

COCHRAN COUNTY, TEXAS

FINANCIAL STATEMENT

DECEMBER 31, 2023

COCHRAN COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2023

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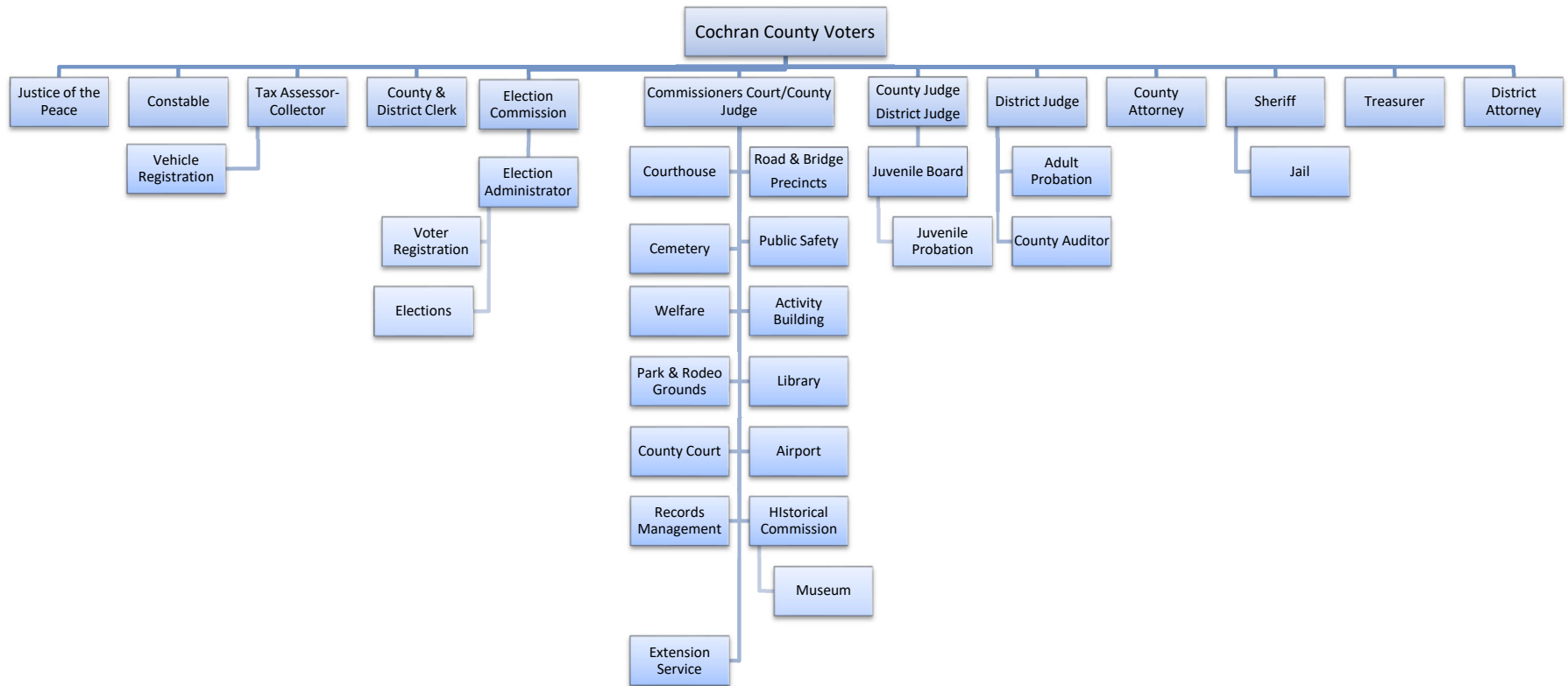
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COCHRAN COUNTY, TEXAS ORGANIZATION CHART



COCHRAN COUNTY, TEXAS

COUNTY OFFICIALS

Pat Phelan..... Judge, 286th Judicial District

Pat Sabala Henry County Judge

Timothy RobertsCommissioner, Precinct 1

Matt EvansCommissioner, Precinct 2

Eric Silhan.....Commissioner, Precinct 3

Reynaldo MorinCommissioner, Precinct 4

Jorge De La Cruz County Sheriff

Amanda Martin. County Attorney

Donna Schmidt..... Justice of the Peace, Precinct 1

Angela OvermanDistrict Attorney

Ricky Davidson..... Constable, Precinct 1

Lisa Smith County & District Clerk

Tommy Smith County Treasurer

Dixie Mendoza.....County Tax Assessor-Collector

Beverly McClellanCounty Auditor

FINANCIAL SECTION

COCHRAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023
(Unaudited)

In this section of the Annual Financial Statements, the management of Cochran County, Texas discuss and analyze the County's financial performance for the fiscal year ended December 31, 2023. Please read it in conjunction with the independent auditor's report and the County's basic financial statements.

FINANCIAL HIGHLIGHTS

- At the close of the most recent fiscal year, Cochran County's assets exceeded its liabilities by \$13,917,378 of this amount, \$7,491,319 was unrestricted net position.
- The County's net position increased by \$1,390,846 or 11% as a result of this year's operations.
- During the year, the County had total expenditures of \$5,204,802, which is \$910,424 more than the \$4,294,377 generated in tax revenues and before any special items. This compares to last year when total expenses exceeded tax revenues by \$433,641.
- The General Fund ended the year with a fund balance of \$2,997,145. The fund balance of the General Fund is unassigned and is 67.26% of total General Fund expenditures.
- The resources available for appropriation were \$413,905 greater than budgeted for the General Fund. This is primarily due to more grants in the current year.
- The County again has gone through the year without issuing any long-term debt and currently has no long-term debt outstanding.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Cochran County's basic financial statements. Cochran County's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of other County funds or those outside of the County. They show what assets these funds have and who they belong to.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's General Fund and major special revenue fund (Road & Bridge Fund) budget compliance and other supplementary information for additional analysis that is not required to be reported under generally accepted accounting principles including combining schedules for the nonmajor governmental funds and agency funds, a schedule of delinquent taxes receivable, a reconciliation of the current year tax roll, and schedules regarding insurance and fidelity bonding coverage.

COCHRAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023
(Unaudited)

REPORTING THE COUNTY AS A WHOLE – THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The analysis of the County's overall financial condition and operations is presented in the government-wide statements. The primary purpose of the government-wide statements is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by federal and state agencies and fees for services (program revenues), and revenues provided by the taxpayers or other unrestricted sources (general revenues). All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current year or future years.

These two statements report the County's net position and its respective change during the year. The County's net position (the difference between assets and liabilities) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider non-financial factors as well, such as changes in the County's property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, the County contains one kind of activity:

I. Governmental activities – All of the County's basic services are reported here, including general administration, public safety, justice system, road and bridge maintenance, cemetery, parks, airport, and library services. Property taxes and vehicle registration fees finance most of these activities.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS – THE FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds—not the County as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Laws and contracts require the County to establish some funds. The County's administration can establish many other funds to help it control and manage money for particular purposes (e.g. capital projects). All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. Each category uses a different accounting approach.

• **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 statements, governmental funds 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 the County's near-term financing requirements. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) to reflect that focus. The governmental fund statements provide a detailed near-term view of the County's general operations and the basic services it provides.

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 County's near-term financing decisions.

Following each of the governmental fund financial statements (the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance) is a reconciliation to facilitate this comparison between the governmental fund financial statements and the government-wide statements.

COCHRAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023
(Unaudited)

Fiduciary funds – The County is the trustee, or fiduciary, for money received in numerous offices. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We report the resources these activities produce that are due to County operating funds as an interfund receivable in those funds and as an interfund payable in the Statement of Fiduciary Net Assets. All other resources within the fiduciary activities are excluded from the County's other financial reports because the County cannot use those assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County's governmental activities.

Net position of the County's governmental activities increased from \$12,526,532 to \$13,917,377. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$7,491,321 at December 31, 2023. This increase in governmental net position was mainly the result of an increase of some line item revenues and decrease on line item expenses.

**Table I
Cochran County, Texas
NET POSITION**

		<u>Governmental Activities</u>
	2023	2022
Assets:		
Current and Other Assets	\$ 8,130,796	\$ 7,662,590
Net Pension Asset	1,615,271	3,397,250
Capital Assets	<u>4,259,007</u>	<u>3,427,288</u>
Total Assets	14,005,074	14,487,128
Deferred Outflows:		
Deferred Outflow Related to Pension & OPEB	<u>796,447</u>	<u>690,201</u>
Total Deferred Outflows	796,447	690,201
Liabilities:		
Accounts Payable & Other Liabilities	72,811	60,931
Lease Payable	219,810	-
Net OPEB Liability	<u>195,848</u>	<u>242,193</u>
Total Liabilities	488,469	303,124
Deferred Inflows:		
Deferred Inflow Related to Pension & OPEB	<u>395,674</u>	<u>2,347,673</u>
Total Deferred Inflows	395,674	2,347,673
Net Position:		
Invested in Capital Assets, Net of Related Debt	4,259,007	3,427,288
Restricted	2,167,052	2,203,234
Unrestricted	<u>7,491,319</u>	<u>6,896,010</u>
Total Net Position	<u>\$ 13,917,378</u>	<u>\$ 12,526,532</u>

Key factors related to the County's financial performance over the last year include the following:

1. Mineral and related taxable values increased for 2023 to \$448,178,373, an increase of \$25,181,288 from the prior year. In light of this increase, the Commissioner's Court increased the tax rate to \$.9353 per \$100 valuation.
2. County personnel numbers are substantially the same as the previous year.

COCHRAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023
(Unaudited)

Table II
Cochran County, Texas
CHANGES IN NET POSITION

	2023	Governmental Activities	2022
Revenues:			
Program Revenues:			
Charges for Services	\$ 392,991		\$ 335,082
Operating Grants and Contributions	555,773		256,788
General Revenues:			
Property Taxes	4,262,242		3,858,047
Penalty and Interest	32,135		32,280
Gain (Loss) on Sale of Fixed Assets	315,905		486,208
Grants and Contributions Not Restricted	-		100
Miscellaneous Revenue	786,289		621,864
Investment Earnings	<u>250,313</u>		<u>63,335</u>
Total Revenue	6,595,648		5,653,704
Expenses:			
General Government	1,794,571		1,327,964
Public Safety	1,545,551		1,273,620
Highways And Streets	1,525,351		1,371,817
Culture and Recreation	<u>339,329</u>		<u>350,567</u>
Total Expenses	5,204,802		4,323,968
Increase/(Decrease) in Net Position	1,390,846		1,329,736
Net Position - Beginning of the Year	<u>12,526,532</u>		<u>11,196,796</u>
Net Position - End of the Year	<u>\$ 13,917,378</u>		<u>\$ 12,526,532</u>

The cost of all governmental activities this year was \$5,204,802. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was \$4,294,378 because some of the costs were paid with charges for services of \$392,991 capital and operating grants and contributions of \$555,773, and other various general revenues of \$1,352,506.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$5,191,293, which decreased over last year's total of \$5,239,862. Included in this year's total change in fund balance is a decrease of \$48,569 in the County's General Fund. The overall decrease is a result of capital outlays.

For fiscal year 2023, actual expenditures on a budgetary basis for the General Fund were \$4,455,423, compared to the original budgeted expenditures of \$5,062,379. Actual revenue on a budgetary basis was \$4,228,671 compared to the original budget of \$3,814,767. Reasons for the actual numbers varying from the budget follow:

1. The increase in tax revenue is because of the higher property values.
2. Continued favorable results from County loss control programs, and benefits derived from participation in the Texas Association of Counties Risk Pools for liability and property coverage led to continued low premiums. Good fortune was again realized in regard to claims and judgments, roof and building systems replacement, and expensive equipment breakdowns.
3. Substantial savings continue to be realized from the cancellation of heating, ventilation, and air conditioning mechanical maintenance contracts on major County buildings. Repair and maintenance of these systems is being provided on a time and materials basis by other contractors. It is becoming more difficult to find suitable repair firms willing to travel to Morton, so resorting to an annual contract could become necessary in the future.

COCHRAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023
(Unaudited)

4. Group health insurance costs continued to increase during 2023. County Treasurer Tommy Smith aggressively promotes participation by employees and officials in available health maintenance programs, as well as an annual health screening. This could be a contributor to the favorable loss ratios being reported for the county group by Blue Cross/Blue Shield. Again, the County benefited from participation in a Texas Association of Counties group program.

Over the course of the year, the County's Commissioners Court revised the County's budget ten times. These revisions include amendments and supplemental appropriations that were approved during the year to address mid-year situational changes and amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

Exhibits G-1 and G-2 provide a detailed comparison of these changes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2023, the County had \$12,739,910 invested in a broad range of capital assets, including land, buildings, equipment, and infrastructure.

Major capital asset acquisitions during the current fiscal year included the following:

- 5 2023 Chevy Pickup
- Infrastructure Improvements Water System for Bledsoe, TX
- 2023 CAT 150M
- 2 2022 Ford F550 Ambulance
- 2023 John Deere 672G
- Roof Repair

The County's fiscal year 2023 capital budget calls for expenditures of about \$1,348,603.

The County does not currently service any long-term debt, and there are no plans to issue any debt to finance these expenditures. More detailed information about the County's capital assets is presented in Note 5 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2024 budget and tax rates. Some key items that should be noted are as follows:

1. Mineral and related taxable values saw another increase this year while agricultural values went down slightly. Local real and personal property taxable values were also a bit lower this year. Overall, taxable valuations increased approximately 31.0% from last year's figures. During the 2024 budget, the Commissioners Court increased the tax rate by \$0.1086/\$100 valuation, which included a portion of an unused incremental increase allowed by the State. Because overall values increased also, the County raised more necessary taxes overall due to continuing increases in required mandates from the State of Texas.
2. General Fund revenues, as well as Road and Bridge Fund revenues will both be higher again this year. However, due to continued mandated increases in indigent defense costs, family law cases and other issues, expenditures are also budgeted to increase.
3. The budget allows for 53 full-time positions (including elected officials) and 13 part-time positions. The County Judge operated his office with a part-time Assistant, and the Treasurer worked alone in his office.

COCHRAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023
(Unaudited)

4. Capital expenditures are much less in the 2024 Road & Bridge Fund Budget as there are no anticipated road grader purchases. One Commissioner whose grader is in rotation to be replaced has opted to delay that expenditure for another year. The Commissioners Court has determined that keeping motor graders longer than the warranty period results in higher overall costs due to market factors affecting trade allowances. It seems that factory governmental pricing breaks follow the machine for a period of time, making them more attractive to independent contractors if they are traded within that period. Continuing to operate the graders past the warranty period also exposes the County to the monetary risk of major repairs in addition to the downtime involved. With the addition of Senate Bill 22, which is a grant for increases in law enforcement salaries and safety equipment the county may be able to purchase an additional patrol vehicle through those funds in 2024.
5. The oil industry in our area has had successful years, but continues to be very unpredictable, as has been the agriculture industry. Even with the addition of a windfarm in the County, these two industries remain the largest parts of our local business activity and the uncertainty that goes along with them makes it a challenge to accurately predict long-term economic and population numbers for Cochran County. The population of Cochran County is continuing to decline, and current estimates show another slight decrease in this year. Efforts to help strengthen and expand existing business and industry are largely invisible, and progress in the area of economic development seems to be limited. The County is also limited in its revenue sources.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, consumers, and investors and creditors with a general overview of Cochran County's finances and to show the County's accountability for the money it receives. For questions concerning any information provided in this report or requests for additional financial information, contact the County Auditor, Cochran County, Texas at 100 North Main St., Morton, Texas, 79346.

INDEPENDENT AUDITOR'S REPORT

To the Cochran County Judge and Commissioners Court
Cochran County, Texas
Room 104 Courthouse
Morton, Texas 79346

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cochran County, Texas (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

CMMS CPAs and Advisors, PLLC

Levelland, Texas
September 26, 2024



BASIC FINANCIAL STATEMENTS

COCHRAN COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 2,738,608
Investments - Current	2,369,507
Taxes Receivable, Net	2,866,692
Due from Other Funds	155,989
Net Pension Asset	1,615,271
Capital Assets:	
Land Purchase and Improvements	76,518
Infrastructure, Net	486,156
Buildings, Net	713,210
Land Improvements, Net	350,947
Construction in Progress	95,670
Furniture & Equipment, Net	2,536,506
Total Assets	<u>14,005,074</u>
DEFERRED OUTFLOWSS OF RESOURCES	
Deferred Outflow Related to Pension Plan	755,099
Deferred Outflow Related to OPEB Plan	41,348
Total Deferred Outflows of Resources	<u>796,447</u>
LIABILITIES	
Accounts Payable	30,334
Payroll Liabilities	42,477
Finance Lease Payable - Current	53,340
Noncurrent Liabilities:	
Finance Lease Payable	166,470
Net OPEB Liability	195,848
Total Liabilities	<u>488,469</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	344,534
Deferred Inflow Related to OPEB Plan	51,140
Total Deferred Inflows of Resources	<u>395,674</u>
NET POSITION	
Net Investment in Capital Assets	4,259,007
Restricted:	
Library Endowment Principal	34,536
Highways and Streets	1,564,260
Courthouse Projects	37,005
Records Management/Retention	80,496
Federal Grant Restrictions	450,755
Unrestricted	7,491,319
Total Net Position	<u>\$ 13,917,378</u>

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

COCHRAN COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Program Revenue		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,794,571	\$ 161,050	\$ 540,181	\$ (1,093,340)
Public Safety	1,545,551	69,273	15,592	(1,460,686)
Highways and Streets	1,525,351	162,668	-	(1,362,683)
Culture and Recreation	339,329	-	-	(339,329)
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,204,802</u>	<u>\$ 392,991</u>	<u>\$ 555,773</u>	<u>(4,256,038)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				4,262,242
Property Taxes, Penalty and Interest				32,135
Miscellaneous Revenue				786,289
Investment Earnings				250,313
Sales of Assets				315,905
Total General Revenues and Transfers				<u>5,646,884</u>
Change in Net Position				1,390,846
Net Position - Beginning				<u>12,526,532</u>
Net Position - Ending				<u>\$ 13,917,378</u>

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

COCHRAN COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Road & Bridge Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,561,666	\$ 376,188	\$ 805,020	\$ 2,742,874
Investments - Current	1,385,821	944,882	38,804	2,369,507
Taxes Receivable, Net	1,794,501	625,378	-	2,419,879
Due from Other Funds	117,671	38,117	779	156,567
Total Assets	<u>\$ 4,859,659</u>	<u>\$ 1,984,565</u>	<u>\$ 844,603</u>	<u>\$ 7,688,827</u>
LIABILITIES				
Accounts Payable	\$ 24,958	\$ 5,375	\$ -	\$ 30,333
Payroll Liabilities	42,477	-	-	42,477
Checks Paid Exceeding Cash	-	-	4,268	4,268
Due to Other Funds	578	-	-	578
Total Liabilities	<u>68,013</u>	<u>5,375</u>	<u>4,268</u>	<u>77,656</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	1,794,501	625,378	-	2,419,879
Total Deferred Inflows of Resources	<u>1,794,501</u>	<u>625,378</u>	<u>-</u>	<u>2,419,879</u>
FUND BALANCES				
Nonspendable Fund Balance:				
Library Endowment Principal	-	-	34,536	34,536
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	450,755	450,755
Highways and Streets	-	1,353,812	210,448	1,564,260
Courthouse Projects	-	-	37,005	37,005
Records Management/Preservation	-	-	80,496	80,496
Committed Fund Balance:				
Culture & Recreation	-	-	8,591	8,591
Unassigned Fund Balance	2,997,145	-	18,504	3,015,649
Total Fund Balances	<u>2,997,145</u>	<u>1,353,812</u>	<u>840,335</u>	<u>5,191,292</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,859,659</u>	<u>\$ 1,984,565</u>	<u>\$ 844,603</u>	<u>\$ 7,688,827</u>

