

Hopkins County, Texas

Annual Financial Report

*For the Year Ended
September 30, 2024*

Malnory, McNeal & Company, PC

Certified Public Accountants

HOPKINS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Hopkins County, Texas
Annual Financial Report
For The Year Ended September 30, 2024

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Financial Section



Malnory, McNeal & COMPANY, PC
ACCOUNTING • ADVISORY • ASSURANCE

Independent Auditor's Report

Honorable County Judge of Hopkins County, and Honorable Members of Hopkins County
Commissioners Court
Hopkins County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hopkins County, Texas ("the County"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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*, issued by the Comptroller General of the United States, we:

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

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

Required Supplementary Information

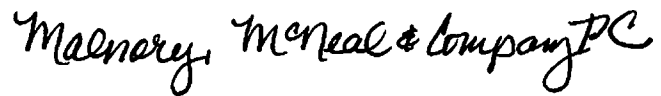
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information, and schedule of the County's proportionate share of the net pension liability and schedule of County pension contributions identified as Required Supplementary Information 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 response 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 County's basic financial statements as a whole. The schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is 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 Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025, on our consideration of the County's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, 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 the County's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering In the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Maenory McNeal & Company PC". The script is cursive and fluid, with the letters "Maenory" and "McNeal" being more prominent than "Company PC".

Certified Public Accountants

June 27, 2025
Paris, Texas

HOPKINS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

As management of Hopkins County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented herein with the County's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2024 by \$25,893,961 (net position). Of this amount, \$5,626,020 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net position of the County decreased by \$5,286,168 and had a prior period adjustment in the amount of \$558,747.
- The County's governmental funds reported combined ending fund balances of \$15,827,567 an increase of \$1,042,450 in comparison to the previous year.
- The unassigned portion of the General Fund, fund balance at the end of the year was \$9,883,921, or 58% of total General Fund expenditures for fiscal year 2024.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) fiduciary financial statements, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Hopkins County's finances. This is done in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

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 government'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).

HOPKINS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

In addition, the statement of activities highlights government activities supported by taxes and intergovernmental revenues, along with program revenues classified to the corresponding government activity.

Fund financial statements. The County, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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. All of the funds of the County can be divided into two categories: governmental funds and fiduciary 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 financing 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.

Fiduciary funds. Fiduciary funds account for assets held by the County in a trustee capacity or as a custodian on behalf of others.

Notes to Financial Statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide, fund financial statements and fiduciary fund statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information following the notes to the financial statements. The other supplementary information includes combining and individual statements and schedules.

Government-wide Financial Analysis

At the end of fiscal year 2024, the County's net position (assets and deferred outflow of resources exceeding liabilities and deferred inflows of resources) totaled \$25,893,961. This analysis focuses on the net position (Table 1) and the changes in net position (Table 2).

Net Position. A large portion of the County's net position, \$5,626,020 reflects unrestricted funds. The County uses these assets to provide services to its citizens; consequently, these assets are available for future spending. Although the County reports its capital assets net of related debt, the resources needed

HOPKINS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets of \$1,297,528 in the debt service fund, are restricted for future debt service payments.

Net assets of \$41,136 in the Capital Projects Fund, are restricted to payments for capital projects.

The remaining balance of unrestricted net assets, \$5,830,988, may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Statement of Net Position

	9/30/2024	9/30/2023
ASSETS		
Current and other assets	\$ 23,233,088	\$ 25,647,157
Capital assets	36,422,001	34,049,994
Total assets	<u>59,656,087</u>	<u>59,697,151</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges – Debt Issuance	13,110	14,045
Deferred charges – Loss on Refunding	162,999	177,173
Deferred pension expense	1,748,890	2,623,570
Total deferred outflow of resources	<u>1,924,999</u>	<u>2,814,788</u>
 LIABILITIES		
Long-term liabilities	32,130,238	26,791,473
Other liabilities	3,556,887	4,623,717
Total liabilities	<u>35,687,125</u>	<u>31,415,190</u>
 DEFERRED INFLOWS OF RESOURCES		
Unearned revenue other	--	445,910
Unearned revenue pension	--	29,460
Total deferred inflows of resources	<u>--</u>	<u>475,370</u>
 NET POSITION		
Net investment in capital assets	18,696,851	19,934,973
Restricted	1,571,090	996,198
Unrestricted	5,626,020	9,690,208
Total net position	<u>\$25,893,961</u>	<u>\$30,621,379</u>

HOPKINS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

Changes in Net Position.

The County's total revenues were \$29.6 million. The net position of the County decreased by \$4,754,876. This is primarily due to a \$6 million increase in the Net Pension Liability. This increase reflects the 7% COLA that was adopted in 2024, which was greater than the assumed substantively automatic COLA.

Table 2
Changes in Net Position

	9/30/2024	9/30/2023
Program Revenues:		
Charges for services	\$ 5,695,183	\$ 6,157,246
Operating grants and contributions	1,113,198	1,069,130
Capital grants and contributions	974,817	5,744,002
General Revenues		
Taxes	20,285,971	19,143,936
Miscellaneous	153,913	402,519
Unrestricted investment earnings	1,005,324	946,646
Insurance recoveries	225,756	395,143
Gain (loss) on disposal of capital assets	71,990	(10,325)
Total Revenues	29,526,152	33,848,298
Expenses:		
General government	2,756,177	2,776,568
Judicial	2,652,793	2,818,948
Legal	1,818,170	1,331,938
Financial administration	2,122,566	1,823,802
Public safety	14,733,569	12,914,079
Public transportation	7,780,922	7,455,097
Public facilities	2,176,064	2,311,053
Extension services	103,787	162,247
Elections	224,693	90,616
Health and welfare	11,886	174,025
Interest on long-term debt	431,693	210,8971
Total Expenses	34,812,320	32,069,244
Increase (decrease) in net position	(5,286,168)	1,938,790
Net Position – October 1	30,621,382	28,682,589
Prior period adjustment	558,747	0
Net Position – September 30	\$ 25,893,961	\$ 30,621,379

HOPKINS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

Financial Analysis of the Government's Funds

Government funds. The focus of 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 balances may serve as a useful measure of the 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 fund balances of \$15,827,567.

GENERAL FUND

The General Fund is the main operating fund of Hopkins County. At the end of the current fiscal year, the County's unassigned fund balance was \$9,883,921. This is an increase of \$1,023,582 from the prior year. The county has adopted a policy of maintaining a minimum fund balance to be used for unanticipated needs. A Fund Balance Policy adopted by the Commissioner's Court in 2019 states that the minimum level shall be approximately 30 to 35 percent of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is intended to provide stabilization in case of unforeseen events that may occur. If it is determined that the County is below this minimum established fund balance level, the governing body will be informed of this condition and take necessary budgetary steps to bring the fund balance level into compliance with this policy through budgetary actions.

Road and Bridge Fund. The Road and Bridge fund balance totaled \$ 1,202,615, an increase of \$107,060. This fund may continue to see a decline as the County Commissioners continue receiving roll over funds from year to year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the County had invested \$1,818,437 in a broad range of capital assets, including vehicles and equipment. This was mainly due to the replacement of older equipment with new equipment. The trustee facility was completed and transferred from construction in progress from the subsequent year. This amount represents a net increase (including additions and deductions) of 1,968,808.00

HOPKINS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

Table 3
Capital Assets at Year End
Net of Accumulated Depreciation

	9/30/2024	9/30/2023
Land	\$ 1,781,947	\$ 1,781,947
Construction in progress	--	4,423,739
Buildings & improvements	36,544,106	31,597,459
Machinery and equipment	18,413,930	13,891,429
Leased vehicles and equipment	--	2,982,371
Infrastructure	24,398,673	22,527,772
Total accumulated depreciation	(45,119,852)	(43,154,723)
Total Capital Assets (Net)	<u>\$ 36,018,804</u>	<u>\$ 34,049,994</u>

Additional information on the County's capital assets can be found in the notes to the financial statements.

Debt administration. At the end of the current fiscal year, Hopkins County had total debt outstanding of \$11,034,177

Table 4
Outstanding Debt at Year End

	9/30/2024	9/30/2023
Type of Debt		
General obligation bonds	\$ 10,930,000	\$ 12,190,000
Premium on bonds issued	145,233	157,862
Discount on bonds issued	(38,056)	(41,365)
Total bonds outstanding	11,034,177	12,306,497
Notes payable	275,566	407,662
Lease obligations	1,639,153	1,400,862
Net Pension Liability	18,082,809	11,662,640
Subscription Assets	406,093	531,180
Compensated absences	689,440	482,632
Total Debt	<u>\$ 32,130,238</u>	<u>\$ 26,791,473</u>

At year end, the County had \$11,034,177 in bonds outstanding as shown in Table 4. Additional information on the County's long-term debt can be found in the notes to the financial statements. All leases that the County has are finance purchase leases and they will own the asset at the end of the lease term. Therefore, the debt is reported similar to a long term note.

HOPKINS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

Economic Factors and Next Year's Budgets and Rates

The Hopkins County economy remains stable with an optimistic atmosphere. Hopkin's County's unemployment rate as of September 2024 was 3.3% which is a slight decrease over last year, but below the state of 4.1%.

