infrastructure	6,564,297
TOTAL ASSETS	15,399,740
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	650,924
Total Deferred Outflows of Resources	650,924
LIABILITIES	
Accounts Payable	308,035
Accrued Wages Payable	75,572
Other Current Liabilities	169,487
Net Pension Liability	-
Net Pension Obligations - OPEB	319,533
Noncurrent Liabilities:	
Due Within One Year	115,646
Due in More Than One Year	1,330,792
Total Liabilities	2,319,065
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	134,520
Total Deferred Inflows of Resources	134,520
NET POSITION	
Invested in Capital Assets, Net of Related Debt	6,592,454
Restricted:	
Special Revenue	2,122,678
Debt Service	60,178
Unrestricted	4,821,769
Total Net Position	13,597,079

The accompanying notes are an integral part of this financial statement.

JIM HOGG COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes In Net Position
					Primary Governmental Activities
Primary Government					
Governmental Activities:					
General Administration	\$ 2,931,001	\$ 77,080	\$ 90,217	\$ -	\$ (2,763,704)
Judicial	419,649	110,476	45,446	-	(263,727)
Financial Administration	386,002	62,982	-	-	(323,020)
Public Facilities	141,484	-	-	-	(141,484)
Legal	118,393	-	-	-	(118,393)
Public Safety	3,699,647	91,274	959,720	-	(2,648,653)
Highways and Streets	2,487,608	494,774	8,882	15,192	(1,968,760)
Health and Welfare	379,354	1,688	41,415	-	(336,251)
Culture and Recreation	22,095	980	-	-	(21,115)
Debt Service:					
Interest and Fiscal Charges	51,961	-	-	-	(51,961)
Total Governmental Activities	<u>\$ 10,637,194</u>	<u>\$ 839,254</u>	<u>\$ 1,145,680</u>	<u>\$ 15,192</u>	<u>(8,637,068)</u>
General Revenues					
Property Taxes, Levies for General Purposes					3,927,870
Sales and Miscellaneous Taxes					1,079,212
Penalties and Interest					109,882
Fees and Fines					345,290
Licenses and Permits					1,905
Unrestricted Investment Earnings					205,292
Miscellaneous					2,209,063
Total General Revenues and Transfers					<u>7,878,514</u>
Change in Net Position					(758,554)
Net Position - Beginning					14,355,633
Net Position - Ending					<u>\$ 13,597,079</u>

The accompanying notes are an integral part of this financial statement.

JIM HOGG COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	GENERAL FUND	ROAD & BRIDGE	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS				
Cash and Cash Equivalents	3,215,796	1,434,164	1,154,091	\$ 5,804,051
Taxes Receivable	696,307	300,911	-	997,218
Allowance for Uncollectible Taxes	(104,446)	(45,137)	-	(149,583)
Other Receivables		685	-	685
Due from Other Funds	89,775	46,043	123,307	259,125
Other Assets			475	475
Total Assets	\$ 3,897,432	\$ 1,736,666	\$ 1,277,873	\$ 6,911,971
LIABILITIES AND FUND BALANCES				
Accounts Payable	27,896	48,025	232,114	308,035
Accrued Wages Payable	54,316	14,379	6,877	75,572
Due to Other Funds			259,125	259,125
Other Liabilities	154,098	15,389		169,487
Deferred Revenues	591,861	255,774		847,635
Total Liabilities	828,171	333,567	498,116	1,659,854
Fund Balances:				
Restricted:				
General Government	-	-	497,719	497,719
Judicial	-	-	887	887
Public Safety	-	-	101,888	101,888
Highways and Streets	-	1,403,099	682	1,403,781
Health and Welfare	-	-	118,403	118,403
Debt Service	-	-	60,178	60,178
Unassigned	3,069,261	-	-	3,069,261
Total Fund Balances	3,069,261	1,403,099	779,757	5,252,117
Total Liabilities and Fund Balances	\$ 3,897,432	\$ 1,736,666	\$ 1,277,873	\$ 6,911,971

The accompanying notes are an integral part of this financial statement.

JIM HOGG COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023

Total Fund Balances - governmental funds balance sheet	\$ 5,252,117
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the funds	8,038,892
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectible)	847,635
Included in the items related to debt is the recognition of the County's proportionate share of the net pension asset required by GASB 68 in the amount of \$708,002; share of the net pension obligation-OPEB required by GASB 75 in the amount of \$(319,533); a deferred resources outflows related to TCDRS in the amount of \$134,520 and a deferred resources inflows related to TCDRS in the amount of \$(904,873)	904,873
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,446,438)</u>
Net position of governmental activities - statement of net position	<u>\$ 13,597,079</u>

The accompanying notes are an integral part of this statement

JIM HOGG COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	GENERAL FUND	ROAD & BRIDGE	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:				
Taxes:				
Property Taxes	2,654,494	1,335,198	107,840	\$ 4,097,532
Sales and Miscellaneous Taxes	-	-	1,079,212	1,079,212
Penalty and Interest on Taxes	74,117	35,765	-	109,882
Intergovernmental	79,978	-	1,080,894	1,160,872
Licenses and Permits	1,905	-	-	1,905
Charges for Services	260,912	494,774	83,568	839,254
Fees and Fines	-	220,658	124,632	345,290
Interest	119,621	52,571	33,100	205,292
Miscellaneous	1,633,961	92,546	482,556	2,209,063
Total Revenues	<u>4,824,988</u>	<u>2,231,512</u>	<u>2,991,802</u>	<u>10,048,302</u>
EXPENDITURES:				
Current:				
General government	1,088,906	-	1,487,647	2,576,553
Judicial	417,134	-	2,515	419,649
Financial administration	384,205	-	-	384,205
Public facilities	138,717	-	-	138,717
Legal	118,393	-	-	118,393
Public safety	2,431,158	-	1,032,374	3,463,532
Highways and streets	-	2,289,185	10,327	2,299,512
Health and welfare	90,767	-	242,819	333,586
Culture and recreation	20,678	-	-	20,678
Capital Outlay	-	-	239,361	239,361
Debt Service:				
Principal	21,488	29,004	81,000	131,492
Interest and Fiscal Charges	1,020	18,811	32,130	51,961
Total Expenditures	<u>4,712,466</u>	<u>2,337,000</u>	<u>3,128,173</u>	<u>10,177,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>112,522</u>	<u>(105,488)</u>	<u>(136,371)</u>	<u>(129,337)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	75,667	-	-	75,667
Operating Transfers Out	-	-	(75,667)	(75,667)
Total Other Financing Sources (Uses)	<u>75,667</u>	<u>-</u>	<u>(75,667)</u>	<u>-</u>
Net Change in Fund Balances	188,189	(105,488)	(212,038)	(129,337)
Fund Balance - Beginning of Year	2,881,072	1,508,587	991,795	5,381,454
Fund Balance - End of Year	<u>\$ 3,069,261</u>	<u>\$ 1,403,099</u>	<u>\$ 779,757</u>	<u>\$ 5,252,117</u>

The accompanying notes are an integral part of this financial statement.

JIM HOGG COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 SEPTEMBER 30, 2023

Net changes in fund balances - total governmental funds	\$ (129,337)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(254,954)
Certain property tax and grant revenues are deferred in the funds. This is the change in these amounts this year.	(169,662)
The implementation of GASB 68 & 75 required that certain expenditures be de-expended and recorded as deferred resources outflows.	(336,093)
Repayment of loan principal is an expenditure in the funds but not an expense in the statement of activities	<u>131,492</u>
Change in net position of governmental activities - statement of activities	<u>\$ (758,554)</u>

The accompanying notes are an integral part of this statement.