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

COCHRAN COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total Fund Balances - Governmental Funds	\$ 5,191,292
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term in the governmental activities is to increase net position.	3,427,286
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2023 capital outlays is to increase net position.	1,774,691
Current year capital asset disposals are revenues in the fund financial statements, but they should be shown as decreases in capital assets in the government-wide financial statements. The net effect of including the 2023 capital asset disposals is to decrease net position.	(130,845)
Included in the noncurrent assets is the recognition of the County's net pension asset required by GASB 68 in the amount of \$1,615,271, and a deferred resource inflow in the amount of (\$344,534), and a deferred resource outflow in the amount of \$755,099. This resulted in an increase in net position by \$2,025,836.	2,025,836
Included in the noncurrent assets is the recognition of the County's net OPEB Liability required by GASB 75 in the amount of (\$195,848), and a deferred resource inflow in the amount of (\$51,140), and a deferred resource outflow in the amount of \$41,348. This resulted in a decrease in net position by (\$205,640).	(205,640)
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(812,126)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase net position.	2,646,884
Net Position of Governmental Activities	<u>\$ 13,917,378</u>

COCHRAN COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Road & Bridge Fund	Other Funds	Total Governmental Funds
REVENUE:				
Taxes:				
Property Taxes	\$ 2,746,091	\$ 1,011,259	\$ -	\$ 3,757,350
Penalty and Interest on Taxes	24,108	8,027	-	32,135
Licenses and Permits	7,266	155,403	-	162,669
Intergovernmental Revenue Grants	540,181	-	15,592	555,773
Charge for Services	165,253	23,310	10,264	198,827
Fines	8,264	20,043	3,188	31,495
Investment Earnings	160,053	70,257	20,002	250,312
Rents and Royalties	1,925	-	2,300	4,225
Other Revenue	575,531	201,408	-	776,939
Total Revenues	<u>4,228,672</u>	<u>1,489,707</u>	<u>51,346</u>	<u>5,769,725</u>
EXPENDITURES:				
Current:				
General Government	1,879,486	-	33,342	1,912,828
Public Safety	1,370,259	-	3,520	1,373,779
Highways and Streets	-	1,092,267	-	1,092,267
Culture and Recreation	312,694	-	18,595	331,289
Capital Outlay:				
Capital Outlay	892,985	786,036	95,670	1,774,691
Total Expenditures	<u>4,455,424</u>	<u>1,878,303</u>	<u>151,127</u>	<u>6,484,854</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(226,752)</u>	<u>(388,596)</u>	<u>(99,781)</u>	<u>(715,129)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Assets	10,850	435,900	-	446,750
Proceeds from Debt	219,810	-	-	219,810
Total Other Financing Sources	<u>230,660</u>	<u>435,900</u>	<u>-</u>	<u>666,560</u>
Net Change in Fund Balances	3,908	47,304	(99,781)	(48,569)
Fund Balance - December 31, 2022	<u>2,993,237</u>	<u>1,306,508</u>	<u>940,116</u>	<u>5,239,861</u>
Fund Balance - December 31, 2023	<u>\$ 2,997,145</u>	<u>\$ 1,353,812</u>	<u>\$ 840,335</u>	<u>\$ 5,191,292</u>

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

COCHRAN COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Total Net Change in Fund Balances - Governmental Funds \$ (48,569)

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase (decrease) the change in net position. 1,774,691

Current year capital asset disposals are revenues in the fund financial statements, but they should be shown as decreases in capital assets in the government-wide financial statements. The net effect of removing the 2023 capital asset disposals is to increase (decrease) the change in net position. (130,845)

The implementation of the requirements of GASB 68 for that certain expenditures be de-expanded and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/22 caused the change in the ending net position to increase in the amount of \$292,311. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$(279,709). The County's reported TCDRS net pension expense had to be recorded. The net pension expense increased the change in net position by \$315,267. The result of these changes is to increase the change in net position by \$327,869. 327,869

The implementation of the requirements of GASB 75 for that certain expenditures be de-expanded and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/22 caused the change in the ending net position to increase in the amount of \$11,468. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$(12,066). The County's reported TCDRS net pension expense had to be recorded. The net pension expense increased the change in net position by \$(4,660). The result of these changes is to decrease the change in net position by \$(5,258). (5,258)

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position. (812,126)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase the change in net position. 285,084

Change in Net Position of Governmental Activities \$ 1,390,846

COCHRAN COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Custodial Funds
<hr/>	
<u>ASSETS</u>	
<u>Current Assets:</u>	\$ 650,725
Cash and Cash Equivalents	<u>1,713</u>
Accounts Receivable	
	<u>652,438</u>
TOTAL ASSETS	
<u>LIABILITIES</u>	
<u>Liabilities:</u>	361,455
Held for Others	6,832
Due to State	117,671
Due to General Fund	1,689
Due to Other Funds	
Due to Special	<u>38,318</u>
Revenue Funds	
	<u>525,965</u>
TOTAL LIABILITIES	
<u>NET POSITION</u>	
Individuals, Organizations, and Other Governments	<u>126,473</u>
TOTAL NET POSITION	<u>\$ 126,473</u>

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

COCHRAN COUNTY, TEXAS
STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Custodial Funds
ADDITIONS	
Tax Collections for Other	
Governments	\$ 13,612,882
Held for Others	384,846
Investment Earnings	<u>6,234</u>
Total Additions	<u>14,003,962</u>
DEDUCTIONS	
Payments to Other Governments	<u>13,899,877</u>
Total Deductions	<u>13,899,877</u>
Change in Net Position	104,085
Total Net Position - Beginning	<u>22,388</u>
Total Net Position - Ending	<u><u>\$ 126,473</u></u>

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

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cochran County, Texas (County) was created in 1924 under the provisions of the State of Texas. The County operates under an elected Commissioners Court form of government. The County's major operations include county road maintenance, law enforcement, court system maintenance, and health and social services.

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

A. REPORTING ENTITY

The members of the County's Commissioners Court (Court) are elected by the public, and the Court has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in *GASB 61 – The Financial Reporting Entity: Omnibus* (GASB 61). There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of Cochran County, Texas' non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The County currently has no business-type activities.

The Statement of Activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the County. Examples include charges for collecting taxes for the surrounding cities/districts and record management services provided by the County Clerk. The "grants and contributions" columns include amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function. Examples include grants for emergency response equipment. If revenues are not considered program revenues, they are considered general revenues used to support all of the County's functions. Taxes are always general revenues.

Interfund activities within governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other sources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. All interfund transactions within governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column for each major fund. The County currently has no proprietary funds.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The County considers all revenues available if they are collectible within 60 days after year end. Revenues not considered available are recorded as an allowance for uncollectibles.

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, that is, when they are both measurable and available. In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one type, monies are expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures incurred. In the other type, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Property taxes are recognized as revenues in the year for which the taxes are levied if they will be collected within 60 days of the end of the fiscal year. Sales taxes, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

D. FUND ACCOUNTING

1. Governmental funds are used to account for the County's expendable financial resources and related liabilities. Currently, the County maintains a general fund and several special revenue funds. The County reports the General Fund and the Road & Bridge Fund as major funds. The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. FUND ACCOUNTING (Cont.)

2. Additionally, the County reports the following fund types:

a. Governmental Funds:

Special Revenue Funds – The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in special revenue funds. Some federal and state financial assistance is accounted for in special revenue funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The County has eleven funds designated as special revenue funds. The County reports one of these funds, the Road & Bridge Fund, as a major fund.

b. Fiduciary Funds:

Custodial Funds – The County accounts for resources held in a custodial capacity in custodial funds. This includes amounts received for County operations but not transferred to the governmental funds. The County maintained ten custodial funds during the year ended December 31, 2023

E. OTHER ACCOUNTING POLICIES

1. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the General Fund. All appropriations lapse at the end of each fiscal year, and encumbrances outstanding at that time are either cancelled or appropriately provided for in the subsequent year's budget. Encumbrances do not constitute expenditures or liabilities.

2. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as an expense in the year of the bond issuance.

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

3. County employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. The County has also adopted a policy creating a sick leave pool. This pool is used for employees who have suffered a catastrophic illness or injury and have exhausted all other paid and compensatory time. The pool gains hours from employees contributing excess sick leave.

4. Capital assets, which include land, buildings, furniture, equipment, and infrastructure assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Land is always capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

E. OTHER ACCOUNTING POLICIES (Cont.)

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, furniture, and equipment of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	Assets	Years
Buildings	40	Office Equipment	5-10
Building and Land Improvements	15-25	Machinery & Equipment	5-30
Infrastructure	20-25	Water Rights	12-40
Vehicles	5		

5. In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a composition of net position and/or balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has the following items that qualify for reporting in that category:

- Deferred outflow related to pension and OPEB, which result from pension and OPEB contributions after the measurement date (deferred and recognized in the following fiscal year) and differences in projected and actual earnings on pension liabilities. This amount is amortized over a five-year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents and acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in that category:

- Deferred inflow related to pension and OPEB, which results from differences in projected and actual earnings on pension liabilities. This amount is amortized over a five-year period.