The property tax rate established for the 2024 budget is \$.400200, which has seen a steady decrease over the past several years

Appraised value used for the 2024 budget preparation is up 16.9% over the previous year

In the general fund, expenditures are budgeted to rise 9.87% to \$19,543,964. The increase is primarily due to increased operating cost and equipment.

At the time the 2024-2025 budget was prepared, the local economy was showing optimistic signs of growth. The County has entered into several chapter 381 agreements with Solar Farms that is expected to bring additional revenue to the county through PILOT Payments in years to come.

Some key factors to look for in future budgets:

The County's general fund balance has continued to increase over the years due to tight controls on expenses and careful revenue estimations. Revenue estimations are based on previous year actual numbers instead of projecting for possible increases. This has allowed our fund balance to experience a steady growth over the past several years.

Contacting the County's Financial Management

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

Basic Financial Statements

HOPKINS COUNTY, TEXAS**STATEMENT OF NET POSITION****SEPTEMBER 30, 2024**

	Governmental Activities
ASSETS	
<i>Cash and cash equivalents</i>	\$ 15,397,053
<i>Investments</i>	1,591
Receivables (net of allowances for uncollectibles):	
<i>Fines</i>	5,759,951
<i>Taxes</i>	644,552
<i>Other receivables</i>	71,367
<i>Due from other governments</i>	1,016,692
<i>Inventories</i>	73,510
<i>Prepaid items</i>	269,372
Capital assets (net of accumulated depreciation):	
<i>Land</i>	1,781,945
<i>Buildings</i>	20,304,750
<i>Machinery and equipment</i>	7,264,650
<i>Roads</i>	6,637,794
<i>Bridges</i>	29,663
<i>Subscription assets (net of amortization)</i>	403,197
Total Assets	59,656,087
DEFERRED OUTFLOWS OF RESOURCES	
<i>Deferred charges - Bond issuance</i>	13,110
<i>Deferred charges - Loss on refunding</i>	162,999
<i>Deferred pension expense</i>	1,748,890
Total Deferred Outflows of Resources	1,924,999
LIABILITIES	
<i>Accounts payable</i>	402,515
<i>Accrued liabilities and other payables</i>	841,352
<i>Due to other governments</i>	2,313,020
Noncurrent liabilities:	
<i>Due within one year</i>	1,835,477
<i>Due in more than one year</i>	11,522,513
<i>Compensated absences</i>	689,440
<i>Net Pension Liability</i>	18,082,808
Total Liabilities	35,687,125
DEFERRED INFLOWS OF RESOURCES	
Total deferred inflows of resources	--
NET POSITION:	
Net Investment in Capital Assets	18,696,851
Restricted For:	
Debt Service	1,297,528
Capital Projects	41,136
Other Purposes	232,426
Unrestricted	5,626,020
Total Net Position	\$ 25,893,961

The accompanying notes are an integral part of this statement.

HOPKINS COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities					
PRIMARY GOVERNMENT					
Governmental activities:					
General government	2,756,177	1,111,674	--	--	(1,644,503)
Judicial	2,652,793	9,795	109,200	--	(2,533,798)
Legal	1,818,170	552,328	59,415	--	(1,206,427)
Financial administration	2,122,566	512,483	9,725	--	(1,600,358)
Public Safety	14,733,569	2,412,317	565,167	--	(11,756,085)
Public transportation	7,780,922	751,243	116,327	973,987	(5,939,365)
Public facilities	2,176,064	345,343	--	830	(1,829,891)
Extension service	103,787	--	--	--	(103,787)
Elections	224,693	--	--	--	(224,693)
Health and welfare	11,886	--	11,272	--	(614)
Interest on long-term debt	431,693	--	--	--	(431,693)
Total expenditures	34,812,320	5,695,183	1,113,198	974,817	(27,029,122)
Total Primary Government	\$ 34,812,320	\$ 5,695,183	\$ 1,113,198	\$ 974,817	(27,029,122)
General Revenues:					
Property Taxes					16,041,579
Sales Taxes					3,658,431
Hotel motel taxes					511,178
Alcoholic Beverage Taxes					74,783
Miscellaneous					153,913
Unrestricted Investment Earnings					1,005,324
Insurance Recoveries					225,756
Gain (loss) on Disposal of Capital Assets					71,990
Total General Revenues					21,742,954
Change in Net Position					(5,286,168)
Net Position - Beginning					30,621,382
Prior Period Adjustment					558,747
Net Position - Ending					\$ 25,893,961

The accompanying notes are an integral part of this statement.

HOPKINS COUNTY, TEXAS**BALANCE SHEET - GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2024

	General Fund	Road and Bridge Maintenance	Other Governmental Funds	Total Governmental Funds
ASSETS				
<i>Cash and cash equivalents</i>	\$ 9,618,318	\$ 999,911	\$ 4,778,824	\$ 15,397,053
<i>Investments</i>	1,591	--	--	1,591
Receivables (net of allowances for uncollectibles):				
<i>Fines</i>	5,650,579	--	109,372	5,759,951
<i>Taxes</i>	377,844	167,644	99,064	644,552
<i>Other</i>	33,066	--	38,301	71,367
<i>Intergovernmental</i>	781,769	43,151	191,772	1,016,692
<i>Due from other funds</i>	--	218,761	--	218,761
<i>Prepaid items</i>	196,906	40,428	32,038	269,372
<i>Inventories</i>	--	73,510	--	73,510
Total Assets	<u>\$ 16,660,073</u>	<u>\$ 1,543,405</u>	<u>\$ 5,249,371</u>	<u>\$ 23,452,849</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
<i>Accounts payable</i>	\$ 290,409	\$ 101,612	\$ 10,494	\$ 402,515
<i>Accrued liabilities and other payables</i>	518,555	98,158	86,737	703,450
<i>Due to other funds</i>	--	--	218,761	218,761
<i>Due to other governments</i>	2,313,020	--	--	2,313,020
Total Liabilities	<u>3,121,984</u>	<u>199,770</u>	<u>315,992</u>	<u>3,637,746</u>
 DEFERRED INFLOWS OF RESOURCES				
<i>Unavailable revenue - property taxes</i>	316,359	141,020	82,975	540,354
<i>Unavailable revenue - fines</i>	3,337,809	--	109,373	3,447,182
Total Deferred Inflows of Resources	<u>3,654,168</u>	<u>141,020</u>	<u>192,348</u>	<u>3,987,536</u>
 FUND BALANCES:				
<i>Non- Spendable</i>	196,906	113,938	32,038	342,882
<i>Committed</i>	--	--	924,655	924,655
<i>Restricted</i>	--	1,088,677	3,784,338	4,873,015
<i>Unassigned</i>	9,687,015	--	--	9,687,015
Total fund balances	<u>9,883,921</u>	<u>1,202,615</u>	<u>4,741,031</u>	<u>15,827,567</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,660,073</u>	<u>\$ 1,543,405</u>	<u>\$ 5,249,371</u>	<u>\$ 23,452,849</u>

The accompanying notes are an integral part of this statement.

HOPKINS COUNTY, TEXAS

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024*

Total fund balances - governmental funds balance sheet	\$ 15,827,567
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	36,018,802
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	540,354
Payables for bond principal which are not due in the current period are not reported in the funds.	(10,930,000)
Payables for debt interest which are not due in the current period are not reported in the funds.	(137,903)
Payables for notes which are not due in the current period are not reported in the funds.	(1,914,719)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(689,440)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	176,110
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	3,447,182
Recognition of the County's proportionate share of the net pension liability is not reported in the funds.	(18,082,808)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,748,890
Bond premiums are amortized in the SNA but not in the funds.	(107,178)
Subscription assets used in governmental activities are not reported in the funds.	403,197
Payables for subscriptions which are not due in the current period are not reported in the funds.	(406,093)
Net position of governmental activities - Statement of Net Position	<u>\$ 25,893,961</u>

The accompanying notes are an integral part of this statement.