JIM HOGG COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted amounts		Actual	Variance with final budget positive or (negative)
	Original	Final		
REVENUES:				
Taxes:				
Property taxes	\$ 2,687,772	\$ 2,687,772	\$ 2,654,494	\$ (33,278)
Penalty and interest on taxes	80,000	80,000	74,117	(5,883)
Intergovernmental revenue and grants	89,433	88,930	79,978	(8,952)
Licenses and permits	1,000	1,000	1,905	905
Charges for services	305,800	305,800	260,912	(44,888)
Investment earnings	6,000	6,000	119,621	113,621
Other revenue	1,305,250	1,226,618	1,633,961	407,343
Total revenues	<u>4,475,255</u>	<u>4,396,120</u>	<u>4,824,988</u>	<u>428,868</u>
EXPENDITURES:				
Current:				
General government	909,041	915,928	1,088,906	(172,978)
Legal	157,717	157,717	118,393	
Judicial	423,690	423,690	417,134	6,556
Financial administration	425,973	426,465	384,205	
Public safety	1,744,981	1,821,618	2,431,158	(609,540)
Public facilities	104,700	104,700	138,717	(34,017)
Health and welfare	126,379	126,379	90,767	35,612
Culture and recreation	23,633	23,633	20,678	2,955
Debt Service:				
Principal	21,532	21,532	21,488	44
Interest	3,548	3,548	1,020	2,528
Total expenditures	<u>3,941,194</u>	<u>4,025,210</u>	<u>4,712,466</u>	<u>(768,840)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>534,061</u>	<u>370,910</u>	<u>112,522</u>	<u>(339,972)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers In	150,000	150,000	75,667	(74,333)
Operating transfer Out	-	-	-	-
Total other financing sources (uses)	<u>150,000</u>	<u>150,000</u>	<u>75,667</u>	<u>(74,333)</u>
NET CHANGE IN FUND BALANCES	<u>684,061</u>	<u>520,910</u>	<u>188,189</u>	<u>(414,305)</u>
FUND BALANCES - BEGINNING	2,881,072	2,881,072	2,881,072	-
FUND BALANCES - ENDING	<u>\$ 3,565,133</u>	<u>\$ 3,401,982</u>	<u>\$ 3,069,261</u>	<u>\$ (414,305)</u>

The accompanying notes are an integral part of this financial statement.

JIM HOGG COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted amounts		Actual	Variance with final budget positive or (negative)
	Original	Final		
REVENUES				
Taxes:				
Property Taxes	\$ 1,355,492	\$ 1,355,492	\$ 1,335,198	\$ (20,294)
Penalty and Interest on Taxes	35,000	35,000	35,765	765
Charges for services	450,700	450,700	494,774	44,074
Fees and fines	240,000	240,000	220,658	(19,342)
Interest	5,000	5,000	52,571	47,571
Miscellaneous	102,284	98,534	92,546	(5,988)
TOTAL REVENUES	<u>2,188,476</u>	<u>2,184,726</u>	<u>2,231,512</u>	<u>46,786</u>
EXPENDITURES				
Current:				
Highways and Streets	2,183,560	2,218,621	2,289,185	(70,564)
Debt Service:				
Principal	29,004	29,004	29,004	-
Interest	19,996	19,996	18,811	1,185
TOTAL EXPENDITURES	<u>2,232,560</u>	<u>2,267,621</u>	<u>2,337,000</u>	<u>(69,379)</u>
Excess (deficiency) of revenues				
Over (under) expenditures	(44,084)	(82,895)	(105,488)	(22,593)
OTHER FINANCING SOURCES (USES):				
Loan Proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(44,084)	(82,895)	(105,488)	(22,593)
FUND BALANCES - BEGINNING	1,508,587	1,508,587	1,508,587	-
FUND BALANCES - ENDING	<u>\$ 1,464,503</u>	<u>\$ 1,425,692</u>	<u>\$ 1,403,099</u>	<u>\$ (22,593)</u>

The accompanying notes are an integral part of this financial statement.

JIM HOGG COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2023

	Agency Funds
ASSETS	<u> </u>
ASSETS	
Cash and cash equivalents	<u>\$ 844,740</u>
TOTAL ASSETS	<u>844,740</u>
 LIABILITIES AND NET POSITION	
LIABILITIES	
Due to other others	<u>844,740</u>
TOTAL LIABILITITES	844,740
NET POSITION	<u> -</u>
	<u>\$ 844,740</u>

The accompanying notes are an integral part of these financial statements.

JIM HOGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Summary of Significant Accounting Policies

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards. The financial report has been prepared in accordance with GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments", issued in June 1999 and implemented by the County. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

Primary Government and Component Unit

Jim Hogg County, Texas was chartered in 1913 and is governed by an elected five member board. The County has no oversight responsibility for any other government entity since no other entities are considered to be controlled by or dependent on the County. Control or dependence is determined on the basis of budget adoption, taxing authority, and appointment of the respective governing board.

The accounting policies of Jim Hogg County, Texas conform to generally accepted accounting principles. The following is a summary of the more significant policies.

B. 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 of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has 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 statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The General fund and Road and Bridge fund are reported as major funds and are reported in a separate column in the fund financial statements.

C. 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 bases of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is 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. Fees and fines are considered as earned when paid. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

JIM HOGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is 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 County considers revenues to be available if collected within 120 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 are recorded only when payment is due.

Intergovernmental revenues, rents, commissions, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County, which includes delinquent property taxes, licenses, fees and fines. For grants, like the government-wide financial statements, the revenue is recognized when all the eligibility requirements have been met.

The County reports the following as 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. All other governmental funds are combined and reported as nonmajor.

The **Road and Bridge Fund** is used to account for the various precincts for the commissioners regarding roads and capital projects.

Additionally, the County reports the following fund types:

Special Revenue Fund – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund – The Debt Service Fund is used to account for service interest and principal payments on short and long term debt.

Capital Project Fund – The Capital Project Funds are used to account for and report financial resources that are restricted for the acquisition of capital assets.

Agency Funds account for the assets that are held for the benefit of others or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. State statutes and the County's official Investment Policy authorize the County to invest in obligations of the U.S. and its agencies, certificates of deposit, local government pools, repurchase agreements, money market mutual funds and direct obligations of the State of Texas or its agencies.

JIM HOGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Investments for the County, when applicable, are reported at fair market value. All investment income is recognized as revenue in the appropriate fund's statement of activity and or statement of revenues, expenditures and changes in fund balance.

The County considers all highly liquid investments with original maturities of less than 90 days to be cash equivalents. Cash and cash equivalents at year-end include demand deposits and repurchase agreements. Statutes give the County the authority to invest the funds in obligations of the United States, direct obligations of the State of Texas, other obligations guaranteed or insured by the State of Texas or the United States, obligations of states, agencies, counties, or cities of any state that have been rated not less than one or its equivalent by a nationally recognized investment firm, certificates of deposit guaranteed, insured or secured by approved obligations, prime domestic bankers' acceptances, commercial paper, fully collateralized repurchase agreements and an SEC-registered, no-load money market mutual fund whose assets consist exclusively of approved obligations.