Additionally, the County has one type of deferred inflows, which arises only under modified accrual basis of accounting, which qualifies for reporting this category. Accordingly, the item, unavailable revenue, is reported on the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portions of loans or notes receivable, or property held for resale unless the use of the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as the principal balance of an endowment.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

E. OTHER ACCOUNTING POLICIES (Cont.)

- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
 - Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Commissioners Court. This formal action is the passage of a court order specifying the purposes for which amounts can be used. The same type of formal action is necessary to remove or change the specified use.
 - Assigned fund balance includes amounts that are constrained by a responsible official's request for a specific purpose, but are neither restricted nor committed. For governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed.
 - Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.
7. In the government-wide financial statements, restricted net assets are reported for amounts that are externally restricted by (1) creditors (e.g. bond covenants), grantors, contributors, or laws and regulations of other governments or (2) law through constitutional provision or enabling legislation.
 8. When both restricted and unrestricted amounts are available for use, County policy is generally to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, the policy uses committed amounts first, followed by assigned amounts, then unassigned amounts as needed. The County does reserve the right to deviate from this policy.
 9. Any inventory or materials and supplies on hand at year-end are considered insignificant, and, therefore, not reflected in the financial statements.
 10. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
 11. 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 and District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period 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.
 12. The County participates in federally-assisted programs. In connection with grants under these programs, the County is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives. In the opinion of management, the County has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the County expects the resulting liability to be immaterial. Since the federal expenditures were below \$750,000, the County is not subject to the Federal Single Audit as described in the U.S. Office of Management and Budget (OMB) 2 CFR Part 200.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

E. OTHER ACCOUNTING POLICIES (Cont.)

13. FASB ASC 855-10-50-1 requires reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or available to be issued. Management has evaluated subsequent events through September 26, 2024, the date the financial statements were available to be issued.
14. Other Post-Employment Benefits - for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the TCDRS and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period 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.

D. LEASES

Leases Effective January 1, 2021, the County implemented GASB No. 87, Leases. As the lessee, the County determines whether a contract is, or contains a lease at inception. Lease agreements with a maximum lease term of twelve months or less, including options to extend, are accounted for as a short-term lease. Lease agreements that transfer ownership of the underlying asset to the County at the end of the contract are recorded as a finance purchase with a related lease liability.

Lease agreements not classified as a short-term lease, or a finance purchase are accounted for as an intangible right to use lease asset. An intangible right to use lease asset represents the County's right to use an underlying asset during the lease term and the lease liability represents the County's obligation to make lease payments arising from the lease. Intangible right to use lease assets and lease liabilities are recognized at lease commencement based upon the estimate present value of unpaid lease payments over the lease term. The County uses its incremental borrowing rate based on information available at lease commencement in determining the present value of unpaid lease payments. As the lessor, the County applies the same criteria but recognizes a lease receivable and a deferred inflow of resources equal to the present value of the lease payments.

The County did not have any leases during the year end December 31, 2023. Therefore, GASB No. 87 does not affect the financial statement presentation and disclosure.

E. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Effective January 1, 2022, the County implemented GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA). The County determines whether a contract conveys control of the right to use another party's (SBITA vendor's) IT software, infrastructure, or data warehouse, alone or in combination with tangible capital assets (underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The SBITA liability is the present value of the annual payments using the County's incremental borrowing rate. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA asset is measured as the SBITA liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is depreciated (amortized) using a straight-line depreciation method over the term of the SBITA arrangement.

The County did not have any SBITA's that were material or applicable to the implementation of the new standard during the year ended December 31, 2023. Therefore, GASB No. 96 did not affect the financial statement presentation and disclosure.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

F. CORONAVIRUS DISEASE (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The City may be adversely affected through lack of personnel available to work, interruptions in work being completed, and/or a decrease in revenue. The County continues to monitor the situation surrounding COVID-19. Management will continue to evaluate the impact it will have on future operations.

G. BUDGETARY DATA

The State of Texas requires annual budgets to be prepared for the general and special revenue funds. The budgets are prepared on the cash basis (budget basis) in order to comply with the Constitution of the State of Texas. The County Commissioners Court, on a category basis, exercises budgetary controls over expenditures.

The actual results of operations for the County's major funds are presented in Exhibits G-1 and G-2 in accordance with the budget (cash) basis to provide a meaningful comparison of actual results with the original and final budget. The differences between the cash basis (budget basis) and the modified accrual basis (generally accepted accounting principles [GAAP] basis) are that revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid (budget) as opposed to when incurred (GAAP).

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. As required by the State of Texas, the County Judge, assisted by the County Auditor, prepares an annual budget prior to the beginning of the fiscal year. Budgeted funds include the general and special revenue funds. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is filed in the County Clerk's office and is open to public inspection. The Commissioners Court is required to hold at least one public hearing on the budget no less than 15 days subsequent to the filing by the County Judge.
3. The budget is then adopted at the conclusion of the last public hearing by the favorable votes of a majority of the members of the Commissioners Court. The original budget was adopted by the Commissioners Court on August 30, 2022, in accordance with the above process. The final fiscal 2023 budget revision was adopted by the Commissioners Court on December 30, 2023.
4. The Commissioners Court approves all revisions of the budget, including transfers of budgeted amounts between departments within a specific fund, transfers between funds, and increases to total expenditures of any fund.
5. The fiscal 2023 budget was prepared on the cash basis using estimated beginning and ending cash balances. There is not a significant difference in the budgeted revenues and expenditures between the cash basis and modified accrual basis.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS

County Policies and Legal and Contractual Provisions Governing Deposits:

Custodial Credit Risk for Deposits – State statute requires that public funds in the County’s depository institution be secured by eligible securities, as defined by **V.T.C.A., Government Code, Chapter 2257**, in an amount not less than the amount on deposit plus any accrued interest less any amount provided for by insurance of the United States or an instrumentality thereof.

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the **V.T.C.A., Local Government Code, Chapter 116**. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract.

The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. The County's depository agreement provides that as security for the deposits of the County their bank will pledge to the County securities at 100% of the amount of County funds on deposit including interest accrued to date. Value of the securities comprising the pledge will be set at the lower of par value or estimated market value. The securities pledged must satisfy the requirements of **V.T.C.A., Local Government Code, §116.054**.

Furthermore, the pledged securities are subject to the approval of the Commissioners Court as to type and value. Substitutions of securities or change of total amounts of securities may be made only by and with proper written authorization by the County. A copy of the safekeeping receipts for securities pledged will be issued to the County at the conclusion of each investment transaction.

At December 31, 2023, the carrying amount of the County's deposits (cash and certificates of deposit) was \$5,108,114. The County's cash deposits at December 31, 2023 and during the year ended December 31, 2023 were properly secured at all times by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

County Policies and Legal and Contractual Provisions Governing Investments:

Compliance with the Public Funds Investment Act

The County’s investment policies are governed by State statutes. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County’s investment policies further limit State statutes such that eligible investments include the following:

- ☐ Time deposits;
- ☐ Certificates of Deposit

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (Cont.)

County Policies and Legal and Contractual Provisions Governing Investments (Cont.):

- ☐ Negotiable Order of Withdrawal (NOW) accounts;
- ☐ Eligible SEC-registered money market funds;
- ☐ United States Treasury Notes, Bills, and Bonds;
- ☐ Securities issued and guaranteed by various governmental agencies and instrumentalities;
- ☐ Investment pools.

The County is in substantial compliance with the requirements of the **Public Funds Investment Act** and with local policies.

As of December 31, 2023, Cochran County, Texas had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Under 1</u>	<u>1-5</u>	<u>6-10</u>	<u>> 10</u>
TexPool Investment Pool	\$ <u>2,369,507</u>	\$ <u>2,369,507</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Additional policies and contractual provisions governing deposits and investments for Cochran County, Texas are specified below:

Credit Risk – To limit the risk that an insurer or other counter-party to an investment will not fulfill its obligations, the County prohibits investments in commercial paper, corporate bonds, and mutual bond funds. Investments by the County in investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

Custodial Credit Risk for Investments – To limit the risk that, in the event of the failure of the counter-party to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the County requires counter-parties to register the securities in the name of the County and hand them over to the County or its designated agent. This includes securities in securities lending transactions. All of the securities are in the County's name and held by the County's agent.

Concentration of Credit Risk – To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the County has set its policy to attempt to diversify its investments. The County currently achieves this through its investments in TexPool, which has a diversified portfolio.

Interest Rate Risk – To limit the risk that changes in interest rates will adversely affect the fair value of investments, the County allows the investment officer to only place funds in investments with maturities of one year or less. The Commissioners Court may approve investments with maturities of greater than one year.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 3 – TEXPOOL

During 1986, the 69th Texas Legislature authorized the State Treasurer to incorporate a special-purpose trust company called the Texas Treasury Safekeeping Trust Company (the Trust). The Trust has direct access to the services of the Federal Reserve Bank and performs other trust company activities. It is specifically authorized to manage, disburse, transfer, safe-keep, and invest public funds and securities more efficiently and economically (Sec. 404.102 et seq., Texas Government Code).

The Trust created the Texas Local Government Investment Pool (TexPool) for governmental entities in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. Finally, TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as the Office of the Comptroller of Public Accounts for review. TexPool is established as a trust fund, segregated from all other trustors, investments and activities of the Trust Company.

The primary objective of TexPool is to provide a safe environment for the placement of public funds in short-term, fully collateralized investments. While safety is the primary goal of TexPool, liquidity is a simultaneous objective. After meeting the first two objectives, TexPool seeks to provide a competitive yield for the invested funds.

Investments are carried at amortized cost, which approximates fair value, as provided for by the GASB in its publication *Codification of Governmental Accounting and Financial Reporting Standards*, Section In5. Investments are priced daily and compared to TexPool's carrying value. If the ratio of the fair value of the portfolio of investments to the carrying value of investments is less than 0.995 or greater than 1.005, TexPool will sell investment securities, as required, to maintain the ratio at a point between 0.995 and 1.005.

As of December 31, 2023, the County had investments with a cost and market value of approximately \$2,369,507 with TexPool. Participation in TexPool is voluntary and the County can withdraw from participation upon approval from the County Commissioners.