HOPKINS COUNTY, TEXAS

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024*

	General Fund	Road and Bridge Maintenance	Other Governmental Funds	Total Governmental Funds
Revenues:				
<i>Taxes</i>	\$ 13,018,421	\$ 4,537,794	\$ 2,258,349	\$ 19,814,564
<i>Fees of office</i>	3,814,283	751,243	901,442	5,466,968
<i>Intergovernmental</i>	501,422	332,385	2,165,483	2,999,290
<i>Fines</i>	453,488	--	10,561	464,049
<i>Interest</i>	631,741	78,641	294,944	1,005,326
<i>Miscellaneous</i>	807,904	224,129	80,291	1,112,324
Total revenues	<u>19,227,259</u>	<u>5,924,192</u>	<u>5,711,070</u>	<u>30,862,521</u>
Expenditures:				
Current:				
<i>General government</i>	1,930,936	--	227,630	2,158,566
<i>Judicial</i>	1,908,499	--	14,304	1,922,803
<i>Legal</i>	343,207	--	888,406	1,231,613
<i>Financial administration</i>	1,648,396	--	--	1,648,396
<i>Public safety</i>	9,850,026	--	418,657	10,268,683
<i>Public transportation</i>	--	8,894,169	184,993	9,079,162
<i>Public facilities</i>	567,938	--	991,446	1,559,384
<i>Extension service</i>	81,439	--	--	81,439
<i>Elections</i>	190,396	--	--	190,396
<i>Health and welfare</i>	137,081	--	314,947	452,028
Debt service:				
<i>Principal</i>	328,675	312,118	1,253,835	1,894,628
<i>Interest and fiscal charges</i>	73,135	3,712	363,260	440,107
Total expenditures	<u>17,059,728</u>	<u>9,209,999</u>	<u>4,657,478</u>	<u>30,927,205</u>
Excess (deficiency) of revenues over (under) expenditures	2,167,531	(3,285,807)	1,053,592	(64,684)
Other financing sources (uses):				
<i>Transfers in</i>	218,379	2,658,198	630,997	3,507,574
<i>Transfers out</i>	(1,999,217)	(31,780)	(1,476,577)	(3,507,574)
<i>Sale of capital assets</i>	21,174	75,829	62,507	159,510
<i>Insurance recoveries</i>	27,924	197,832	--	225,756
<i>Lease proceeds</i>	229,080	492,788	--	721,868
Total other financing sources (uses)	<u>(1,502,660)</u>	<u>3,392,867</u>	<u>(783,073)</u>	<u>1,107,134</u>
Net change in fund balances	664,871	107,060	270,519	1,042,450
Fund balances, October 1	8,860,339	1,095,555	4,461,212	14,417,106
Prior period adjustment	358,711	--	9,300	368,011
Fund balances, September 30	<u>\$ 9,883,921</u>	<u>\$ 1,202,615</u>	<u>\$ 4,741,031</u>	<u>\$ 15,827,567</u>

The accompanying notes are an integral part of this statement.

HOPKINS COUNTY, TEXAS

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024*

Net change in fund balances - total governmental funds	\$ 1,042,450
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	5,254,444
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,436,009)
The gain or loss on the sale of capital assets is not reported in the funds.	(87,520)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(114,554)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,260,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	634,628
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(935)
(Increase) decrease in accrued interest from beginning of period to end of period.	14,205
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(206,808)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	(678,722)
Current year amortization of the bond premiums are reported in the funds but not in the SOA.	9,320
Current year amortization of deferred loss on refunding	(14,174)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(7,265,390)
The amortization of subscription assets used in governmental activities is not reported in the funds.	(134,399)
Subscription asset outlays are not reported as an expense in SOA.	125,087
Grant revenue unavailable to pay current year expenses are deferred in the funds this is the change in deferred grant revenue.	(994,120)
Debt financing proceeds is not revenue in the SOA	(721,868)
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	28,197
Change in net position of governmental activities - Statement of Activities	\$ <u>(5,286,168)</u>

The accompanying notes are an integral part of this statement.

HOPKINS COUNTY, TEXAS*STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**SEPTEMBER 30, 2024*

	Private-purpose Trust Funds
ASSETS	
<i>Cash and cash equivalents</i>	\$ 2,493,018
Total Assets	<u>2,493,018</u>
LIABILITIES	
<i>Accrued liabilities</i>	224,511
<i>Due to other governments</i>	737,769
<i>Due to others</i>	224,748
Total Liabilities	<u>1,187,028</u>
NET POSITION:	
<i>Net Position</i>	1,305,990
Total Net Position	<u><u>\$ 1,305,990</u></u>

The accompanying notes are an integral part of this statement.

HOPKINS COUNTY, TEXASSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Custodial Funds
ADDITIONS:	
Tax collections	\$ 30,561,673
Fees of office	11,291,872
Receipts from fiduciaries	1,644,791
Miscellaneous	920,564
Total Additions	<u>44,418,900</u>
DEDUCTIONS:	
Payments to county	29,755,361
Payments to other governments	13,069,637
Payments to beneficiaries	1,029,733
Refunds of taxes or overpayments	468,043
Total Deductions	<u>44,322,774</u>
Change in Fiduciary Net Position	96,126
Net Position-Beginning of the Year	1,209,864
Net Position-End of the Year	<u><u>\$ 1,305,990</u></u>

The accompanying notes are an integral part of this statement.

HOPKINS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

A. Summary of Significant Accounting Policies

The combined financial statements of Hopkins County, Texas (the "County") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- The organization is legally separate (can sue and be sued in its name)
- The County holds the corporate powers of the organization.
- The County appoints a voting majority of the organization's board.
- The County is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the County.
- There is fiscal dependency by the organization on the County.
- The exclusion of the organization would result in misleading or incomplete financial statements.
- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the County.
- The County or the component unit is entitled to or has the ability to otherwise access, a majority of the economic resources received or held by the component unit.
- The economic resources received or held by the component unit are significant to the County.

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements that are misleading or incomplete. GASB Statement No. 14 requires the inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units, or its constituents; and 2) The County or its component units is entitled to or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the County.

Based on these criteria, the County has no component units that satisfy the requirements for blending discrete presentation within the county's financial statements. Accordingly, the basic financial statements present the County only.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses in the statement of

HOPKINS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The County reports the following governmental funds:

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

Special Revenue Funds-- to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations, or other governments or major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Projects Funds-- to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals other than governments).

Debt Service Funds-- to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The County reports the following major governmental funds:

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

Road and Bridge Fund-- This fund is used to account for monies designated for use in road and bridge work of the County. Primary sources of revenues for these special revenue funds included ad valorem taxes, automobile registration fees, County and District court fines, and state allotments of road funds. Revenues are used for public transportation maintenance and construction purposes.

In addition, the County reports the following fund types:

Fiduciary Funds: The county uses fiduciary funds to account for assets held in a trustee or custodial capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting.

The county's fiduciary funds consist only of custodial funds.

Custodial Funds-- The County acts in a custodial capacity for individuals, firms, and state and local governments. In its custodial capacity, custodial funds have been created and include monies placed into the registry of the county and district courts on behalf of minors or other parties involved in litigation. Also, included are child support, restitution, forfeiture accounts, court costs, and auto registration fees collected on behalf of the state and local governments.

HOPKINS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. 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 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General, Road and Bridge, and Debt Service Funds are based upon 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.

b. Inventories and Prepaid Items

Inventories on the balance sheet are stated at cost using the first in/ first out (FIFO) method. Inventory items are recorded as expenditures when they are consumed. The County records the purchase of supplies as expenditures, utilizing the purchases method of accounting for inventory.

HOPKINS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Receivable and Payable Balances

The County reports the following receivables.

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Other Governmental</u>	<u>Total</u>
Other Receivable	\$ 33,066	\$ --	\$ 38,301	\$ 71,367
Delinquent Tax Receivable	472,305	209,555	123,830	805,690
Less: Allowance for Uncollectible	(94,461)	(41,911)	(24,766)	(161,138)
Net Delinquent Tax Receivable	377,844	167,644	99,064	644,552
Accounts Receivable	9,646,307	--	244,132	9,890,439
Less: Allowance for Uncollectible	(3,995,728)	--	(134,760)	(4,130,488)
Net Fines Receivable	5,650,578	--	109,372	5,759,951
Total Net Receivables	\$ 6,061,488	\$ 167,644	\$ 246,737	\$ 6,475,870

There are no significant receivables that are not scheduled for collection within one year of year-end.

e. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County District Retirement System (TCDRS) and additions to or deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period

HOPKINS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At September 30, 2024, the County reported the following:

Net Pension Liability	\$	18,082,808
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f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.

Restricted for Federal and State Programs	\$	503,122
Restricted for Records Management		440,882
Restricted for Debt Service		37,528
Road and Bridge		1,088,677
Restricted for Other Purposes		2,802,806
Total	\$	<u>4,873,015</u>

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of formal action by the County's Commissioners. Committed amounts cannot be used for any other purpose unless the Commissioners remove those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Commissioners. Commitments are typically done through the adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners or by an official or body to which the Commissioners delegate the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in

HOPKINS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

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

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

Minimum Fund Balance: Hopkins County generally aims to maintain the following minimum fund balances:

General fund's unassigned fund balance of approximately twenty-five percent (25%) of budgeted expenditures for the fiscal year, is to be used for unanticipated needs. The County considers a balance of less than twenty percent (20%) to be a cause of concern, barring unusual or deliberated circumstances. An unassigned fund balance of more than thirty-five percent (35%) will be considered a surplus for one-time expenditures that are nonrecurring in nature, capital projects, and to reduce the tax levy requirements.

Road and Bridge Fund: A fund balance between five (5%) to ten percent (10%) of budgeted expenditures to meet sufficient cash flow needs.

Debt Service Fund: A fund balance of no more than ten percent (10%) of the current period payments.