State statutes and the adopted Investment Policy govern the County's cash and investment policies. The County's policies governing bank deposits require depositories to be FDIC-insured institutions and depositories must fully collateralize all deposits in excess of FDIC insurance limits. The depository bank deposits for safekeeping and trust with the County's agent bank, approved pledged securities in an amount sufficient to protect the County funds on a day-to-day basis. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade receivables are directly written-off when circumstances indicate a receivable is no longer collectible usually within one year a receivable was incurred. The property tax receivable allowance is equal to 100% of the balances older than 11 years plus .5% of the balances less than 11 years old which includes the current year's levy.

Property taxes are levied prior to September 30 based on taxable value as of January 1 and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. On the governmental fund financial statements outstanding property taxes receivable is reported as deferred revenue.

Accounts receivables include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and unearned revenue (a liability) at the time the contracts are approved and signed. Grant revenues are recognized when eligibility requirements established by the grantor have been met at which time unearned revenue (the liability account) is reduced.

Lending or borrowing between funds is reflected as "due to or due from" (current position) or "advances to/from other funds" (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund activity reflected in "due to or due from" is eliminated on the government-wide statements.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories comprise of expendable supplies and gasoline held for consumption. All inventory items are expensed when used. Reported inventories are offset by a reservation of fund balance, which indicates that they do not

JIM HOGG COUNTY, TEXAS
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constitute "available spendable resources" even though they are a component of net current assets. Inventory policy on government-wide statements is consistent with fund statements.

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

Capital Assets

Capital assets, which include land, building and improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000.

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.

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.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	20
Equipment	10-15
Automotive	6
Furniture	12
Heavy equipment	15
Computer equipment	7

GASB Statement No. 34 requires the County to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County

Compensated Absences

Employees are paid by prescribed formula for absences due to vacation or sickness. Vacation pay accrues monthly to a maximum of 22 days. A maximum of twelve days of sick leave may be earned each year. Accrued annual leave and sick leave are forfeited at year end.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net asset. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges.

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

Fund Balance Designations

Certain fund balances or portions thereof have been reserved to indicate amounts that are not appropriated for expenditures or are legally segregated for a specific future purpose. Designation of a portion of the fund balance is established to indicate tentative plans for financial resource utilization in a future period.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) they are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted - This classification includes amounts for which the constraints that have been placed on the use of the resources are either (a) externally imposed by creditors, grantors, contributors, or by laws or regulations of other governments, or (b) imposed by law through constitutional provisions or by enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by order of the Commissioners Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners Court removes or changes the specified use by taking the same type of action that was employed when the fund was initially committed.

Assigned - This classification includes amounts that are constrained by the Commissioners Court intent to be used for a specific purpose but are neither restricted nor committed.

Unassigned - This classification includes the residual fund balance for the General Fund.

Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow or resource (revenue) until that time. Deferred outflow of resources represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

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	Governmental Activities
Deferred Outflows of Resources Related to Pensions	
Deferred Outflows from Pension	\$ 613,129
Deferred Outflows from OPEB	37,795
Total Deferred Outflows of Resources Related to Pensions	\$ 650,924

	Governmental Activities
Deferred Inflows of Resources Related to Pensions	
Deferred Inflows from Pension	\$ 43,135
Deferred Inflows from OPEB	91,385
Total Deferred Inflows of Resources Related to Pensions	\$ 134,520

Note 2 – Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The Reconciliation of the Governmental funds Balance Sheet to the Statement of Net Position provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are, therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details were as follows:

	Capital Assets (beg)	Additions (Retirements)	Accumulated Depreciation	Capital Assets (net)
Capital assets at end of year				
Land	\$ 515,167	\$ -	\$ -	\$ 515,167
Furniture and Equipment	4,894,973	60,345	3,995,890	959,428
Infrastructure	28,208,673	179,016	21,823,393	6,564,296
				\$ 8,038,892
		Total		
Long-term liabilities at end of year				
Bonds		\$ 1,446,438		
		\$ 1,446,438		

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the

JIM HOGG COUNTY, TEXAS
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changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position. The details of this adjustment are as follows:

Current year capital outlay	
Furniture and Equipment	\$ 239,361
Total capital outlay	<u>239,361</u>
Depreciation expense	(494,315)
	<u><u>\$ (254,954)</u></u>

Note 3 – Stewardship, compliance and accountability

A. Budgetary Information

The Commissioners Court may levy taxes only in accordance with the budget. After final approval of the budget, the Commissioners Court may spend County funds only in strict compliance with the budget, except in any emergency. The Commissioners Court may authorize an emergency expenditure as an amendment to the original budget only in case of grave public necessity to meet an unusual and unforeseen condition that could have been included in the original budget through the use of reasonable diligent thought and attention. If the court amends the original budget to meet an emergency, the court must file a copy of the order amending the budget with the County Clerk and the clerk shall attach the copy to the original budget. Only the Commissioners Court may amend the budget and shift funds from one budget account to another.

The original budget is adopted by Commissioners Court and filed with the County Clerk. Amendments are made during the year and approved by Commissioners Court. The budget should not be exceeded in any expenditures category under state law. The budget was amended to reflect as closely as possible revenues and expenditures for the twelve-month period. Certain categories exceeded the budget estimates. These variances were due to the fluctuations in revenues and expenditures as opposed to the prorated budget estimates.

The County Judge is, by statute, the Budget Office of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by Commissioners Court, the County Judge, with the help of the County Auditor, prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to Commissioner Court. The Commissioners Court invites various department heads to appear for a hearing concerning the department's budget request. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by various departments. Amounts finally budgeted may not exceed the estimate of revenues and available resources. Also, amendments can be made within the above guidelines. When the Budget has been adopted by Commissioners Court, the County Auditor is responsible for monitoring the appropriations and for keeping the member of Commissioners Court advised of the condition of the various funds and accounts. Appropriations lapse at year end. Annual budgets are adopted for all governmental funds except for the Grants Fund and Capital Projects Fund. Project length budgets are adopted for grants and capital projects funds. Budgetary integration is not employed for the internal service fund because expenses are not controllable by management. The amounts budgeted for expenditures in various funds may not exceed the fund balances in those funds as of the first day of the fiscal year plus anticipated revenue for the fiscal year as estimated by the County Auditor.

The final budgets presented in this report reflect the budget amendments for all appropriation transfers processed during the fiscal year. More comprehensive accounting of activity on the budgetary basis is

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provided by request and for public inspection in the Office of the Jim Hogg County Auditor, County Courthouse, Hebbronville, Texas 78361.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds to an extent. All outstanding purchase orders automatically carry over to encumbrance the next budget year unless Commissioner Court individually approves them as an encumbrance to the prior year. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. As of September 30, 2023, no encumbrances were approved by Commissioners Court to carry forward as an encumbrance from the 2022-23 budget.

It is noted that the Sheriff Forfeiture Fund and the County Attorney Check Collection Fund are under to control of the County Sheriff and County Attorney, respectively. These officials adopt their own budget and present them to the Commissioners Court.

The level of control is the fund. By state law expenditures can exceed appropriations as long as the amounts do not exceed the available revenues and cash balances. The County prepares its budget on GAAP basis. Since revenues and expenditures are carefully monitored, it is felt that with GAAP Basis the County will be in compliance with state law.

The legal level of budgetary control (the level on which expenditures may not exceed appropriations) is on an object class basis. If total expenditures exceed appropriations and are in excess of revenues and available cash, transfers of appropriated amounts must be made then approval must be obtained from the Commissioners Court. Management may not amend the budget. All amendments must be made by and approved by the Commissioners Court.

Original budgets adjusted by budget amendments are included in the accompanying financial statements. Budget expenditures amendments resulted in immaterial net applicable amounts due to various line item adjustments.