TexPool issues a separately stated annual financial report with an August 31 fiscal year-end. A copy of this report may be obtained by writing to Texas Treasury Safekeeping Trust Company, 208 East 10th Street, Austin, Texas, 78701, or by accessing the Trust's website at www.ttstc.com.

NOTE 4 - PROPERTY TAXES

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

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 4 - PROPERTY TAXES (Cont.)

The County's property taxes are levied each October 1 based upon 100 percent of the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property by state law to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the County's fiscal year on December 31st.

The maximum allowable tax rate for the County is \$1.05 for each \$100 assessed value. The County is subject to a tax rate rollback if the total amount of property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceding year, as defined by statute, by 8%.

Since the County recognizes the tax collections on a modified accrual basis, the tax rates for the fiscal year 2023 change when the new levy is approved each October 1st. Levies for the 2023 and 2022 tax years were \$0.6927 and \$0.6175 per \$100 assessed value for County General Fund operations, respectively, and \$0.2426 and \$0.2092 per \$100 assessed value for County Road and Bridge Fund operations, respectively.

The original appraised taxable values upon which the 2023 tax levy was based were \$473,359,661 and \$471,423,057 for the General Fund tax rate and the Road and Bridge tax rate, respectively. Current tax collections for the 2023 and 2022 tax levies were approximately 38.47% and 40.75% of the respective tax levies.

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. However, for government-wide purposes, the County does record an allowance based on historical collection rates. As of December 31, 2023, this allowance was \$34,586.

Concentration of Risk - During the year, approximately 40% of the County's property tax levy was assessed on one oil and gas company operating within the County. This poses a potential risk to the County, which could be adversely affected if a situation arose where this company could or would not pay the assessed taxes.

NOTE 5 - CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 76,518	\$ -	\$ -	\$ 76,518
Land Improvements	710,262	-	-	710,262
Construction in Progress	266,595	95,670	(266,595)	95,670
Infrastructure – Roads	1,539,881	-	-	1,539,881
Buildings & Building Improvements	2,692,276	398,807	-	3,091,083
Machinery & Equipment	<u>6,377,542</u>	<u>1,546,809</u>	<u>(697,854)</u>	<u>7,226,497</u>
Totals at Historical Cost	<u>11,663,074</u>	<u>2,041,286</u>	<u>(964,449)</u>	<u>12,739,911</u>
Less Accumulated Depreciation:				
Land Improvements	(327,153)	(32,162)	-	(359,315)
Infrastructure – Roads	(1,309,822)	(13,197)	-	(1,323,019)
Buildings & Building Improvements	(2,038,122)	(70,455)	-	(2,108,577)
Machinery & Equipment	<u>(4,560,690)</u>	<u>(696,312)</u>	<u>567,009</u>	<u>(4,689,993)</u>
Total Accumulated Depreciation	<u>(8,235,787)</u>	<u>(812,126)</u>	<u>567,009</u>	<u>(8,480,904)</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,427,287</u>	<u>\$ 1,229,160</u>	<u>\$ (397,440)</u>	<u>\$ 4,259,007</u>

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 5 - CAPITAL ASSET ACTIVITY (Cont.)

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

General Government	\$ 443,968
Public Safety	173,288
Highways and Streets	187,276
Culture and Recreation	<u>7,594</u>
Total	<u>\$ 812,126</u>

NOTE 6 – FINANCE LEASES PAYABLE

On March 1, 2023, the County entered into five vehicle finance lease agreements with American National Leasing Company. The value of each agreement was \$43,962 with 5.95% interest rate. The payments are yearly on March 6. Maturity date is March 6, 2026.

The following is schedule of the finance lease payable:

Finance Leases Collateral	Interest Rate	Yearly Payment	Ending Balance	Due Within One Year
2023 Chevrolet Silverado 1500 #9703	5.95%	\$13,291	\$ 43,962	\$ 10,668
2023 Chevrolet Silverado 1500 #9704	5.95%	\$13,291	43,962	10,668
2023 Chevrolet Silverado 1500 #9714	5.95%	\$13,291	43,962	10,668
2023 Chevrolet Silverado 1500 #9717	5.95%	\$13,291	43,962	10,668
2023 Chevrolet Silverado 1500 #9719	5.95%	\$13,291	<u>43,962</u>	<u>10,668</u>
Totals			<u>\$ 219,810</u>	<u>\$ 53,340</u>

The annual maturities of the finance lease payable are as follow:

Year Ending December 31	Principal	Interest
2024	\$ 53,340	\$ 13,115
2025	56,550	9,905
2026	<u>109,920</u>	<u>6,540</u>
Total	<u>\$ 219,810</u>	<u>\$ 29,560</u>

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Reimbursements from one fund to another for expenditures or expenses already made are recorded as expenditures or expenses in the reimbursing fund. Non-recurring or non-routine transfers of equity between funds are treated as residual equity transfers and are reported as additions to or deductions from the fund balance of governmental funds. All other transfers are treated as operating transfers and are included in the results of operations of the governmental funds.

During the year ended December 31, 2023, the County did not have any transfers.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 7 - INTERFUND BALANCES AND TRANSFERS (Cont.)

The County had the following interfund balances as of the end of the year:

Due From	General Fund	Due To Road and Bridge Fund	Totals
General Fund	\$ -	\$ -	\$ -
Fiduciary Funds	<u>117,671</u>	<u>38,318</u>	<u>155,989</u>
Totals	<u>\$ 117,671</u>	<u>\$ 38,318</u>	<u>\$ 155,989</u>

NOTE 8 - EMPLOYEE PENSION PLAN

Cochran County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined pension plan through the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system, consisting of 830 nontraditional defined pension plans from various county and district governmental entities statewide. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon request through TCDRS, PO Box 2034, Austin, TX 78768-2034, or through the www.tcdrs.org website.

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

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

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

Employees covered by benefit terms.

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

Inactive employees entitled to but not yet receiving benefits	55
Retirees and Beneficiaries	57
Active employees	<u>58</u>
Total	<u>170</u>

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 8 - EMPLOYEE PENSION PLAN (Cont.)

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

Employees for the County are required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the County were 13.00% and 13.00% in calendar 2022 and 2023, respectively. The County's contributions to TCDRS for the year ended December 31, 2023 were \$292,311 and were equal to the required contributions.

Net Pension Asset – The County's Net Pension Asset (NPA) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the NPA was determined by an actuarial valuation as of that date. The December 31, 2022, actuarial valuation is the most recent valuation.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022, actuarial valuation using following actuarial assumptions:

Inflation	2.75%
Overall payroll growth	3.00%
Investment Rate of Return	7.60%

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS's investment consultants and are based on January 2021 information for a 7-10 year time horizon.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Inflation)
US Equities	11.50%	4.95%
Private Equity	25.00%	7.95%
Global Equities	2.50%	4.95%
International Equities - Developed	5.00%	4.95%
International Equities - Emerging	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic High-Yield Bonds	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Hedge Funds	6.00%	2.90%
Cash Equivalents	<u>2.00%</u>	0.20%
Total	100.00%	

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 8 - EMPLOYEE PENSION PLAN (Cont.)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 14,789,377	\$ 18,186,627	\$ (3,397,250)
Changes for the year:			
Service cost	318,119	-	318,119
Interest	1,114,918	-	1,114,918
Change in benefit items	-	-	-
Diff between expected/actual experience	(307,010)	-	(307,010)
Changes in assumptions	-	-	-
Contributions – employer	-	279,709	(279,709)
Contributions – employee	-	150,612	(150,612)
Net investment income	-	(1,026,810)	1,026,810
Benefit payments, including refunds of employee contributions	(891,371)	(891,371)	-
Administrative expenses	-	(9,751)	9,751
Other	-	(49,713)	49,712
Net changes	234,656	(1,547,324)	1,781,979
Balance at 12/31/2022	\$ 15,024,033	\$ 16,639,303	\$ (1,615,271)

Discount Rate – The discount rate used to measure the Total Pension Asset 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 statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine Total Pension Asset.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate – The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (6.60%) or 1 percent point higher (8.60%) than the current rate:

	Discount Rate (6.60%)	Discount Rate (7.60%)	Discount Rate (8.60%)
County's net pension asset	\$ 57,759	\$ (1,615,271)	\$ (3,040,538)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's Fiduciary Net Position is available in the separately issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.org.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 8 - EMPLOYEE PENSION PLAN (Cont.)

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

For the year ended December 31, 2023, the County recognized pension expense of \$(35,557).

At December 31, 2023, the County reported deferred outflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 308,604
Changes in actuarial assumptions	177,692	35,930
Differences between projected and actual investment earnings (net of current year amortization)	285,096	-
Contributions subsequent to the measurement date	292,311	-
Total	<u>\$ 755,099</u>	<u>\$ 344,534</u>

The County reported \$292,311 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2024	\$ (235,111)
2025	(94,485)
2026	(30,066)
2027	<u>477,916</u>
Total	<u>\$ 118,254</u>

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description: The County also participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by TCDRS referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB).

The GTLF is a separate trust administered by the TCDRS Board of Trustees. TCDRS' ACFR includes financial statements and required supplementary information for the GTLF. This report may be obtained by writing to TCDRS, P.O. Box 2034, Austin, Texas 78768-2034, or online at www.tcdrs.org.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

The Commissioners Court elected to provide group-term life insurance coverage to both current and retired employees. The GTLF program is voluntary and the Commissioners Court can cease participation at the beginning of any calendar year.

Benefits Provided: Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The county's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

Employees Covered by Benefit Terms:

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	45
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>58</u>
Total	<u>114</u>

Contributions: Employees for the County were not required to contribute during the fiscal year. The contribution rates for the County were 0.56% and 0.51% in calendar years 2022 and 2023, respectively. The County's contributions to TCDRS for the year ended December 31, 2023, were \$11,468 and were equal to the required contributions.