Replenishment of Minimum Fund Balance: At the completion of any fiscal year in which the fund balance is less than the minimum established by the fund balance policy, the Commissioners' Court will establish a plan to restore this balance to the target level within a specified period of time. When developing this plan, the following items should be considered in establishing the appropriate time horizon:

- * The budgetary reasons behind the fund balance targets
- * Recovery from an extreme event
- * Financial planning time horizon
- * Long-term forecasts and economic conditions
- * Milestones for gradual replacement
- * External financing options

Implementation and Review: Upon adoption of this policy the Commissioner Court authorizes the County Auditor to establish standards and procedures which may be necessary for its implementation. The County Auditor shall review this policy at least annually and make any recommendations for change to the Commissioners Court.

h. Compensated Absences

General leave for the County includes both vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued general leave earned not to

HOPKINS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

exceed forty hours of vacation or forty hours of sick leave converted as set forth by personnel policy.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

j. Debt Related Intangibles

Premiums and discounts are amortized over the life of the related bond using the interest method or the straight-line method if the straight-line method does not materially differ from the interest method.

k. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

l. Unearned Revenue/ Unavailable Revenue

The County reported \$540,354 in unavailable property taxes and \$3,447,182 in unavailable fines at year-end.

m. Subscription-Based Information Technology Arrangements (SBITA)

Effective October 1, 2022, the City implemented GASB Statement No. 96, *Subscription-Based Technology Arrangements*, which provides guidance on the accounting and financial reporting of contractual arrangements. It required the recognition of certain right-to-use subscription assets and corresponding liabilities.

The County contracts with SBITA vendors for right-to-use information technology software, alone or in combination with tangible capital assets. The County recognizes subscription liabilities, reported with long-term debt, and right-to-use subscription assets, reported with the other capital assets, in the government-wide financial statements.

At implementation of GASB Statement No. 96 and the commencement of SBITAs beginning after October 1, 2022, the County initially measured the subscription liabilities at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liabilities are reduced by the principal portion of the SBITA payments made. The right-to-use subscription assets are initially measured as the initial amount of the subscription liabilities, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. The subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

HOPKINS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Key estimates and judgements related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term and (3) subscription payments.

- The County uses the interest rate charged by the SBITA vendor as the discount rate.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liabilities are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the County is reasonably certain to exercise such options, subscription contract incentives receivable for the SBITA vendor and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The County monitors changes in circumstances that would require a measurement of its SBITAs and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

The County had no outstanding end-of-year encumbrances.

5. Implementation of New Standards

In the current fiscal year, the County implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 99, *Omnibus*

GASB 99 is an Omnibus statement that addresses a variety of practice issues identified during the implementation an application of certain GASB statements and accounting and financial reporting for financial guarantees. It reiterates some of the specific guidance for variable payments and the updating of variable payments. The statement aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues.

The requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error correction to provide more understandable, reliable, relevant, consistent, and comparable information for making decision or assessing accountability.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District implemented this Statement during the current year.

HOPKINS COUNTY, TEXAS
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6. Future Implementation of New Standards

GASB Statement No. 101, *Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by update the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a modified model and by amending certain previously required disclosures.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
General Fund and Road & Bridge Fund had several categories go over budget see Exhibit B-1 and B-2.	Under Consideration

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Farm to Market Special	(\$29,859)	R&B transfer made to clean up in FY 2025
Road & Bridge County Project	(\$2,771)	R&B transfer made to clean up in FY 2025

C. Deposits and Investments

The County's funds are required to be deposited and invested under the terms of a depository contract. 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's 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.

Cash Deposits:

At September 30, 2024, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$17,890,070 and the bank balance was \$18,839,178,. The County's cash deposits at September 30, 2024, and during the year ended September 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Investments:

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize the

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FOR THE YEAR ENDED SEPTEMBER 30, 2024

safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general-purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, the investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations 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 County's investments at September 30, 2024, are shown below.

Investment or Investment Type	Maturity		Fair Value
Tex Pool	N/A	\$	1,592
Total Investments		\$	1,592

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

At September 30, 2024, the County's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows: Aa2

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to a concentration of credit risk.

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d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

Investment Accounting Policy

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of 1% of the value of its shares.

The County's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

TexPool

The County invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise with respect to TexPool Portfolios. The Advisory Board members review the investment policy and

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management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average of \$1 per unit net asset value; however, the \$1 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

D. Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balances	Prior Period Adjust	Increases	Decreases	Ending Balances
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 1,781,947		\$ --	\$ --	\$1,781,947
Construction in Progress	4,423,739		--	(4,423,739)	--
Total capital assets not being depreciated	6,205,686		--	(4,423,739)	\$1,781,947
Capital assets being depreciated:					
Infrastructure	22,527,772		2,833,421	(962,520)	24,398,673
Building and Improvements	31,597,459		4,946,647		36,544,106
Equipment	16,873,800	366,954	1,898,115	(724,939)	18,413,930
Right-To-Use Subscription Assets	671,975				671,975
Total capital assets being depreciated	71,671,006	366,954	9,678,183	(1,687,459)	80,028,684
Less accumulated depreciation and amortization for:					
Infrastructure	(17,671,616)		(1,022,120)	962,520	(17,731,216)
Building and Improvements	(15,109,160)		(1,130,196)	--	(16,239,356)
Equipment	(10,373,947)	(157,266)	(1,283,691)	665,625	(11,149,280)
Right-To-Use Subscription Assets	(134,395)		(134,383)		(268,778)
Total accumulated depreciation	(43,289,118)	(157,266)	(3,570,390)	1,628,145	(45,388,630)
Total capital assets being depreciated and amortized, net	28,381,888	209,688	1,818,437	(59,316)	36,640,054
Governmental activities capital assets, net	<u>\$ 34,587,574</u>	<u>209,688</u>	<u>1,818,437</u>	<u>(59,316)</u>	<u>36,422,001</u>

Depreciation was charged to functions as follows:

General Government	\$ 345,276
Judicial	399
Legal	437
Finance	580
Public Safety	1,022,109
Public Transportation	1,748,994
Public Facilities	446,941
Extension Services	5,654
	<u>\$ 3,570,390</u>

HOPKINS COUNTY, TEXAS
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FOR THE YEAR ENDED SEPTEMBER 30, 2024

E. Interfund Balances and Activity

Transfers To and From Other Funds

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Civic Center	\$ 99,999	To record transfer to Civic Center per budget
General Fund	District Attorney	424,217	To transfer funds from GF to District Attorney per Budget
General Fund	CH Security	25,000	To transfer funds from General Fund to cover courthouse security per budget
General Fund	Road & Bridge	1,400,000	To transfer funds from GF to RB Fund per budget and amendment done 3/25/24
General Fund	Special Projects	50,000	To transfer funds from GF to Special projects fund per budget
Road & Bridge	Shared Fund	31,780	To record BA to hire a secretary shared by all commissioners
Road & Bridge Special	Road & Bridge	315,000	To transfer funds from Road & Bridge Special to R&B per budget
From to Market	Road & Bridge	500,000	To transfer funds from Farm to Market Fund to R&B per budget
ARP	Road & Bridge	443,198	To transfer funds from American Rescue Plan to R&B per BA
Rural Service Grant	General Fund	218,380	To record SB22 Positions at SO covered by grant
Total		<u>\$3,507,574</u>	

F. Short-Term Debt Activity

The County accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. There were no short-term loans.

G. Long-Term Obligations

The County has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the County.

HOPKINS COUNTY, TEXAS
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1. Long-term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2024, are as follows:

	Beginning Balance	Prior Period Adjust.	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:						
General Obligations	\$12,190,000	\$ --	\$ --	\$(1,260,000)	\$ 10,930,000	\$ 965,000
Total General Bond Debt	12,190,000	--	--	(1,260,000)	10,930,000	965,000
Notes Payable	407,662	(75,000)	--	(57,096)	275,566	36,686
Finance Purchase Lease	1,400,862	93,952	721,872	(577,532)	1,639,153	703,700
Subscription Liability	531,180			(125,087)	406,093	130,091
Total	2,399,704	18,952	721,872	(759,715)	2,320,812	870,477
Compensated Absences	482,632		689,440	(482,632)	689,440	689,400
Net Pension Liabilities	11,662,640		6,420,169		18,082,809	--
Bond Premium	157,862	--	--	(12,629)	145,233	--
Bond Discount	(41,365)	--	--	3,309	(38,056)	--
Total Governmental Activities	\$26,791,473	\$18,952	7,831,480	\$(2,511,677)	\$32,130,238	\$2,524,917

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2024, are as follows:

Year ending September 30,	Governmental Activities			
	Bonds		Notes from Direct Borrowing	
	Principal	Interest	Principal	Interest
2025	\$ 965,000	\$ 312,610	\$ 36,686	\$ 5,512
2026	865,000	278,128	29,824	4,555
2027	900,000	245,952	30,425	3,954
2028	925,000	216,446	31,038	3,341
2029	960,000	186,084	31,663	2,716
2030-2034	5,200,000	511,989	115,930	4,395
2035	1,115,000	28,076	--	--
	<u>\$ 10,930,000</u>	<u>\$ 1,779,285</u>	<u>\$ 275,566</u>	<u>\$ 24,471</u>

HOPKINS COUNTY, TEXAS
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3. Finance Purchasing Lease

Commitments under finance purchase lease agreements for facilities and equipment for minimum future rental payments as of September 30, 2024.