Note 4 – Detailed Notes on all Funds

A. Deposits and Investments

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2023, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,792,933. The County's cash deposits at September 30, 2023 and during the year ended September 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held the County's agent bank in the County's name.

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County Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety of principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in 1) obligation of the U.S. Treasury, certain U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Jim Hogg County, Texas is in substantial compliance with the requirements of the Act and with local policies.

As of September 30, 2023, Jim Hogg County had no investments.

Additional policies and contractual provisions governing deposits and investments for Jim Hogg County are specified below:

County Policies and Legal and Contractual Provisions Governing Deposits

Credit Risk. In accordance with state law and County's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A. The County's investments in investment pools were rated AAA. To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the County limits investments in investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2023, the County had no investments.

Concentration of Credit Risk. The County does not place a limit on the amount the County may invest in any one issuer. The County does not have a concentration of credit risk.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a custodial credit risk.

Interest Rate Risk. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the County requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis. The County does not have an interest rate risk.

B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, 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 31 of each year, a tax lien attaches to property to

JIM HOGG COUNTY, TEXAS
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secure 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 fiscal year.

C. Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of levy. Allowances for uncollectible tax receivables within the General and 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.

D. Interfund Activity

Interfund balances at September 30, 2023 consisted of the following individual fund balances:

INTERFUND	
Due to General Fund	\$ 89,775
Due to Road & Bridge	46,043
Due to Other Governmental Funds	123,307
	\$ 259,125
Due from General Fund	\$ -
Due from Road & Bridge	-
Due from Other Governmental Funds	259,125
	\$ 259,125

E. Disaggregation of Receivables and Payables

Receivables at September 30, 2023 were as follows:

	Property Taxes	Other Governmental	Total Receivables
Governmental Activities:			
General Fund	\$ 591,861	\$ -	\$ 591,861
Road and Bridge	255,774	-	255,774
Total Governmental Activities	\$ 847,635	\$ -	\$ 847,635

JIM HOGG COUNTY, TEXAS
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Payables at September 30, 2023 were as follows:

	Accounts Payable
Governmental Activities:	
General Fund	\$ 27,896
Road and Bridge	48,025
Nonmajor Governmental Funds	232,114
Total Governmental Activities	\$ 308,035

F. Capital Asset Activity

Capital asset activity for the County for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets no being depreciated				
Land	\$ 515,167	\$ -	\$ -	\$ 515,167
Total capital assets not being depreciated	515,167	-	-	515,167
Capital assets being depreciated				
Furniture and Equipment	4,894,973	60,345	-	4,955,318
Infrastructure	28,208,673	179,016	-	28,387,689
Total capital assets being depreciated	33,103,646	239,361	-	33,343,007
Less: Accumulated Depreciation				
Furniture and Equipment	3,832,409	163,481		3,995,890
Infrastructure	21,492,559	330,834	-	21,823,393
Total Accumulated Depreciation	25,324,968	494,315	-	25,819,283
Total Capital Assets Depreciated, net	7,778,679	(254,954)	-	7,523,725
Governmental Activities Capital Assets, net	\$ 8,293,846	\$ (254,954)	\$ -	\$ 8,038,892

JIM HOGG COUNTY, TEXAS
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Depreciation expense was charged to governmental functions as follows:

	2023
General Government	\$ 18,355
Financial Administration	1,797
Public Facilities	2,767
Public Safety	236,115
Highways and Streets	188,096
Health	5,146
Welfare	40,622
Culture and Recreation	1,417
Total Depreciation Expense	\$ 494,315

G. Long-term debt

The government issues general obligation and certificates of obligations to provide funds for the acquisition and construction of major capital facilities. Certificate of Obligation bonds have been issued for governmental activities.

Limited Tax Refunding Bonds Series 2019: The bond was issued in the amount of \$1,322,000 at an interest rate of 2.620% per annum with principal amounts payable August 1 and interest payable semi-annually on February 1 and August 1.

Annual debt service requirements to maturity for the loan is as follows:

Year Ending	Principal	Interest
September 30,		
2024	\$ 85,000	\$ 27,955
2025	87,000	25,728
2026	89,000	23,449
2027	92,000	21,117
2028	94,000	18,707
2029-2033	510,000	55,177
2034	112,000	2,882
Totals	\$ 1,069,000	\$ 175,016

Capital Leases

The County has entered into several lease-purchase agreements for various pieces of equipment. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

\$406,442 – Government Capital Corporation for the purchase of a Front Loader and Backhoe. Payments are due in 11 annual installments in the amount of \$47,815.19. The first installment is due September 1, 2023 and the last installment due September 1, 2033. Interest is at 4.549% per annum.

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Total Present Value of Future Minimum Lease Payments	\$ 377,438
Plus Amount Representing Interest	100,714
Total Minimum Lease Payments	\$ 478,152
Payments Due within One Year	\$ 47,815

All bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the County.

All bonds may be prepaid or redeemed prior to their respective scheduled due dates as per provisions in the bond agreements.

There were no authorized and unissued general obligation bonds at September 30, 2022. The County is in compliance with all bond covenants on outstanding general obligation bonded debt.

H. Changes in Long-Term Liabilities

Long-term activity for the year ended September 30, 2023 was as follows:

	Beg Bal.	Additions	Reductions	End Bal	Due within one year	Due after one year
Limited Tax Refunding Bonds, Series 2019	\$ 1,150,000		\$ 81,000	\$ 1,069,000	\$ 85,000	\$ 984,000
Capital Lease No. 8913	11,531		11,531	-		-
Capital Lease No. 8914	9,957		9,957	-		-
Capital Lease No. 10054	406,442		29,004	377,438	30,646	346,792
	1,577,930	-	131,492	1,446,438	115,646	1,330,792

I. Commitments Under Leases

The County had no commitments under operating (noncapitalized) lease agreements for facilities and equipment as of and for the year ending September 30, 2023.

J. Defined Benefit Pension Plan & Other Post Employment Benefits

Texas County and District Retirement System Defined Benefit Pension Plan

Plan Description & Terms

Jim Hogg County participates in the Texas County and District Retirement System (TCDRS), which is a statewide, agent multiple employer, public employee retirement system.

- 1) All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

JIM HOGG COUNTY, TEXAS
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- 2) The plan provides retirement, disability and survivor benefits.
- 3) TCDRS is a savings-based plan. For the county's plan, 5% of each employee's pay is deposited in his or her TCDRS account. By law, employees accounts earn 7% interest on the beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 125%) and is then converted to an annuity.
- 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
- 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- 6) Membership information is shown in chart below.

Membership Information

Members	Dec. 31, 2021	Dec. 31, 2022
Number of inactive employees entitled to but not yet receiving benefits:	90	92
Number of active employees:	119	128
Average monthly salary	\$ 2,140	\$ 2,465
Average age	50.36	50.42
Average length of service	13.03	13.17

Inactive Employees (or their Beneficiaries) Receiving Benefits

Number of benefit recipients:	76	79
Average monthly benefit:	\$ 531	\$ 520

The Board of Trustees of TCDRS is responsible for the administration of the statewide, agent multiple-employer, public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034 and can also be found at the following link, www.tcdrs.org.

Funding Policy

The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. The Jim Hogg County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 5%. Contributions to the pension plan from the county for 2022 is 1.9%.