Net OPEB Liability: The County's OPEB Liability was measured as of December 31, 2022, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%
Overall payroll growth	N/A
Discount Rate	3.72%

Discount Rate

The TCDRS GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.72% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2022.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

Changes in the net pension liability

	Total OPEB Liability
Balance at 12/31/2021	\$ 242,193
Changes for the year:	
Service cost	6,534
Interest	5,044
Change of benefit terms	-
Difference between expected and actual experience	2,471
Changes of assumptions	(52,648)
Benefit payments	(7,746)
Net changes	(46,345)
Balance at 12/31/2022	\$ 195,848

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease in Discount Rate (2.72%)	Discount Rate (3.72%)	1% Increase in Discount Rate (4.72%)
County's net OPEB liability	\$ 225,128	\$ 195,848	\$ 172,359

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.org.

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

For the year ended December 31, 2023, the County recognized pension expense of \$12,406.

At December 31, 2023, 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	\$ 10,354	\$ 48,636
Changes in actuarial assumptions	19,526	2,504
Contributions subsequent to the measurement date	11,468	-
Total	\$ 41,348	\$ 51,140

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Cont.)

The County \$11,468 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 December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 2,748
2025	(1,255)
2026	(1,248)
2027	(7,168)
2028	<u>(7,168)</u>
Total	\$ <u>(14,091)</u>

NOTE 10 - EMPLOYEE DEFERRED COMPENSATION PLAN

The employees of the County also participate in a deferred compensation plan administrated by Nationwide Retirement Solutions. The County does not contribute to the plan. Ten of the County employees were participating in the plan at the end of 2023.

Net Assets Available for Participants	\$ <u>867,424</u>
---------------------------------------	-------------------

NOTE 11 - MEDICAL/HEALTH CARE COVERAGE

The County has established a third party insurance plan with the Texas Association of Counties Health and Employee Benefits Pool. Benefits are paid based on four categories of medical service. The plan allows employees the option to purchase additional coverage for spouses, children, and families through payroll deductions. The plan is renewable October 1 annually. The maximum lifetime benefits cannot exceed two million dollars. Annual deductible limits per employee are two hundred fifty or five hundred dollars and coinsurance percentages vary depending on whether the services are provided by a network or non-network provider. Employees are eligible to remain on the medical and health plan in accordance with laws established by COBRA. Such laws provide different time limits depending on whether the employment separation was due to voluntary or involuntary termination.

As of December 31, 2023, the County was paying approximately \$885 per employee for medical and health insurance benefits. The total expense incurred by the County for the calendar year was approximately \$545,152. Additional information can be attained by contacting the Texas Association of Counties Health and Employee Benefits Pool (TAC HEBP), P.O. Box 911968, Dallas, Texas, 75391-1968.

NOTE 12 - RESTRICTED NET ASSETS

During 2002 and 2003, Cochran County's Love Memorial Library Fund (a nonmajor special revenue fund) received a total bequest of \$34,536. These funds are a permanent endowment according to the stipulation of the will and only the interest earned on the funds can be used for operations of the library. The base funds cannot be used at all. On Exhibit C-1, this amount is considered as Nonspendable Fund Balance: Library Endowment Principal. On Exhibit A-1 this amount is classified as Net Assets Restricted for Library Endowment.

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 13 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; errors and omissions; violations of civil rights; theft of, damage to, and destruction of assets; natural disasters; injuries to employees; and other claims of various natures. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (TAC Pool) which provides protection for risks of loss. TAC Pool was established by the Texas Association of Counties to provide self-insurance for its members and to obtain lower costs for insurance. The County pays annual premiums for liability, property, workers' compensation, and unemployment coverage. Annual contribution rates are determined by the TAC Pool Board. Such rates are estimated to include all claims expected to occur during the policy period, including claims incurred but not reported. TAC Pool has established Claims Reserves for each of the types of insurance offered. Thus, although TAC Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions and the member's policies' deductibles. If losses incurred are significantly higher than actuarially estimated, TAC Pool adjusts the contribution rate for subsequent years. Members are also entitled to returns of contributions if actual results are more favorable than estimated.

Any losses reported but unsettled or incurred and not reported are believed to be insignificant to the County's basic financial statements.

TAC Pool also makes available to the County loss control services to assist the County in following a plan of loss control that may result in reduced losses. The County agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by TAC Pool.

For the year ended December 31, 2023, the County, Texas contributed approximately \$80,138 for its property, liability, workers' compensation, and unemployment coverage. The County also carries insurance on most other risks of loss including employee health and accident insurance and surety bond coverage. The County does retain the risk on automobile physical damage.

No significant reductions in insurance coverage occurred in the past fiscal year and settled claims have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 14 - TAX ABATEMENT

The County provides property tax abatements for economic development pursuant to Chapter 312 of the Texas Property Tax Code to facilitate the creation and retention of job opportunities to the County. Under the terms of the County's tax abatement guidelines, an abatement may only be granted for the additional value of eligible improvements made subsequent to and specified in an abatement agreement between the County and the property owner or lessee, subject to such limitations as the County may require. An abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.

Economic Qualifications: To be eligible for designation as a reinvestment zone and receive tax abatement the planned improvement:

1. Must be expected to have an increased appraised ad valorem tax value of at least \$1,000,000 based upon the Cochran Central Appraisal District's assessment of the eligible property; and
2. Must be expected to prevent the loss of payroll or retain, increase, or create payroll on a permanent basis in the County.
3. Must not have the effect of transferring employment from one part of the County to another or unless there is a substantial threat of economic loss to the County.

Recapture: Any abatement agreement may be terminated, and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination if the company or individual:

1. Allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and /or contest;
2. Violates any of the terms and conditions of the abatement agreement; or

COCHRAN COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 14 - TAX ABATEMENT (Cont.)

3. Vacates any of the improvements subject to the agreement before the term of the abatement; and fails to cure during the cure period.

Should the County determine that the company or individual is in default according to the terms and conditions of its agreement, the County shall notify the company or individual of such default in writing at the address stated in the agreement; and if such is not cured within thirty (30) days from the date of such notice ("Cure Period"), then the agreement may be terminated.

Taxes Abated: During the 2019 fiscal year the County tax abatement program resulted in the abatement of approximately \$1.6 million in property taxes as a result of lowered assessed values on qualified projects. The County receives in lieu of taxes as part of the tax abatement agreement based on production. The County received \$262,050 during the year end 2023.

REQUIRED SUPPLEMENTARY INFORMATION

COCHRAN COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Varaince With
	Original	Final	Amounts	Final Budget
			(GAAP Basis)	Positive or
				(Negative)
REVENUE:				
Taxes:				
Property Taxes	\$ 2,745,514	\$ 2,745,514	\$ 2,746,091	\$ 577
Penalty and Interest on Taxes	20,000	20,000	24,108	4,108
Licenses and Permits	11,000	11,000	7,266	(3,734)
Intergovernmental Revenue Grants	568,153	568,153	540,181	(27,972)
Charge for Services	189,300	189,300	165,253	(24,047)
Fines	5,050	5,050	8,264	3,214
Investment Earnings	33,000	33,000	160,053	127,053
Rents and Royalties	35,550	35,550	1,925	(33,625)
Contributions & Donations from Private Sources	200	200	-	(200)
Other Revenue	207,000	207,000	575,531	368,531
Total Revenues	3,814,767	3,814,767	4,228,672	413,905
EXPENDITURES:				
Current:				
General Government	2,268,200	2,268,200	1,879,486	388,714
Public Safety	1,547,518	1,547,518	1,370,259	177,259
Culture and Recreation	486,058	486,058	312,694	173,364
Capital Outlay:				
Capital Outlay	760,603	760,603	892,985	(132,382)
Total Expenditures	5,062,379	5,062,379	4,455,424	606,955
	(1,247,612)	(1,247,612)	(226,752)	1,020,860
OTHER FINANCING SOURCES (USES):				
Transfers out	(20,000)	(20,000)	-	20,000
Proceeds From Debt	-	-	219,810	219,810
Sale of Assets	1,000	1,000	10,850	9,850
Total Other Financing Sources	(19,000)	(19,000)	230,660	249,660
Net Change in Fund Balances	(1,266,612)	(1,266,612)	3,908	1,270,520
Fund Balance - December 31, 2022	2,993,237	2,993,237	2,993,237	-
Fund Balance - December 31, 2023	\$ 1,726,625	\$ 1,726,625	\$ 2,997,145	\$ 1,270,520

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

COCHRAN COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - ROAD & BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Varaince With
	Original	Final	Amounts	Final Budget
			(GAAP Basis)	Positive or
				(Negative)
REVENUE:				
Taxes:				
Property Taxes	\$ 928,311	\$ 928,311	\$ 1,011,259	\$ 82,948
Penalty and Interest on Taxes	7,000	7,000	8,027	1,027
Licenses and Permits	160,000	160,000	155,403	(4,597)
Charge for Services	25,000	25,000	23,310	(1,690)
Fines	22,000	22,000	20,043	(1,957)
Investment Earnings	8,000	8,000	70,257	62,257
Other Revenue	101,000	101,000	201,408	100,408
Total Revenues	<u>1,251,311</u>	<u>1,251,311</u>	<u>1,489,707</u>	<u>238,396</u>
EXPENDITURES:				
Current:				
Highways and Streets	1,268,521	1,268,521	1,092,266	176,255
Capital Outlay:				
Capital Outlay	588,000	588,000	786,037	(198,037)
Total Expenditures	<u>1,856,521</u>	<u>1,856,521</u>	<u>1,878,303</u>	<u>(21,782)</u>
	<u>(605,210)</u>	<u>(605,210)</u>	<u>(388,596)</u>	<u>216,614</u>
OTHER FINANCING SOURCES (USES):				
Sale of Assets	153,500	153,500	435,900	282,400
Total Other Financing Sources	<u>153,500</u>	<u>153,500</u>	<u>435,900</u>	<u>282,400</u>
Net Change in Fund Balances	(451,710)	(451,710)	47,304	499,014
Fund Balance - December 31, 2022	<u>1,306,509</u>	<u>1,306,509</u>	<u>1,306,509</u>	<u>-</u>
Fund Balance - December 31, 2023	<u>\$ 854,799</u>	<u>\$ 854,799</u>	<u>\$ 1,353,813</u>	<u>\$ 499,014</u>