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	703,700	31,617
2026	370,052	35,038
2027	221,415	27,159
2028	163,964	18,138
2029	180,024	8,372
Total	\$ <u>1,639,153</u>	\$ <u>120,324</u>

4. Subscription-Based Information Technology Arrangement (SBITA)

The County has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The County is required to make scheduled payments at its incremental borrowing rate, or the interest rate stated or implied within the SBITAs. Effective October 1, 2022, the County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. At implantation of this statement and the commencement of arrangement beginning after September 30, 2024 the County measured the subscription liabilities at the present value of payments expected to be made during the subscription term.

	<u>Interest Rate</u>	<u>Liability at Commencement</u>	<u>Lease Terms in Months</u>	<u>Ending Balance</u>
Governmental activities: Subscription-based information technology agreements	3.1% to 3.2%	671,975	32 to 59	406,093

<u>Year Ended September 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 130,092	\$ 16,244	\$ 146,336
2026	135,295	11,040	146,335
2027	140,706	5,628	146,334
Total	\$ <u>406,093</u>	\$ <u>32,912</u>	\$ <u>439,005</u>

H. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2019, the County obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The County pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The County continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

HOPKINS COUNTY, TEXAS
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I. Pension Plan

1. **Plan Description:** The District provides pension, disability, and death benefits for all of its full-time employees through a statewide, agent multiple-employer, public-employee retirement system through the Texas County District Retirement System (the "TCDRS"). The system serves 738 actively participating counties and districts throughout Texas. Each employer has its own defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401 (a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan. The TCDRS 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 P.O. Box 2034, Austin, Texas 78768-2034.

2. **Benefits Terms**

- a. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in temporary positions are not eligible for membership.
- b. The plan provides retirement, disability, and survivor benefits.
- c. TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 220%) and is then converted to an annuity.
- d. 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.
- e. Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year but must remain in conformity with the Act.

3. **Contributions**

The County's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Hopkins 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 7%. Contributions to the pension plan from the county for 2024 and 2023 are as follows:

<u>Contribution Rates</u>	<u>2024</u>	<u>2023</u>
Employee	7%	7%
Employer	14.61%	14.27%
<u>Fiscal year contributions:</u>		
Employer	\$ 1,631,013	\$ 1,401,725

The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

HOPKINS COUNTY, TEXAS
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Membership Information

At the December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	155
Inactive employees entitled to but not yet receiving benefits	179
Active Employees	<u>205</u>
Total covered employees	<u>539</u>

4. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The following are the key assumptions and methods used in this GASB analysis.

Actuarial assumptions:
Valuation Timing

Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial Cost Method

Entry Age (level percentage of pay)⁽¹⁾

Amortization Method

Recognition of economic/demographic gains or losses

Straight-Line amortization over Expected Working Life

Recognition of assumptions, changes or inputs

Straight-Line amortization over Expected Working Life

Asset Valuation Method

Smoothing Period

5 Years

Recognition Method

Non-asymptotic

Corridor

None

Inflation

2.50%

Salary Increases

Varies by age and service. 4.7% average over career including inflation.

Investment Rate of Return

7.60 % (Gross of administrative expenses)

Cost-of-Living Adjustments

Cost-of-Living Adjustments for Hopkins County are considered to be substantively automatic under GASB 68. Therefore, an annual 2.5% cost-of-living adjustment is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

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 is 61.

HOPKINS COUNTY, TEXAS
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Mortality	
Depositing members	135% Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries, and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for makes and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. 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, inactive, and retired members. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
U.S. Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities – Developed Markets	5.00%	4.75%
International Equities – Emerging Markets	6.00%	4.75%
Investment - Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%

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Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2022	\$ 62,064,541	\$ 50,401,901	\$ 11,662,641
Changes for the year			
Service cost	1,620,733	--	1,620,733
Interest	4,734,107	--	4,734,107
Effect of plan changes	7,921,940	--	7,921,940
Effect on economic/demographic gains or losses	80,389	--	80,389
Changes of assumptions	--	--	--
Contributions - employer	--	1,631,013	(1,631,013)
Contributions - employee	--	799,878	(799,878)
Net investment income	--	5,535,168	(5,535,168)
Benefit payments	(2,630,220)	(2,630,220)	--
Refund of contributions	(210,571)	(210,571)	--
Administrative expense	--	(28,979)	28,979
Other changes	--	(80)	80
Net changes	\$ 11,516,378	\$ 5,096,209	\$ 6,420,169
Balance at 12/31/2023	\$ 73,580,919	\$ 55,498,110	\$ 18,082,809

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate.

	1% Decrease in Discount Rate	Discount Rate	1 % Increase in Discount Rate
Total pension liability	\$ 84,464,532	\$ 73,580,920	\$ 64,644,229
Fiduciary net position	55,498,110	55,498,110	55,498,110
Net pension liability / (asset)	28,966,422	18,082,810	9,146,119

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the County recognized pension expense of \$9,001,071.

At September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 273,018	\$ --
Changes in actuarial assumptions	--	--
Difference between projected and actual investment earnings	214,948	--
Contributions subsequent to the measurement date	1,260,924	N/A
Total	\$ 1,748,890	\$ --

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The \$1,260,924 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec. 31:		
2024	\$	(116,291)
2025		(149,950)
2026		1,098,406
2027		(344,199)
2028		--
Thereafter		--

J. Other Postemployment Benefits

The County doesn't have any other post-employment benefit programs.

K. Health Care Coverage

Beginning June 1, 2007, the County has health care coverage with Blue Cross Blue Shield of Texas. The Hopkins County Employee Health Plan participants are fully insured. The County contributed up to \$652.80 per month per employee to the Plan. The County paid up to \$94,845.22 for their dependents. A total of \$1,325,124.92 was the County's portion of cost of the health insurance for the fiscal year September 30, 2024. Employees at their option, authorized payroll withholdings for contributions for dependents. All contributions were paid to the administrator of the Plan. The contract between the County and the Plan is renewable October 1st, of each year, and the annual financial statements have been filed with the Texas State Board of Insurance. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by Contractual agreement.

L. Commitments and Contingencies

1. Contingencies

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

From time to time, the County is involved in litigation that arises in the ordinary course of business. At this time, the outcome of the outstanding litigations is unknown. The County plans to vigorously defend itself against any litigation.

HOPKINS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

M. Subsequent Events

Management has evaluated subsequent events through June 27, 2025, the date the financials were available to be distributed and noted the following events. Since year-end, the county has purchased multiple new assets for various departments, totaling over \$1.1 million. These assets include vehicles, trailers, tractors, and roof repairs. The County also paid down \$362,000 worth of debt and acquired \$459,000 worth of new debt to purchase assets.

N. Tax Abatements

The County enters into property tax abatement agreements with local businesses under the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code. Under the Act, localities may grant property tax abatements of up to 100 percent of a business's property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the County. The County has tax abatement agreements with six manufacturing facilities under the authority of the Texas Property Redevelopment Act.

For the fiscal year ended September 30, 2024, the County abated property taxes totaling \$44,559,641 under this program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- *A 100 percent property tax abatement for a company for construction improvement. The abatement amounted to \$37,291,020.

- *A 100 percent property tax abatement for a company for the improvements to be installed and or affixed to the premises. The abatement amounted to \$2,712,048.

- *A 100 percent property tax abatement for a local company for the improvements to be installed or affixed to the premises. The abatement amounted to \$846,415

- *A 100 percent property tax abatement for a local company for the improvements to be constructed, including a 45,100 sq foot office warehouse complex. The abatement amounted to \$2,332,073.

- *A 100 percent property tax abatement for a local company for the construction of an add on to the premises. The abatement amounted to \$846,415.

- *A 100 percent property tax abatement for a local company for the construction of an add on to the premises. The abatement amounted to \$537,453.00

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

HOPKINS COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 12,590,864	\$ 12,590,864	\$ 13,018,421	\$ 427,557
<i>Fees of office</i>	3,681,670	3,681,670	3,814,283	132,613
<i>Intergovernmental</i>	758,193	485,860	501,422	15,562
<i>Fines</i>	532,000	532,000	453,488	(78,512)
<i>Interest</i>	100,000	100,000	631,741	531,741
<i>Miscellaneous</i>	162,500	723,883	807,904	84,021
Total revenues	17,825,227	18,114,277	19,227,259	1,112,982
Expenditures:				
Current:				
<i>General Government</i>				
<i>County Judge</i>				
<i>Personnel</i>	202,434	202,434	203,072	(638)
<i>Operating</i>	11,150	11,150	3,493	7,657
<i>Capital Outlay</i>	1,000	1,000	--	1,000
Total County Judge	214,584	214,584	206,565	8,019
<i>County Administration</i>				
<i>Personnel</i>	54,570	54,570	47,679	6,891
<i>Operating</i>	2,000	2,000	1,964	36
Total County Administration	56,570	56,570	49,643	6,927
<i>Risk Management</i>				
<i>Operating</i>	379,171	379,171	250,150	129,021
Total County Clerk	379,171	379,171	250,150	129,021
<i>County Clerk</i>				
<i>Personnel</i>	409,710	421,896	416,608	5,288
<i>Operating</i>	22,500	22,500	21,261	1,239
<i>Capital Outlay</i>	1,000	1,000	--	1,000
Total County Clerk	433,210	445,396	437,869	7,527
<i>Veteran Service</i>				
<i>Operating</i>	4,200	3,400	2,653	747
<i>Capital Outlay</i>	--	800	707	93
Total Veteran Service	4,200	4,200	3,360	840
<i>Nondepartmental</i>				
<i>Personnel</i>	500	500	246	254
<i>Operating</i>	742,788	849,039	983,103	(134,064)
Total Nondepartmental	743,288	849,539	983,349	(133,810)
Total General Government	1,831,023	1,949,460	1,930,936	18,524
<i>Judicial</i>				
<i>County Court</i>				
<i>Personnel</i>	295,587	299,203	294,368	4,835
<i>Operating</i>	48,000	48,000	47,830	170
Total County Court	343,587	347,203	342,198	5,005