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Schedule of Employer Contribution:

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 104,425	\$ 154,475	\$ (50,050)	\$ 3,089,495	5.0%
2014	96,499	96,592	(92)	2,846,591	3.4%
2015	82,927	82,935	(9)	2,792,139	3.0%
2016	81,119	81,119	-	2,836,229	2.9%
2017	69,583	69,594	(11)	2,875,331	2.4%
2018	74,648	74,648	-	3,046,926	2.4%
2019	65,116	65,116	-	2,973,405	2.2%
2020	71,685	71,685	-	2,950,065	2.4%
2021	60,002	60,002	-	3,092,934	1.9%
2022	118,077	118,106	(28)	3,736,624	3.2%

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Actuarial Methods and Assumptions are as follows:

Actuarial Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 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. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

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Net Pension Liability

Under GASB 68, the County is required to recognize specific pension amounts, which include Net Pension Liability (NPL), deferred outflows and inflows of resources, and pension expense. The Total Pension Liability (TPL) (present value of actuarially determined pension benefits) less the value of the assets available in the plan to pay the pension benefits (Fiduciary Net Position or FNP) results in the NPL; this NPL will appear on the County's Statement of Net Position. The County's NPL was measured as of December 31, 2022, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Valuation and Measurement Date, December 31, 2022:

	December 31, 2021	December 31, 2022
Total Pension Liability	\$ 10,897,481	\$ 11,490,222
Plan Fiduciary Net Position	13,216,030	12,198,224
Net Pension Liability / (Asset)	\$ (2,318,549)	\$ (708,002)
Fiduciary net position as a % of total pension liability	121.28%	106.16%
Pensionable covered payroll	\$3,092,934	\$3,736,624
Net pension liability as a % of covered payroll	-74.96%	-18.95%

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with 2015) and is presented in the Required Supplementary Information section.

Schedule of Changes in Net Pension Liability 2022

Changes in the County's Net Pension Liability as of 12/31/22 are presented below:

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Changes in Net Pension Liability / (Asset)

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance as of December 31, 2021	\$ 10,897,481	\$ 13,216,030	\$ (2,318,550)
Changes for the year:			
Service cost	245,057		245,057
Interest on total pension liability	826,729		826,729
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	59,862		59,862
Effect of assumptions changes or inputs	-		-
Refund of contributions	(53,001)	(53,001)	-
Benefit payments	(485,906)	(485,906)	-
Administrative expenses		(7,148)	7,148
Member contributions		186,831	(186,831)
Net investment income		(754,791)	754,791
Employer contributions		118,106	(118,106)
Other	-	(21,897)	21,897
Balance as of December 31, 2022	<u>\$ 11,490,222</u>	<u>\$ 12,198,224</u>	<u>\$ (708,002)</u>

Pension Expense

Below is the Schedule of Pension Expense for year ended 12/31/22:

Pension Expense

Service Cost	\$ 245,057
Interest on total pension liability	826,729
Effect of plan changes	-
Administrative Expense	7,148
Member Contributions	(186,831)
Expected investment return net of investment expenses	(994,607)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(51,604)
Recognition of assumption changes or inputs	124,645
Recognition of investment gains or losses	22,644
Other	21,897
Total Pension Expense	<u>\$ 15,078</u>

JIM HOGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/2022 Expense	Balance of Deferred Inflows 12/31/2022	Balance of Deferred Outflows 12/31/2022
Investment (gains) or losses						
\$	1,749,398	12/31/2022	5.0	\$ 349,880	\$ -	\$ 1,399,518
	(1,569,763)	12/31/2021	5.0	(313,953)	941,857	-
	(235,238)	12/31/2020	5.0	(47,048)	94,094	-
	(764,550)	12/31/2019	5.0	(152,910)	152,910	-
	933,375	12/31/2018	5.0	186,675	-	-
Economic/ Demographic (gains) or losses						
\$	59,862	12/31/2022	4.0	\$ 14,966	\$ -	\$ 44,896
	23,054	12/31/2021	3.0	7,685	-	7,684
	(117,766)	12/31/2020	4.0	(29,442)	29,440	-
	(179,252)	12/31/2019	4.0	(44,813)	-	-
Assumption changes or inputs						
\$	-	12/31/2022	4.0	\$ -	\$ -	\$ -
	(41,085)	12/31/2021	3.0	(13,695)	13,695	-
	553,359	12/31/2020	4.0	138,340	-	138,339
	-	12/31/2019	4.0	-	-	-
Employer contributions made subsequent to measurement date						
		12/31/2022		\$ -	\$ -	\$ 613,129

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2023	\$ (46,177)
2024	3,847
2025	50,893
2026	349,878
2027	-
Thereafter	-

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contribution will be

JIM HOGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 the Total Pension Liability.

Sensitivity of the net pension liability to changes discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-point higher (8.6%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total Pension Liability	\$ 12,835,091	\$ 11,490,222	\$ 10,345,956
Fiduciary Net Position	12,198,224	12,198,224	12,198,224
Net pension liability/asset	636,867	(708,002)	(1,852,268)

Other Post-Employment Benefits (OPEB)

Plan Description

A description of the OPEB plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Jim Hogg County participates in the retiree Group Term Life program for the Texas County District Retirement System (TCDRS), which is a state-wide, multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 1. All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
 2. The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
 3. The OPEB benefit is a fixed \$5,000 lump-sum benefit.
 4. No future increases are assumed in the \$5,000 benefit amount.
 5. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.
- c. Membership information is shown in the chart below.
- d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
- e. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage Jan. 1 each year. The county's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

JIM HOGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Membership Information

Members	Dec. 31, 2021	Dec. 31, 2022
Number of inactive employees entitled to but not yet receiving benefits:	25	25
Number of active employees:	119	128
Average age of active employees:	50.36	50.42
Average length of service in years for active employees:	13.03	13.17
Inactive Employees Receiving Benefits		
Number of benefit recipients:	56	57

Changes in Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balance as of December 31, 2021	\$ 404,580
Changes for the year:	
Service cost	15,462
Interest on total OPEB liability	8,519
Changes of benefit terms	-
Effect of economic/demographic experience	3,242
Effect of assumptions changes or inputs	(99,192)
Benefit payments	(13,078)
Other	-
Balance as of December 31, 2022	<u>\$ 319,533</u>
Pensionable covered payroll	\$ 3,736,624
Net OPEB Liability as % of covered payroll	8.55%

Sensitivity Analysis

The following presents the total OPEB Liability of the employer, calculated using the discount rate of 3.72%, as well as what Jim Hogg County Total OPEB Liability would be if it were calculated using the discount rate that is 1% point lower (2.72%) or 1% point higher (4.72%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

Sensitivity Analysis

1% Decrease	Current Discount Rate	1% Increase
2.72%	3.72%	4.72%

Total OPEB Liability	\$ 374,466	\$ 319,533	\$ 275,962
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JIM HOGG COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

OPEB Expense

OPEB Expense / (Income)	<u>January 1, 2022 to December 31, 2022</u>
Service cost	\$ 15,462
Interest on total OPEB liability	8,519
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(4,398)
Recognition of assumption changes or inputs	(573)
Other	-
OPEB expense / (income)	\$ 19,010

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended December 31:	
2023	(4,973)
2024	(10,991)
2025	(18,436)
2026	(19,190)
2027	-
Thereafter	-