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

COCHRAN COUNTY, TEXAS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS ⁽¹⁾
FOR THE YEAR ENDED DECEMBER 31, 2023

	2022 ⁽²⁾	2021 ⁽²⁾	2020 ⁽²⁾
Total Pension Liability			
Service cost	\$ 318,119	\$ 353,584	\$ 310,376
Interest (on the total pension liability)	1,114,918	1,085,594	1,059,754
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(307,010)	(103,561)	(175,301)
Change of assumptions	-	(107,792)	710,771
Benefit payments, including refunds of employee contributions	(891,371)	(724,711)	(769,707)
Net Change in Total Pension Liability	234,656	503,114	1,135,893
Total Pension Liability - Beginning	14,789,377	14,286,263	13,150,369
Total Pension Liability - Ending (a)	<u>\$ 15,024,033</u>	<u>\$ 14,789,377</u>	<u>\$ 14,286,262</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 279,709	\$ 349,176	\$ 356,460
Contributions - employee	150,612	147,634	151,555
Net investment income	(1,026,810)	3,297,039	1,442,293
Benefit payments, including refunds of employee contributions	(891,371)	(724,711)	(769,707)
Administrative expense	(9,751)	(9,839)	(11,071)
Other	(49,712)	(2,290)	(6,360)
Net Change in Plan Fiduciary Net Position	(1,547,323)	3,057,009	1,163,170
Plan Fiduciary Net Position - Beginning	18,186,627	15,129,618	13,966,447
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,639,304</u>	<u>\$ 18,186,627</u>	<u>\$ 15,129,617</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (1,615,271)</u>	<u>\$ (3,397,250)</u>	<u>\$ (843,355)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	110.75%	122.97%	105.90%
Covered Employee Payroll	\$ 2,151,605	\$ 2,109,052	\$ 2,165,077
Net Pension Liability as a Percentage of Covered Employee Payroll	-75.07%	-161.08%	-38.95%

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

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

2019 ⁽²⁾	2018 ⁽²⁾	2017 ⁽²⁾	2016 ⁽²⁾	2015 ⁽²⁾	2014 ⁽²⁾
\$ 301,105	\$ 286,656	\$ 279,990	\$ 296,657	\$ 274,074	\$ 250,249
1,021,637	984,096	956,552	895,383	856,763	813,888
-	-	-	-	(40,960)	218,445
(117,270)	(113,362)	(301,374)	38,495	(113,333)	(82,713)
-	-	82,180	-	130,924	-
(719,591)	(697,580)	(670,873)	(551,267)	(642,260)	(597,096)
485,881	459,810	346,475	679,268	465,208	602,773
12,664,489	12,204,679	11,858,203	11,178,936	10,713,728	10,110,954
<u>\$ 13,150,370</u>	<u>\$ 12,664,489</u>	<u>\$ 12,204,678</u>	<u>\$ 11,858,204</u>	<u>\$ 11,178,936</u>	<u>\$ 10,713,727</u>
\$ 385,575	\$ 374,568	\$ 370,386	\$ 381,338	\$ 366,118	\$ 510,645
153,771	147,844	145,593	146,929	143,294	140,347
1,997,727	(236,491)	1,622,423	764,682	(75,216)	676,398
(719,591)	(697,580)	(670,873)	(551,267)	(642,260)	(597,096)
(10,643)	(9,770)	(8,372)	(8,306)	(7,505)	(7,965)
(4,226)	(3,954)	(2,155)	61,449	15,577	(315,261)
1,802,613	(425,383)	1,457,002	794,825	(199,992)	407,068
12,163,834	12,589,218	11,132,215	10,337,390	10,537,382	10,130,313
<u>\$ 13,966,447</u>	<u>\$ 12,163,835</u>	<u>\$ 12,589,217</u>	<u>\$ 11,132,215</u>	<u>\$ 10,337,390</u>	<u>\$ 10,537,381</u>
<u>\$ (816,077)</u>	<u>\$ 500,654</u>	<u>\$ (384,539)</u>	<u>\$ 725,989</u>	<u>\$ 841,546</u>	<u>\$ 176,346</u>
106.21%	96.05%	103.15%	93.88%	92.47%	98.35%
\$ 2,196,724	\$ 2,112,058	\$ 2,079,894	\$ 2,098,984	\$ 2,047,062	\$ 2,004,962
-37.15%	23.70%	-18.49%	34.59%	41.11%	8.80%

COCHRAN COUNTY, TEXAS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS⁽¹⁾
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 292,311	\$ 279,709	\$ 272,650	\$ 281,831	\$ 285,574	\$ 274,567	\$ 270,386	\$ 226,900	\$ 241,758
Contributions in relation to actuarially determined contribution	(292,311)	(279,709)	(272,650)	(281,831)	(285,574)	(274,567)	(270,386)	(226,900)	(241,758)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 2,248,545	\$ 2,151,605	\$ 2,097,305	\$ 2,167,934	\$ 2,196,724	\$ 2,112,058	\$ 2,079,894	\$ 2,098,982	\$ 2,047,062
Contributions as a percentage of covered employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	10.81%	11.81%

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

COCHRAN COUNTY, TEXAS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

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	0.0 years (based on contribution rate calculated in 12/31/22 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees 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: Employer contributions reflect that a 10% CPI COLA was adopted. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

COCHRAN COUNTY, TEXAS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS⁽¹⁾
FOR THE YEAR ENDED DECEMBER 31, 2023

	2022 ⁽²⁾	2021 ⁽²⁾	2020 ⁽²⁾
Total OPEB Liability			
Service cost	\$ 6,534	\$ 7,318	\$ 6,029
Interest (on the total OPEB liability)	5,044	4,758	5,639
Difference between expected and actual experience	2,471	12,832	(5,277)
Change of assumptions	(52,648)	4,637	19,800
Benefit payments, including refunds of employee contributions	(7,746)	(8,858)	(8,877)
Net Change in Total OPEB Liability	(46,345)	20,687	17,314
Total OPEB Liability - Beginning	242,193	221,506	204,192
Total OPEB Liability - Ending (a)	<u>\$ 195,848</u>	<u>\$ 242,193</u>	<u>\$ 221,506</u>
 Covered Employee Payroll	 \$ 2,151,605	 \$ 2,109,052	 \$ 2,165,077
 Net Pension Liability as a Percentage of Covered Employee Payroll	 9.10%	 11.48%	 10.23%

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

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

<u>2019⁽²⁾</u>	<u>2018⁽²⁾</u>	<u>2017⁽²⁾</u>
\$ 3,476	\$ 3,521	\$ 3,115
6,781	6,381	7,383
2,676	(5,222)	(18,151)
34,215	(15,039)	6,638
<u>(9,666)</u>	<u>(9,715)</u>	<u>(8,736)</u>
37,482	(20,074)	(9,751)
<u>166,710</u>	<u>186,784</u>	<u>196,535</u>
<u><u>\$ 204,192</u></u>	<u><u>\$ 166,710</u></u>	<u><u>\$ 186,784</u></u>
\$ 2,196,724	\$ 2,112,058	\$ 2,079,894
9.30%	7.89%	8.98%

COCHRAN COUNTY, TEXAS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 Normal
Amortization Method	Straight-line amortization of expected working life
Asset Valuation Method	N/A
Inflation	N/A
Salary Increases	N/A
Investment Rate of Return	3.72%, based on 20-year Bond GO Index published by bondbuyer.com as of December 30, 2022.
Cost-of-Living Adjustment	N/A
Mortality	See Tables 1 thru 4 in the Milliman Valuation Report
Retirement	See Tables 1 thru 4 in the Milliman Valuation Report
Other Information:	There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

COCHRAN COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Love Memorial Library Fund	Personnel Bond Office Fund	Alternative Dispute Resolution	Lateral Road Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 14,495	\$ 2,327	\$ 210,448
Investments - Current	38,804	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 38,804</u>	<u>\$ 14,495</u>	<u>\$ 2,327</u>	<u>\$ 210,448</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Checks Paid Exceeding Cash	4,268	-	-	-
Total Liabilities	<u>4,268</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
Library Endowment Principal	34,536	-	-	-
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	-	-	-
Highways and Streets	-	-	-	210,448
Courthouse Projects	-	14,495	2,327	-
Records Management/Preservation	-	-	-	-
Committed Fund Balance:				
Culture & Recreation	-	-	-	-
Unassigned Fund Balance	-	-	-	-
Total Fund Balances	<u>34,536</u>	<u>14,495</u>	<u>2,327</u>	<u>210,448</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 38,804</u>	<u>\$ 14,495</u>	<u>\$ 2,327</u>	<u>\$ 210,448</u>