HOPKINS COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
8th District Court				
Personnel	268,434	270,242	273,750	(3,508)
Operating	273,400	275,900	240,482	35,418
Total 8th District Court	541,834	546,142	514,232	31,910
62nd District Court				
Personnel	70,333	70,333	66,813	3,520
Operating	55,300	56,800	60,407	(3,607)
Total 62nd District Court	125,633	127,133	127,220	(87)
District Clerk				
Personnel	416,703	416,703	408,257	8,446
Operating	23,000	22,947	21,477	1,470
Capital Outlay	1,000	1,053	1,053	--
Total District Clerk	440,703	440,703	430,787	9,916
Justice of the Peace Number One				
Personnel	236,739	241,931	243,250	(1,319)
Operating	10,000	10,000	7,514	2,486
Total Justice of the Peace Number One	246,739	251,931	250,764	1,167
Justice of the Peace Number Two				
Personnel	235,908	237,716	238,356	(640)
Operating	10,000	10,000	4,942	5,058
Total Justice of the Peace Number Two	245,908	247,716	243,298	4,418
Justice of the Peace Technology				
Total Judicial	1,944,404	1,960,827	1,908,499	52,328
Legal				
County attorney				
Personnel	330,480	335,903	336,744	(841)
Operating	7,600	7,600	6,463	1,137
Total County Attorney	338,080	343,503	343,207	296
Total Legal	338,080	343,503	343,207	296
Financial Administration				
County Auditor				
Personnel	336,502	336,236	332,247	3,989
Operating	9,500	11,487	10,646	841
Capital Outlay	--	13	13	--
Total County Auditor	346,002	347,736	342,906	4,830
County Treasurer				
Personnel	168,467	168,467	169,335	(868)
Operating	6,100	6,100	4,913	1,187
Total County Treasurer	174,567	174,567	174,248	319
Tax Assessor Collector				
Personnel	487,825	489,633	479,270	10,363
Operating	46,000	46,000	58,685	(12,685)
Capital Outlay	1,000	1,000	182	818
Total Tax Assessor Collector	534,825	536,633	538,137	(1,504)

HOPKINS COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Data Processing</i>				
<i>Operating</i>	525,018	534,818	520,440	14,378
<i>Capital</i>	130,000	120,200	72,665	47,535
<i>Total Data Processing</i>	655,018	655,018	593,105	61,913
<i>Total Financial Administration</i>	1,710,412	1,713,954	1,648,396	65,558
<i>VFD</i>				
<i>Operating</i>	239,116	261,116	225,847	35,269
<i>Capital Outlay</i>	22,000	--	--	--
<i>Total VFD</i>	261,116	261,116	225,847	35,269
<i>County Fire</i>				
<i>Personnel</i>	915,908	929,901	931,479	(1,578)
<i>Operating</i>	166,240	184,913	169,703	15,210
<i>Capital Outlay</i>	12,500	10,500	10,499	1
<i>Total County Fire</i>	1,094,648	1,125,314	1,111,681	13,633
<i>Constable Number One</i>				
<i>Personnel</i>	101,962	105,504	102,479	3,025
<i>Operating</i>	19,209	6,209	2,151	4,058
<i>Total Constable Number One</i>	121,171	111,713	104,630	7,083
<i>Constable Number Two</i>				
<i>Personnel</i>	100,739	100,739	103,883	(3,144)
<i>Operating</i>	6,080	6,080	6,531	(451)
<i>Total Constable Number Two</i>	106,819	106,819	110,414	(3,595)
<i>County Sheriff</i>				
<i>Personnel</i>	3,061,689	3,153,403	3,133,721	19,682
<i>Operating</i>	386,783	469,893	794,443	(324,550)
<i>Capital Outlay</i>	30,500	37,486	35,900	1,586
<i>Total County Sheriff</i>	3,478,972	3,660,782	3,964,064	(303,282)
<i>Department of Public Safety</i>				
<i>Personnel</i>	61,356	63,164	63,299	(135)
<i>Operating</i>	500	500	--	500
<i>Total Department of Public Safety</i>	61,856	63,664	63,299	365
<i>Dispatch</i>				
<i>Personnel</i>	617,301	622,724	613,901	8,823
<i>Operating</i>	17,000	13,500	6,030	7,470
<i>Total Dispatch</i>	634,301	636,224	619,931	16,293
<i>Jail</i>				
<i>Personnel</i>	2,649,428	2,673,881	2,670,919	2,962
<i>Operating</i>	556,500	805,062	807,672	(2,610)
<i>Capital Outlay</i>	9,000	13,938	13,938	--
<i>Total Jail</i>	3,214,928	3,492,881	3,492,529	352
<i>Extradition</i>				
<i>Personnel</i>	45,049	100,405	137,266	(36,861)

HOPKINS COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating	25,000	25,000	17,552	7,448
Total Extradition	70,049	125,405	154,818	(29,413)
Adult Probation				
Operating	3,000	3,000	2,813	187
Total Adult Probation	3,000	3,000	2,813	187
Total Public Safety	9,046,860	9,586,917	9,850,026	(263,109)
Public Facilities				
Building Maintenance				
Personnel	70,980	72,788	73,179	(391)
Operating	421,500	545,180	494,759	50,421
Total Building Maintenance	492,480	617,968	567,938	50,030
Total Public Facilities	492,480	617,968	567,938	50,030
Extension Service				
Extension Office				
Personnel	59,473	59,473	60,714	(1,241)
Operating	23,500	23,500	20,725	2,775
Capital Outlay	4,500	4,500	--	4,500
Total Extension Office	87,473	87,473	81,439	6,034
Total Extension Service	87,473	87,473	81,439	6,034
Elections				
Elections				
Personnel	85,417	85,417	120,254	(34,837)
Operating	69,566	69,566	70,142	(576)
Total Elections	154,983	154,983	190,396	(35,413)
Health and Welfare				
Hazmet Manager				
Operating	--	--	17,715	(17,715)
Total Hazmet Manager	--	--	17,715	(17,715)
Environmental Quality				
Personnel	84,371	95,218	98,209	(2,991)
Operating	24,200	23,900	20,176	3,724
Capital Outlay	750	1,050	981	69
Total Environmental Quality	109,321	120,168	119,366	802
Total Health and Welfare	109,321	120,168	137,081	(16,913)
Debt service:				
Principal	393,533	443,104	328,675	114,429
Interest and fiscal charges	--	--	73,135	(73,135)
Total Debt Service	393,533	443,104	401,810	41,294
Total expenditures	16,108,569	16,978,357	17,059,728	(81,371)

HOPKINS COUNTY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	1,716,658	1,135,920	2,167,531	1,031,611
Other financing sources (uses):				
<i>Transfers in</i>	--	--	218,379	218,379
<i>Transfers out</i>	(1,690,593)	(2,090,593)	(1,999,217)	91,376
<i>Sale of capital assets</i>	--	21,174	21,174	(0)
<i>Insurance recoveries</i>	--	27,924	27,924	(0)
<i>Lease proceeds</i>	--	--	229,080	(229,080)
Total other financing sources (uses)	(1,690,593)	(2,041,495)	(1,502,660)	(538,835)
Net change in fund balances	26,065	(905,575)	664,871	1,570,446
Fund balances, October 1	8,860,339	8,860,339	8,860,339	--
Prior period adjustment	--	--	358,711	358,711
Fund balances, September 30	<u>\$ 26,065</u>	<u>\$ (905,575)</u>	<u>\$ 9,883,921</u>	<u>\$ 1,929,157</u>