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JIM HOGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period	Amount		
				Recognized in 12/31/2022 Expense	Balance of Deferred Inflows 12/31/2022	Balance of Deferred Outflows 12/31/2022
Economic/ Demographic (gains) or losses						
\$	3,242	12/31/2022	5.0	\$ 648	\$ -	\$ 2,594
	(4,717)	12/31/2021	5.0	(943)	2,831	-
	(1,790)	12/31/2020	5.0	(358)	716	-
	(11,248)	12/31/2019	5.0	(2,250)	2,248	-
	(4,615)	12/31/2018	6.0	(769)	770	-
	(5,084)	12/31/2017	7.0	(726)	728	-
Assumption changes or inputs						
\$	(99,192)	12/31/2022	5.0	\$ (19,838)	\$ 79,354	\$ -
	8,491	12/31/2021	5.0	1,698	-	5,095
	39,014	12/31/2020	5.0	7,803	-	15,605
	64,663	12/31/2019	5.0	12,933	-	12,931
	(28,428)	12/31/2018	6.0	(4,738)	4,738	-
	10,984	12/31/2017	7.0	1,569	-	1,570
Employer contributions made subsequent to measurement date						
		12/31/2022		\$ -	\$ -	\$ 37,795

Discount Rate

	2021	2022
Discount rate	2.06%	3.72%
Municipal bond rate	2.06%	3.72%

Other Key Actuarial Assumptions

	Beginning Date	Ending Date
Valuation date	December 31, 2021	December 31, 2022
Measurement date	December 31, 2021	December 31, 2022
Employer's Fiscal Year	October 1, 2022	September 30, 2023

K. Related Party Transactions

There were no related party transactions during the year.

L. Subsequent Events

The County evaluated events and transactions occurring subsequent to September 30, 2023 through the date the financial statements were issued. During this period, there are no subsequent events that require recognition in the financial statements.

JIM HOGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

M. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The County was not a defendant to any lawsuit at September 30, 2023.

REQUIRED SUPPLEMENTAL INFORMATION

JIM HOGG COUNTY, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2023

SCHEDULE OF CHANGES IN THE COUNTY'S NET
PENSION LIABILITY AND RELATED RATIOS

	Year Ended December 31						
	2022	2021	2020	2019	2018	2017	2016
Total pension liability							
Service Cost	\$ 245,057	\$ 246,507	\$ 222,332	\$ 220,414	\$ 222,720	\$ 225,612	\$ 234,498
Interest on the total pension liability	826,729	786,467	755,902	730,923	698,217	664,780	624,105
Effect of plan changes	-	-	-	-	-	-	-
Effect of assumption changes or inputs	-	(41,085)	553,359	-	-	29,133	-
Difference between expected and actual experience	-	-	-	-	-	-	-
Effect of economic/demographic gains or losses	59,862	23,054	(117,766)	(179,252)	(37,803)	(80,600)	(76,835)
Benefit payments, including refunds of employee contributions	(538,907)	(430,537)	(413,051)	(516,178)	(439,410)	(407,666)	(373,509)
Net Change in Total Pension Liability	592,741	584,406	1,000,776	255,907	443,724	431,259	408,259
Total Pension Liability-Beginning	10,897,481	10,313,075	9,312,299	9,056,392	8,612,668	8,181,409	7,773,150
Total Pension Liability- Ending (a)	<u>11,490,222</u>	<u>\$ 10,897,481</u>	<u>\$ 10,313,075</u>	<u>\$ 9,312,299</u>	<u>\$ 9,056,392</u>	<u>\$ 8,612,668</u>	<u>\$ 8,181,409</u>
Plan Fiduciary Net Position							
Contributions- Employer	\$ 118,106	\$ 60,002	\$ 71,685	\$ 65,116	\$ 74,648	\$ 69,594	\$ 81,119
Contributions- Member	186,831	154,647	147,503	148,670	152,346	143,767	141,811
Net Investment Income	(754,791)	2,400,492	1,052,862	1,483,400	(178,132)	1,224,839	589,775
Benefit payments, including refunds of employee contributions	(538,907)	(430,537)	(413,051)	(516,178)	(439,410)	(407,666)	(373,509)
Administrative expense	(7,148)	(7,150)	(8,079)	(7,769)	(7,254)	(6,274)	(6,432)
Other	(21,897)	(3,061)	(4,726)	(8,933)	(5,381)	(2,663)	(20,495)
Net Change in Plan Fiduciary Net Position	(1,017,806)	2,174,392	846,194	1,164,306	(403,183)	1,021,597	412,270
Plan Fiduciary Net Position- Beginning	13,216,030	11,041,638	10,195,444	9,031,138	9,434,321	8,412,724	8,000,454
Plan Fiduciary Net Position- Ending (b)	12,198,224	13,216,030	11,041,638	10,195,444	9,031,138	9,434,321	8,412,724
Net Pension Liability- Ending (a) - (b)	<u>\$ (708,003)</u>	<u>\$ (2,318,550)</u>	<u>\$ (728,563)</u>	<u>\$ (883,145)</u>	<u>\$ 25,254</u>	<u>\$ (821,653)</u>	<u>\$ (231,315)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.16%	121.28%	107.06%	109.48%	99.72%	109.54%	102.83%
Covered Employee Payroll	3,736,624	\$ 3,092,934	\$ 2,950,065	\$ 2,973,405	\$ 3,046,926	\$ 2,875,331	\$ 2,836,229
Net Pension Liability(Asset) as a Percentage of Covered Payroll	-18.95%	-74.96%	-24.70%	-29.70%	0.83%	-28.58%	-8.16%

JIM HOGG COUNTY, TEXAS
 REQUIRED SUPPLEMENTAL INFORMATION
 SEPTEMBER 30, 2023

SCHEDULE OF CHANGES IN THE COUNTY'S NET
 OPEB LIABILITY AND RELATED RATIOS

Total pension liability

	2022	2021	2020	2019	2018
Service cost	\$ 15,462	\$ 16,745	\$ 16,113	\$ 11,090	\$ 12,265
Interest (on the total OPEB liability)	8,519	8,424	9,432	11,234	10,177
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience					
Changes of assumptions	-99,192	8,491	39,014	64,663	(28,428)
Changes of economic/demographic (gains) or losses	3,242	(4,717)	(1,790)	(11,248)	(4,615)
Benefit payments, including refunds of employee contributions	(13,078)	(9,897)	(10,620)	(10,407)	(9,750)
Net Change in Total Pension Liability	(85,047)	19,046	52,149	65,332	(20,351)
Total Pension Liability - Beginning	404,580	385,534	333,385	268,053	288,404
Total Pension Liability - Ending	<u>\$ 319,533</u>	<u>\$ 404,580</u>	<u>\$ 385,534</u>	<u>\$ 333,385</u>	<u>\$ 268,053</u>
Covered Employee Payroll	\$ 3,736,624	\$ 3,092,934	\$ 2,950,065	\$ 2,973,405	\$ 3,046,926
Net OPEB Liability as a Percentage of Covered Employee Payroll	8.55%	13.08%	13.07%	11.21%	8.80%

COMBINING SCHEDULES

JIM HOGG COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	229th District Attorney Forfeiture	Lateral Road	Co. Clerk Records Management	Courthouse Security	LEOSE	Health Services	District Clerk Preservation	Abandoned Vehicles	Debt Service
ASSETS									
Cash and Cash Equivalents	79,999	682	33,293	1,160	15,198	144,981	10,698	121,432	61,842
Receivables (net of allowance)									
Due from Other Funds					191				
Other Assets						275			
Total Assets	79,999	682	33,293	1,160	15,389	145,256	10,698	121,432	61,842
LIABILITIES AND FUND BALANCES									
Accounts Payable				427		21,535			
Accrued Wages Payable				62					
Retainage Payable									
Due to Other Funds	3,728			1,797		390		63,299	1,664
Unearned Revenues									
Total Liabilities	3,728	-	-	2,286	-	21,925	-	63,299	1,664
Fund Balances:									
Restricted:									
General Government			33,293				10,698		
Judicial									
Public Safety	76,271			(1,126)	15,389			58,133	
Highways and Streets		682							
Health						123,331			
Welfare									
Debt Service									60,178
Unassigned									
Total Fund Balances	76,271	682	33,293	(1,126)	15,389	123,331	10,698	58,133	60,178
Total Liabilities and Fund Balances	79,999	682	33,293	1,160	15,389	145,256	10,698	121,432	61,842

JIM HOGG COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	Justice Court Technology	Hotel/Motel Tax	County Clerk Archive	SBPI Program	Tax Relief	Assistant District	Justice Court Technology	Jailhouse Construction	Title III FY 15
ASSETS									
Cash and Cash Equivalents	15,709	49,924	43,415	284,168	95,689	66,335	670		20,055
Receivables (net of allowance)									
Due from Other Funds	1,515					67,925		50,042	
Other Assets		200							
Total Assets	17,224	50,124	43,415	284,168	95,689	134,260	670	50,042	20,055
LIABILITIES AND FUND BALANCES									
Accounts Payable	649			1,513	42,492	15,242			1,354
Accrued Wages Payable					731	303			85
Retainage Payable									
Due to Other Funds		3,475	15	70,860	20,216		2		23,544
Unearned Revenues									
Total Liabilities	649	3,475	15	72,373	63,439	15,545	2	-	24,983
Fund Balances:									
Restricted:									
General Government		46,649	43,400	211,795	32,250	118,715			
Judicial									
Public Safety	16,575						668	50,042	
Highways and Streets									
Health									
Welfare									
Debt Service									(4,928)
Unassigned									
Total Fund Balances	16,575	46,649	43,400	211,795	32,250	118,715	668	50,042	(4,928)
Total Liabilities and Fund Balances	17,224	50,124	43,415	284,168	95,689	134,260	670	50,042	20,055

JIM HOGG COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	Operation StoneGarden	5310 ED 1501	MCU 1856510	PRE-TRIAL DIVERSION	JURY FUND	TDA #7219065	TDA #7219210	TRUANCY PRESERVATION & DIVERSION	DR 4485 COVID PANDEMIC
ASSETS									
Cash and Cash Equivalents	8,307	50	58,096	14,726	887			8,659	10,263
Receivables (net of allowance)									
Due from Other Funds								3,606	
Other Assets									
Total Assets	8,307	50	58,096	14,726	887	-	-	12,265	10,263
LIABILITIES AND FUND BALANCES									
Accounts Payable	36,835		3,321					9,941	
Accrued Wages Payable	4,358		673					665	
Retainage Payable									
Due to Other Funds	513	3,630	52,259	3,606					1,988
Unearned Revenues									
Total Liabilities	41,706	3,630	56,253	3,606	-	-	-	10,606	1,988
Fund Balances:									
Restricted:									
General Government		(3,580)							8,275
Judicial					887				
Public Safety	(33,399)		1,843	11,120				1,659	
Highways and Streets									
Health									
Welfare									
Debt Service									
Unassigned									
Total Fund Balances	(33,399)	(3,580)	1,843	11,120	887	-	-	1,659	8,275
Total Liabilities and Fund Balances	8,307	50	58,096	14,726	887	-	-	12,265	10,263

JIM HOGG COUNTY
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	HAVA GRANT	CARES ACT HAVA GRANT	OPERATION LONE STAR	DISPUTE RESOLUTION	LANGUAGE ACCESS	AMERICAN RESCUE PLAN	TXCDBG CFC22-0136	TOTALS
ASSETS								
Cash and Cash Equivalents	366	607	6,022	133	529	196		1,154,091
Receivables (net of allowance)								-
Due from Other Funds				14	14			123,307
Other Assets								475
Total Assets	366	607	6,022	147	543	196		1,277,873
LIABILITIES AND FUND BALANCES								
Accounts Payable			94,911			3,894		232,114
Accrued Wages Payable								6,877
Retainage Payable								-
Due to Other Funds		1,700	6,398			41		259,125
Unearned Revenues								-
Total Liabilities	-	1,700	101,309	-	-	3,935		498,116
Fund Balances:								
Restricted:								
General Government	366	(1,093)		147	543	(3,739)		497,719
Judicial								887
Public Safety			(95,287)					101,888
Highways and Streets								682
Health								123,331
Welfare								(4,928)
Debt Service								60,178
Unassigned								-
Total Fund Balances	366	(1,093)	(95,287)	147	543	(3,739)		779,757
Total Liabilities and Fund Balances	366	607	6,022	147	543	196		1,277,873

JIM HOGG COUNTY
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN
 FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	229th District Attorney Forfeiture	Lateral Road	Co. Clerk Records Management	Courthouse Security	LEOSE	Health Services	District Clerk Preservation	Abandoned Vehicles	Debt Service
REVENUES:									
Taxes:									
Property Taxes									107,840
Sales Taxes						250,670			
Franchise Taxes									
Hotel/Motel		-							
Intergovernmental		8,882			4,928				
Licenses and Permits								81,880	
Charges for Services								92,046	
Fees and Fines			7,400	5,296			1,688	4,547	
Interest	2,945	-	1,211	175		4,944	401		
Miscellaneous	-		-	-		-	-		2,829
Total Revenues	2,945	8,882	8,611	5,471	4,928	255,614	2,089	178,473	110,669
EXPENDITURES:									
Current:									
General Government									
Judicial									
Public Safety	886			12,219	2,684				
Highways and Streets		10,327							
Health						200,000			
Welfare									
Capital Outlay									
Debt Service:									
Principal Retirement									81,000
Interest and Fiscal Charges									32,130
Total Expenditures	886	10,327	-	12,219	2,684	200,000	-	-	113,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,059	(1,445)	8,611	(6,748)	2,244	55,614	2,089	178,473	(2,461)
OTHER FINANCING SOURCES (USES):									
Operating Transfers In									
Operating Transfers Out									
Issuance Costs								(75,667)	
Loan Proceeds									
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	(75,667)	-
Net Change in Fund Balances	2,059	(1,445)	8,611	(6,748)	2,244	55,614	2,089	102,806	(2,461)
Fund Balance - Beginning of Year	74,212	2,127	24,682	5,622	13,145	67,717	8,609	(44,673)	62,639
Prior Period Adjustment									-
Fund Balance - End of Year	76,271	682	33,293	(1,126)	15,389	123,331	10,698	58,133	60,178

JIM HOGG COUNTY
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN
 FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

CAPITAL
 PROJECTS

	Justice Court Technology	Hotel/Motel Tax	County Clerk Archive	SBPI Program	Tax Relief	Assistant District	Justice Court Technology	Jailhouse Construction	Title III
REVENUES:									
Taxes:									
Property Taxes									
Sales Taxes					522,974	249,055			
Franchise Taxes									
Hotel/Motel		56,513							
Intergovernmental				60,079	4,578				32,443
Licenses and Permits									
Charges for Services									1,688
Fees and Fines	3,921		6,890				69		
Interest	589	1,351	1,634	7,417	5,035	2,785	26		
Miscellaneous	-	10,924	-	285,577		1,700			
Total Revenues	4,510	68,788	8,524	353,073	532,587	253,540	95	-	34,131
EXPENDITURES:									
Current:									
General Government		75,596	-	228,446	563,486	244,169			
Judicial	2,515								
Public Safety								5,806	
Highways and Streets									
Health									
Welfare									42,819
Capital Outlay									
Debt Service:									
Principal Retirement									
Interest and Fiscal Charges									
Total Expenditures	2,515	75,596	-	228,446	563,486	244,169	-	5,806	42,819
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,995	(6,808)	8,524	124,627	(30,899)	9,371	95	(5,806)	(8,688)
OTHER FINANCING SOURCES (USES):									
Operating Transfers In									
Operating Transfers Out									
Issuance Costs									
Loan Proceeds									
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	1,995	(6,808)	8,524	124,627	(30,899)	9,371	95	(5,806)	(8,688)
Fund Balance - Beginning of Year	14,580	53,457	34,876	87,168	63,149	109,344	573	55,848	3,760
Prior Period Adjustment									
Fund Balance - End of Year	16,575	46,649	43,400	211,795	32,250	118,715	668	50,042	(4,928)