HOPKINS COUNTY, TEXAS
ROAD AND BRIDGE MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Taxes</i>	\$ 4,170,455	\$ 4,170,455	\$ 4,537,794	\$ 367,339
<i>Fees of office</i>	760,000	760,000	751,243	(8,757)
<i>Intergovernmental</i>	130,000	130,000	332,385	202,385
<i>Interest</i>	25,000	25,000	78,641	53,641
<i>Miscellaneous</i>	--	26,751	224,129	197,378
Total revenues	5,085,455	5,112,206	5,924,192	811,986
Expenditures:				
Current:				
<i>Road and Bridge Number One</i>				
<i>Personnel</i>	626,538	630,154	582,450	47,704
<i>Operating</i>	944,112	1,266,285	1,235,170	31,115
<i>Capital Outlay</i>	50,000	47,750	47,750	--
Total Road and Bridge Number One	1,620,650	1,944,189	1,865,370	78,819
<i>Road and Bridge Number Two</i>				
<i>Personnel</i>	674,368	682,203	673,844	8,359
<i>Operating</i>	1,000,632	1,742,255	1,608,546	133,709
<i>Capital Outlay</i>	75,000	305,652	419,859	(114,207)
Total Road and Bridge Number Two	1,750,000	2,730,110	2,702,249	27,861
<i>Road and Bridge Number Three</i>				
<i>Personnel</i>	614,076	615,884	572,297	43,587
<i>Operating</i>	989,431	1,187,811	1,091,013	96,798
<i>Capital Outlay</i>	55,000	95,500	301,161	(205,661)
Total Road and Bridge Number Three	1,658,507	1,899,195	1,964,471	(65,276)
<i>Road and Bridge Number Four</i>				
<i>Personnel</i>	636,389	636,389	581,840	54,549
<i>Operating</i>	1,025,112	1,447,120	1,196,175	250,945
<i>Capital Outlay</i>	50,000	590,034	584,064	5,970
Total Road and Bridge Number Four	1,711,501	2,673,543	2,362,079	311,464
<i>Road and Bridge Special</i>				
<i>Road and Bridge County Project</i>				
Total Public Transportation	6,740,658	9,247,037	8,894,169	352,868
Debt service:				
<i>Principal</i>	259,342	286,942	312,118	(25,176)
<i>Interest and fiscal charges</i>	--	--	3,712	(3,712)
Total expenditures	7,000,000	9,533,979	9,209,999	323,980
Excess (deficiency) of revenues over (under) expenditures	(1,914,545)	(4,421,773)	(3,285,807)	1,135,966
Other financing sources (uses):				
<i>Transfers in</i>	2,115,000	2,115,000	2,658,198	543,198
<i>Transfers out</i>	--	--	(31,780)	(31,780)
<i>Sale of capital assets</i>	--	75,829	75,829	--
<i>Insurance recoveries</i>	--	195,923	197,832	1,909
<i>Proceeds from capital leases</i>	--	492,788	492,788	--
Total other financing sources (uses)	2,115,000	2,879,540	3,392,867	(513,327)

HOPKINS COUNTY, TEXAS
ROAD AND BRIDGE MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Net change in fund balances	200,455	(1,542,233)	107,060	1,649,293
Fund balances, October 1	1,095,565	1,095,555	1,095,555	--
Fund balances, September 30	<u>\$ 1,296,020</u>	<u>\$ (446,678)</u>	<u>\$ 1,202,615</u>	<u>\$ (446,678)</u>

HOPKINS COUNTY, TEXAS
*SCHEDULE OF CHANGES IN THE COUNTY'S
NET PENSION LIABILITY AND RELATED RATIOS
HOPKINS COUNTY PENSION PLAN
LAST TEN FISCAL YEARS*

	Measurement Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2017	2015
Total pension liability:										
Service cost	\$ 1,620,733	\$ 1,331,477	\$ 1,263,500	\$ 1,192,659	\$ 1,067,833	\$ 1,070,590	\$ 1,072,438	\$ 1,175,397	\$ 1,001,630	\$ 1,021,803
Interest	4,734,107	3,934,962	3,720,965	3,694,040	3,511,771	3,248,953	3,052,609	2,942,172	2,758,905	2,507,744
Changes of benefit terms	7,921,940	6,980,408	209,673	(1,828,444)	(94,930)	1,727,690	--	(2,800,928)	1,812,397	--
Differences between expected and actual experience	80,389	658,273	156,560	(161,297)	(61,236)	(715,087)	188,724	(170,432)	164,003	(126,348)
Changes of assumptions	--	--	(88,375)	2,791,023	--	--	(55,652)	--	373,319	--
Benefit payments, including refunds of employee contributions	(2,840,791)	(2,523,632)	(2,505,800)	(2,303,603)	(2,292,655)	(1,884,751)	(1,781,790)	(1,527,501)	(1,450,227)	(1,281,337)
Net change in total pension liability	11,516,378	10,381,488	2,756,523	3,384,378	2,130,783	3,447,395	2,476,329	(381,292)	4,660,027	2,121,862
Total pension liability - beginning	62,064,541	51,683,053	48,926,530	45,542,152	43,411,369	39,963,974	37,487,645	37,868,937	33,208,910	31,087,048
Total pension liability - ending (a)	\$ 73,580,919	\$ 62,064,541	\$ 51,683,053	\$ 48,926,530	\$ 45,542,152	\$ 43,411,369	\$ 39,963,974	\$ 37,487,645	\$ 37,868,937	\$ 33,208,910
Plan fiduciary net position:										
Contributions - employer	\$ 1,631,013	\$ 1,507,936	\$ 1,339,296	\$ 1,290,335	\$ 1,189,653	\$ 1,153,859	\$ 1,060,431	\$ 1,044,094	\$ 991,246	\$ 956,422
Contributions - employee	799,878	714,760	661,555	604,443	576,307	559,654	536,386	534,678	511,327	490,112
Net investment income	5,535,168	(3,131,780)	9,749,049	4,221,943	5,846,700	(681,571)	4,671,271	2,201,953	(267,399)	1,926,890
Benefit payments, including refunds of employee contributions	(2,840,791)	(2,523,634)	(2,505,800)	(2,303,603)	(2,292,655)	(1,884,751)	(1,781,790)	(1,527,503)	(1,450,226)	(1,281,337)
Administrative expense	(28,979)	(29,537)	(29,140)	(32,670)	(31,149)	(28,594)	(24,262)	(24,016)	(21,606)	(22,466)
Other	(80)	2,644	(1,949)	(8,073)	(12,338)	(1,355)	(2,708)	(38,674)	(96,176)	(10,098)
Net change in plan fiduciary net position	5,096,209	(3,459,611)	9,213,011	3,772,375	5,276,518	(882,758)	4,459,328	2,190,532	(332,834)	2,059,523
Plan fiduciary net position - beginning	50,401,901	53,861,512	44,648,501	40,876,126	35,599,608	36,482,366	32,023,038	29,832,506	30,165,340	28,105,817
Plan fiduciary net position - ending (b)	\$ 55,498,110	\$ 50,401,901	\$ 53,861,512	\$ 44,648,501	\$ 40,876,126	\$ 35,599,608	\$ 36,482,366	\$ 32,023,038	\$ 29,832,506	\$ 30,165,340
County's net pension liability - ending (a) - (b)	\$ 18,082,809	\$ 11,662,640	\$ (2,178,459)	\$ 4,278,029	\$ 4,666,026	\$ 7,811,761	\$ 3,481,608	\$ 5,464,607	\$ 8,036,431	\$ 3,043,570
Plan fiduciary net position as a percentage of the total pension liability	75.42%	81.21%	104.22%	91.26%	89.75%	82.01%	91.29%	85.42%	78.78%	90.84%
Covered-employee payroll	\$ 11,426,832	\$ 10,210,861	\$ 9,450,784	\$ 8,634,893	\$ 8,232,955	\$ 7,995,053	\$ 7,662,663	\$ 7,638,254	\$ 7,304,671	\$ 7,001,607
County's net pension liability as a percentage of covered-employee payroll	158.25%	114.22%	-23.05%	49.54%	56.67%	97.71%	45.44%	71.54%	110.02%	43.47%

HOPKINS COUNTY, TEXAS
SCHEDULE OF COUNTY CONTRIBUTIONS
HOPKINS COUNTY PENSION PLAN
LAST TEN FISCAL YEARS

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,687,038	\$ 1,401,725	\$ 1,281,085	\$ 1,148,691	\$ 1,096,265	\$ 1,006,825	\$ 955,722	\$ 879,762	\$ 890,010	--
Contributions in relation to the actuarially determined contribution	(1,687,038)	(1,401,725)	(1,281,085)	(1,148,691)	(1,096,265)	(1,006,825)	(955,722)	(879,762)	(890,010)	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered-employee payroll	\$ 11,270,216	\$ 9,729,828	\$ 8,776,792	\$ 7,965,642	\$ 7,397,611	\$ 6,969,924	\$ 6,188,014	\$ 6,375,683	\$ 6,523,392	--
Contributions as a percentage of covered-employee payroll	14.97%	14.41%	14.60%	14.42%	14.82%	14.45%	15.44%	13.80%	13.64%	--

HOPKINS COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Budget) FOR THE YEAR ENDED SEPTEMBER 30, 2024

Budgetary Data

The official budget was prepared for adoption for the General Fund and the Road and Bridge Fund, which is included within the Special Revenue Funds. The following procedures are followed in establishing the budgetary data reflected in financial statements.

a. Prior to beginning of the fiscal year, the County prepares a budget for the next succeeding fiscal year beginning. The operating budget includes proposed expenditures and the means of financing them. b. A meeting of the Commissioners' Court is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given.

c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the Commissioner's Court.

Once a budget is approved, it can be amended only by approval of a majority of the Commissioners' Court. Amendments are presented to the Commissioners' Court at its regular meetings. Each amendment must have the Commissioners' Court approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Commissioners' Court and are not made after fiscal year end. During the year, the budget was amended as necessary. There were no significant amendments passed during the fiscal year. The budget is prepared on the modified accrual basis.

The legal *level* of budgetary control (*level* at which the governing body must approve any over expenditure) is at the category *level*. Categories are defined as: Personal Services, Supplies & Materials, Other Services & Charges, and Capital Outlay. Budget to actual comparisons are presented in the financial statements at the function *level*; however, a budget to actual comparison by category is available from the Hopkins County Auditor's office at 118 Church St., Sulphur Springs, TX 75482.

Excess of Expenditures Over Appropriations in Major Governmental Funds: The County expenditures did not exceed appropriations.

The following funds had legally adopted budgets:

General	Court of Appeals Fee
Road and Bridge	S/O Drug Forfeiture
Records Management Fund	DA Forfeiture
Child Abuse Prevention	CA Check Collection Fee
Court Record Archive	DA Check Collection
Civic Center Fund	Debt Service Fund
JP Computer Technology	Truancy Prev Diversion Fund
District Attorney Fund	SB22 Rural Service Grant
Law Library Fund	Courthouse Restoration Fund
Record Preservation Count	
Courthouse Security Fund	
Justice Court Security	
HAVA Grant	
CC Technology Fund	
Road Bridge Special Maintenance	
Farm to Market Special Fund	
County Clerk Archive	
DA State Fund	
SO Federal Forfeiture Fund	
DA Federal Forfeiture	

Budgets for the funds listed *above* are adopted on a basis consistent with generally accepted accounting principles (GAAP) on the modified accrual basis of accounting.

HOPKINS COUNTY, TEXAS

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.0 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.5%, 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 Table 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: Employer contributions reflect that a 30% CPI COLA was adopted. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: Employer contributions reflect that a 1% flat COLA was adopted. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: Employer contributions reflect that a 1% flat COLA was adopted. 2023: Employer contributions reflect that a 7% flat COLA was adopted.

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.



**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**

Honorable County Judge of Hopkins County, and Honorable Members of the Hopkins County
Commissioners Court
Hopkins 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, each major fund, and the aggregate remaining fund information of Hopkins County, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Hopkins County, Texas' basic financial statements, and have issued our report thereon dated June 27, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hopkins County, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hopkins County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Hopkins 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal controls, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hopkins 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 determination of financial statement amounts. 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*.

District's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Maloney, McNeal & Company PC

June 27, 2025
Paris, Texas

Certified Public Accountants



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Honorable County Judge of Hopkins County, and Honorable Members of the Hopkins County Commissioners Court
Hopkins County Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Hopkins County, Texas ("the County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2024. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion of Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or

the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 federal 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify a deficiency in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been 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 Uniform Guidance. Accordingly, this report is not suitable for any purpose.

Maenery, McNeal & Company PC

June 27, 2025
Paris, Texas

Certified Public Accountants

HOPKINS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? X Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Version of compliance supplement used in audit: May 2024

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	State and Local Recovery Funds

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

Auditee qualified as low-risk auditee? X Yes No

C. Federal Award Findings and Questioned Costs

NONE

Hopkins County, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED September 30, 2024

B. Financial Statement Findings- Material Weakness

Finding: 2024-001

Criteria:

Ongoing monitoring of the general ledger, its adjustments, balances, activity detail, and the relationships between the many funds and departments of the County are crucial to proper financial reporting as well as the effort to prevent, detect, deter, and correct errors in the financial reporting.

Condition:

We noted a deficiency in internal control procedures related to financial processes as well as to the month-end and year-end financial statement close. Significant adjusting entries were needed both for prior period adjustments as well as the current year-end to properly report the fiscal year's activity and balances as of September 30, 2024.

Cause:

The cause of the deficiency appears to be reliance on the prior year's auditor to complete year-end financial statement closing procedures, without verifying the accuracy, necessity, or completeness of the entries made.

Effect:

Significant adjustments were found to be necessary to report on the financials in accordance with governmental accounting standards. Errors in the financial reporting were not identified in a timely manner in the normal course of the County staff performing their assigned duties. Internal controls over general ledger adjusting entries, both manual and system-generated, general ledger review and close, and monitoring of financial transactions, were not effectively designed or implemented. The budget was exceeded at several category levels. Prior period adjustments were required to restate the beginning fund balance of the General and the Texas Mitigation Grant funds, as well as the net position of the government-wide financial statements. A summary of the prior period adjustments are as follows:

1. Cash was understated on the financial statements at September 30, 2023, because the excess cash in the clearing account had accumulated interest from earnings that were not included in the financial statements. A prior-period adjustment was made in the amount of \$56,754.
2. Sales Tax Revenue was understated in the prior year by \$301,957. This was the equivalent of one month's sales tax.
3. Accounts payable, as of September 30, 2023, were overstated by \$9,300 in the Texas Mitigation Grant Fund.
4. The capital assets were understated by \$209,688 related to capital assets purchased through finance leases not reported on the government-wide financials.
5. Notes payable at September 30, 2023, were understated by \$123,035 because auto leases were not reported on the financial statements.

Hopkins County, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED September 30, 2024

6. The note payable at September 30, 2023, was overstated by \$75,000 because payments made in September of 2023 on a note were not reported as a reduction in debt. Also, a lease payment of \$29,084 was not properly reported on the government-wide financial statements.

Recommendation:

We recommend the following:

1. Monthly General Ledger Close: The general ledger system should go through a formal month-end close procedure. At this time, all accounts, especially those of the balance sheet and transactions between funds, should be reconciled to the supporting detail or subsidiary ledgers. Due to and Due from other Governments should be reconciled each month as well.
2. Review and update written internal controls and ensure that they support the use of proper internal controls and that they are being followed.
3. All subsidiary credit card activity should be posted monthly and not at year-end.
4. Review petty cash accounts and agree to the general ledger quarterly.
5. Review your Capital Asset Roll forward. Verify that depreciation calculations are correct, all formulas are correct, and all assets are listed on the roll forward.
6. Create a lease tracking spreadsheet to record and reconcile payments to the liability principal and interest payment monthly.
7. Develop year-end general ledger closing procedures to be carried out before the audit begins.

Views of Management, County's Response

The County Auditor agrees with the findings and recommendations, and a plan of corrective action has been developed. See the corrective action plan.

HOPKINS COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None		

HOPKINS COUNTY AUDITOR

Post Office Box 288
Sulphur Springs, Texas 75483
903-438-4010
shannah@hopkinscountytexas.org

Hopkins County, Texas submits the following responses to the Schedule of Audit Findings for the fiscal year ended September 30, 2024.

Corrective Action Plan

Finding: 2024-001

Hopkins County will make changes to our closing procedures for both month end as well as year-end to reconcile all balance sheet accounts to ensure that financial reporting to the general ledger is correct. Corrective action has already been taken in staff changes to ensure accurate records effecting leases, capital assets and notes payable. This should ensure accurate records are being kept in a timely manner.

Hopkins County will take the recommended guidance under review and will make any changes deemed necessary in the future.

Responsible Party: Shannah Aulsbrook, County Auditor

Anticipated Completion Date: 6/24/25

HOPKINS COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024****EXHIBIT D-1**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Federal Expenditures
DIRECT PROGRAMS:			
<u>U.S. Department of the Treasury</u>			
American Rescue Plan Coronavirus State and Local Recovery Funds	21.027	N/A	759,383
Total Passed through U.S. Department of Treasury			<u>759,383</u>
INDIRECT PROGRAMS:			
<u>U.S. Department of Treasury</u>			
Passed through Office of Texas Security of State			
COVID-19 HAVA Election Security	90.404	TX20101CARES-112	9,667
Total passed through Office of Texas Security of State			<u>9,667</u>
Total passed through U.S. Department of Treasury			<u>9,667</u>
<u>U.S. Department of Health & Human Services</u>			
Passed through Office of Texas Attorney General			
Child Support Enforcement - District Clerk	93.563	13-C0093	5,284
Child Support Enforcement - Constables	93.563	13-C0093	1,287
Total passed through Office of Texas Attorney General			<u>6,571</u>
Total passed through U.S. Department of Health & Human Services			<u>6,571</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Governor Department of Public Safety			
Disaster Grants- Public Assistance (Presidentially Declared Disaster)	97.036	DR-4705-047	5,919
Disaster Grants- Public Assistance (Presidentially Declared Disaster)	97.036	DR-4781-047	19,031
Hazard Mitigation Grant	97.039	DR-4416-047	343,621
State Homeland Security Program	97.067	4858701	21,934
Total passed through the Governor Department of Public Safety			<u>390,505</u>
Total passed through U.S. Department of Homeland Security			<u>390,505</u>
Total Federal Grants			<u><u>1,166,126</u></u>

The accompanying notes are an integral part of this schedule.

Hopkins County
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hopkins County, Texas (the "County"), under programs of the federal government for the year ended September 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets of the County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Program Costs/Matching Contributions

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the County's portion, may be more than shown.