JIM HOGG COUNTY
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN
 FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Operation StoneGarden	5310 ED 1501	MCU 1856510	PRE-TRIAL DIVERSION	JURY FUND	CAPITAL PROJECTS TDA #7219065	CAPITAL PROJECTS TDA #7219210	TRUANCY PRESERVATION & DIVERSION	DR 4485 COVID PANDEMIC
REVENUES:									
Taxes:									
Property Taxes									
Sales Taxes									
Franchise Taxes									
Hotel/Motel									
Intergovernmental	182,716		43,763					49,436	
Licenses and Permits									
Charges for Services									
Fees and Fines				3,500	489			2,967	
Interest									
Miscellaneous									
Total Revenues	182,716	-	43,763	3,500	489	-	-	52,403	-
EXPENDITURES:									
Current:									
General Government		3,571							
Judicial									
Public Safety	206,953		38,719					44,530	
Highways and Streets									
Health									
Welfare									
Capital Outlay									
Debt Service:									
Principal Retirement									
Interest and Fiscal Charges									
Total Expenditures	206,953	3,571	38,719	-	-	-	-	44,530	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,237)	(3,571)	5,044	3,500	489	-	-	7,873	-
OTHER FINANCING SOURCES (USES):									
Operating Transfers In									
Operating Transfers Out									
Issuance Costs									
Loan Proceeds									
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(24,237)	(3,571)	5,044	3,500	489	-	-	7,873	-
Fund Balance - Beginning of Year	(9,162)	(9)	(3,201)	7,620	398	-	-	(6,214)	8,275
Prior Period Adjustment									
Fund Balance - End of Year	(33,399)	(3,580)	1,843	11,120	887	-	-	1,659	8,275

JIM HOGG COUNTY
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN
 FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	HAVA GRANT	CARES ACT HAVA GRANT	OPERATION LONE STAR	DISPUTE RESOLUTION	LANGUAGE ACCESS	AMERICAN RESCUE PLAN	CAPITAL PROJECTS TXCDBG CFC22-0136	TOTALS
REVENUES:								
Taxes:								
Property Taxes								107,840
Sales Taxes								1,022,699
Franchise Taxes								-
Hotel/Motel								56,513
Intergovernmental			678,877				15,192	1,080,894
Licenses and Permits								-
Charges for Services								83,568
Fees and Fines				27	339			124,632
Interest	15	25						33,100
Miscellaneous			181,526					482,556
Total Revenues	15	25	860,403	27	339	-	15,192	2,991,802
EXPENDITURES:								
Current:								
General Government						357,187	15,192	1,487,647
Judicial								2,515
Public Safety			720,577					1,032,374
Highways and Streets								10,327
Health								200,000
Welfare								42,819
Capital Outlay			239,361					239,361
Debt Service:								81,000
Principal Retirement								32,130
Interest and Fiscal Charges								-
Total Expenditures	-	-	959,938	-	-	357,187	15,192	3,128,173
Excess (Deficiency) of Revenues Over (Under) Expenditures	15	25	(99,535)	27	339	(357,187)		(136,371)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In								-
Operating Transfers Out								(75,667)
Issuance Costs								-
Loan Proceeds								-
Total Other Financing Sources (Uses)	-	-	-	-	-	-		(75,667)
Net Change in Fund Balances	15	25	(99,535)	27	339	(357,187)		(212,038)
Fund Balance - Beginning of Year	351	(1,118)	4,248	120	204	353,448		991,795
Prior Period Adjustment								-
Fund Balance - End of Year	366	(1,093)	(95,287)	147	543	(3,739)		779,757

COMPLIANCE SECTION



Aaron Canales, CPA
Juan José Garza, CPA
† J. Clayton Baum, CPA
Guadalupe Garcia-Wright, CPA

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

To the Honorable County Judge
And Honorable County Commissioners
Jim Hogg County, Texas

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 Jim Hogg County, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Jim Hogg County, Texas' basic financial statements, and have issued our report thereon dated June 27, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jim Hogg County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of

laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Canales, Garza & Baum, PLLC

Laredo, Texas
June 27, 2024



Aaron Canales, CPA
Juan José Garza, CPA
† J. Clayton Baum, CPA
Guadalupe Garcia-Wright, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF TEXAS
GRANT MANAGEMENT STANDARDS

To the Honorable County Judge and
the Honorable County Commissioners
Jim Hogg County, Texas

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Jim Hogg County, Texas' compliance with the types of compliance requirements identified as subject to audit in the *State of Texas Grant Management Standards* that could have a direct and material effect on each of Jim Hogg County, Texas' major state programs for the year ended September 30, 2023. Jim Hogg County, Texas' 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, Jim Hogg County, Texas 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 September 30, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *State of Texas Grant Management Standards*. Our responsibilities under those standards and the *State of Texas Grant Management Standards* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Jim Hogg County, Texas 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 Jim Hogg County, Texas' 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, statues, regulations, rules, and provisions of contracts or grant agreements applicable to Jim Hogg County, Texas' 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 Jim Hogg County, Texas' 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 generally accepted auditing standards, *Government Auditing Standards*, and the *State of Texas Grant Management Standards* 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 Jim Hogg County, Texas' compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the *State of Texas Grant Management Standards* 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 Jim Hogg County, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Jim Hogg County, Texas' 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 *State of Texas Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of Jim Hogg County, Texas' 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 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 *State of Texas Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

Conales, Garza & Baum, PLLC

Laredo, Texas
June 27, 2024

Jim Hogg County, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2023

STATE GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	STATE EXPENDITURES
STATE AWARDS	
<u>Office of the Governor, Public Safety Office</u>	
Operation Lone Star Grant	\$ 959,938
Total Office of the Governor, Public Safety Office	959,938
TOTAL EXPENDITURES OF STATE AWARDS	\$ 959,938

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the grant activity of Jim Hogg County, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State of Texas Grant Management Standards, therefore some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

NOTE B - 10% DE MINIMIS INDIRECT COST RATE

Jim Hogg County, Texas did not elect to use the 10% De Minimis Indirect Cost Rate

Jim Hogg County, Texas.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiencies identified that are
not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

State Awards

Internal Control over major programs:
Material weakness(es) identified? _____ yes X no
Significant deficiencies identified that are
not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with the
State of Texas Grant Management Standards? _____ yes X no

Identification of major programs:

<u>Number(s)</u>	<u>Name of State Program or Cluster</u>
None	Office of the Governor - Operation Lone Star Grant

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

Auditee qualified as low-risk auditee? X yes _____ no

Section II - Financial Statement Findings

None.

Section III - State Award Findings and Questioned Costs

None.

Jim Hogg County, Texas
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023

Summary of Prior Audit Findings

State Award Findings and Questioned Costs

None.