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

Clerk Management & Preservation	County Records M & P Fund	Courthouse Security Fund	Court Report Service Fund	Airport Fund	Historical Commission Fund	SLF Recovery Fund	Total Nonmajor Governmental Funds
\$ 65,862	\$ 14,013	\$ 18,893	\$ 1,132	\$ 18,504	\$ 8,591	\$ 450,755	\$ 805,020
-	-	-	-	-	-	-	38,804
540	81	108	50	-	-	-	779
<u>\$ 66,402</u>	<u>\$ 14,094</u>	<u>\$ 19,001</u>	<u>\$ 1,182</u>	<u>\$ 18,504</u>	<u>\$ 8,591</u>	<u>\$ 450,755</u>	<u>\$ 844,603</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	4,268
-	-	-	-	-	-	-	4,268
-	-	-	-	-	-	-	34,536
-	-	-	-	-	-	450,755	450,755
-	-	-	-	-	-	-	210,448
-	-	19,001	1,182	-	-	-	37,005
66,402	14,094	-	-	-	-	-	80,496
-	-	-	-	-	8,591	-	8,591
-	-	-	-	18,504	-	-	18,504
<u>66,402</u>	<u>14,094</u>	<u>19,001</u>	<u>1,182</u>	<u>18,504</u>	<u>8,591</u>	<u>450,755</u>	<u>840,335</u>
<u>\$ 66,402</u>	<u>\$ 14,094</u>	<u>\$ 19,001</u>	<u>\$ 1,182</u>	<u>\$ 18,504</u>	<u>\$ 8,591</u>	<u>\$ 450,755</u>	<u>\$ 844,603</u>

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

COCHRAN COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Love Memorial Library Fund	Personnel Bond Office Fund	Alternative Dispute Resolution	Lateral Road Fund
REVENUE:				
Intergovernmental Revenue Grants	\$ -	\$ -	\$ -	\$ 15,592
Charge for Services	-	-	195	-
Fines	-	-	-	-
Investment Earnings	1,888	-	-	-
Rents and Royalties	-	-	-	-
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>1,888</u>	<u>-</u>	<u>195</u>	<u>15,592</u>
EXPENDITURES:				
Current:				
General Government	-	-	125	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>125</u>	<u>-</u>
Net Change in Fund Balances	1,888	-	70	15,592
Fund Balance - December 31, 2022	<u>32,648</u>	<u>14,495</u>	<u>2,257</u>	<u>194,856</u>
Fund Balance - December 31, 2023	<u>\$ 34,536</u>	<u>\$ 14,495</u>	<u>\$ 2,327</u>	<u>\$ 210,448</u>

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

Clerk Management & Preservation	County Records M & P Fund	Courthouse Security Fund	Court Report Service Fund	Airport Fund	Historical Commission Fund	SLF Recovery Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,592
8,415	1,654	-	-	-	-	-	10,264
-	-	1,963	1,225	-	-	-	3,188
-	-	-	-	-	-	18,114	20,002
-	-	-	-	2,300	-	-	2,300
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,415	1,654	1,963	1,225	2,300	-	18,114	51,346
5,496	1,125	-	-	-	-	26,596	33,342
-	-	303	3,057	-	-	160	3,520
-	-	-	-	18,521	74	-	18,595
-	-	-	-	-	-	95,670	95,670
5,496	1,125	303	3,057	18,521	74	122,426	151,127
2,919	529	1,660	(1,832)	(16,221)	(74)	(104,312)	(99,781)
63,483	13,565	17,341	3,014	34,725	8,665	555,067	940,116
\$ 66,402	\$ 14,094	\$ 19,001	\$ 1,182	\$ 18,504	\$ 8,591	\$ 450,755	\$ 840,335

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

FIDUCIARY FUNDS

COCHRAN COUNTY
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2023

	COUNTY CLERK	DISTRICT CLERK	COUNTY SHERIFF	COUNTY TAX ASSESSOR- COLLECTOR
<u>ASSETS</u>				
<u>Current Assets:</u>				
Cash and Cash Equivalents	\$ 6,114	\$ 38,743	\$ 530	\$ 468,011
Accounts Receivable	-	-	-	1,713
 TOTAL ASSETS	 \$ 6,114	 \$ 38,743	 \$ 530	 \$ 469,724
 <u>LIABILITIES</u>				
<u>Liabilities:</u>				
Held for Others	\$ -	\$ 32,147	\$ -	\$ 324,291
Due to State	30	-	-	6,802
Due to General Fund	5,453	5,084	530	102,550
Due to Other Funds	34	674	-	-
Due to Special Revenue Funds	597	838	-	36,081
 TOTAL LIABILITIES	 6,114	 38,743	 530	 469,724
 <u>NET POSITION</u>				
Individuals, Organizations, and Other Governments	-	-	-	-
 TOTAL NET POSITION	 \$ -	 \$ -	 \$ -	 \$ -

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

JUSTICE OF THE PEACE PRECINCT ONE	COCHRAN CO. JUVENILE PROBATION	L.E.O.S.E. ALLOCATION	D.A. FORFEITURE	SHERIFF FORFEITURE	STATE FEE	TOTAL
\$ 2,309	\$ 106,524	\$ 14,905	\$ 1,712	\$ 7,442	\$ 4,435	\$ 650,725
-	-	-	-	-	-	1,713
<u>\$ 2,309</u>	<u>\$ 106,524</u>	<u>\$ 14,905</u>	<u>\$ 1,712</u>	<u>\$ 7,442</u>	<u>\$ 4,435</u>	<u>\$ 652,438</u>
\$ -	\$ 582	\$ -	\$ -	\$ -	\$ 4,435	\$ 361,455
-	-	-	-	-	-	6,832
526	-	2,213	-	1,315	-	117,671
981	-	-	-	-	-	1,689
802	-	-	-	-	-	38,318
<u>2,309</u>	<u>582</u>	<u>2,213</u>	<u>-</u>	<u>1,315</u>	<u>4,435</u>	<u>\$ 525,965</u>
-	105,942	12,692	1,712	6,127	-	126,473
<u>\$ -</u>	<u>\$ 105,942</u>	<u>\$ 12,692</u>	<u>\$ 1,712</u>	<u>\$ 6,127</u>	<u>\$ -</u>	<u>\$ 126,473</u>

COCHRAN COUNTY, TEXAS
COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2023

	COUNTY CLERK	DISTRICT CLERK	COUNTY SHERIFF	COUNTY TAX ASSESSOR- COLLECTOR	JUSTICE OF THE PEACE PRECINCT ONE
ADDITIONS					
Tax Collections for Other					
Governments	\$ -	\$ -	\$ -	\$ 13,612,882	\$ -
Held for Others	72,431	32,131	2,310	-	33,964
Investment Earnings	<u>128</u>	<u>167</u>	<u>102</u>	<u>5,164</u>	<u>69</u>
Total Additions	<u>72,559</u>	<u>32,298</u>	<u>2,412</u>	<u>13,618,046</u>	<u>34,033</u>
DEDUCTIONS					
Payments to Other Governments	<u>72,559</u>	<u>32,298</u>	<u>2,412</u>	<u>13,618,046</u>	<u>34,033</u>
Total Deductions	<u>72,559</u>	<u>32,298</u>	<u>2,412</u>	<u>13,618,046</u>	<u>34,033</u>
Change in Net Position	-	-	-	-	-
Total Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

COCHRAN CO.					
JUVENILE PROBATION	L.E.O.S.E. ALLOCATION	D.A. FORFEITURE	SHERIFF FORFEITURE	STATE FEE	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,612,882
242,080	1,930	-	-	-	384,846
-	604	-	-	-	6,234
<u>242,080</u>	<u>2,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,003,962</u>
 136,138	 4,391	 -	 -	 -	 13,899,877
<u>136,138</u>	<u>4,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,899,877</u>
105,942	(1,857)	-	-	-	104,085
-	14,549	1,712	6,127	-	22,388
<u>\$ 105,942</u>	<u>\$ 12,692</u>	<u>\$ 1,712</u>	<u>\$ 6,127</u>	<u>\$ -</u>	<u>\$ 126,473</u>

OTHER SCHEDULES

COCHRAN COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
DECEMBER 31, 2023

YEAR ENDED DECEMBER 31,	TAX RATES		ASSESSED/ APPRAISED VALUE TAX PURPOSES	BEGINNING BALANCE 1/1/2023	CURRENT YEAR'S TOTAL LEVY	TOTAL COLLECTIONS	ADJUSTMENTS	ENDING BALANCE 12/31/2023
	LOCAL	ROAD & BRIDGE						
2014 AND PRIOR	\$ VARIOUS	\$ VARIOUS	\$ VARIOUS	\$ 29,048	\$ -	\$ 1,382	\$ (3,165)	\$ 24,501
2015	\$ 0.5988	\$ 0.2365	\$ 523,366,360	7,329	-	274	(1,225)	5,830
2016	\$ 0.8000	\$ 0.3000	\$ 308,423,554	10,356	-	750	(1,737)	7,869
2017	\$ 0.8000	\$ 0.3000	\$ 331,824,019	12,893	-	1,139	(1,625)	10,129
2018	\$ 0.7950	\$ 0.2950	\$ 355,223,348	21,417	-	2,114	(1,691)	17,612
2019	\$ 0.7700	\$ 0.2800	\$ 396,628,243	30,922	-	8,191	(1,636)	21,095
2020	\$ 0.7651	\$ 0.2647	\$ 401,831,630	44,397	-	10,597	(1,619)	32,181
2021	\$ 0.7881	\$ 0.2726	\$ 337,486,591	43,071	-	13,875	(1,928)	27,268
2022	\$ 0.7881	\$ 0.2726	\$ 337,486,591	2,191,763	-	2,193,117	39,085	37,731
2023	\$ 0.6927	\$ 0.2426	\$ 447,907,869		4,422,634	1,698,762	(6,812)	2,717,060
TOTALS				\$ 2,391,196	\$ 4,422,634	\$ 3,930,201	\$ 17,648	\$ 2,901,278

COCHRAN COUNTY, TEXAS
DIXIE MENDOZA, TAX ASSESSOR-COLLECTOR
RECONCILIATION OF CURRENT YEAR TAX ROLL
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>TAX ROLL</u>	
2023 Assessed Tax Roll	\$ 4,422,634
Add (Deduct): Adjustments	<u>(6,812)</u>
2023 ADJUSTED TAX ROLL	<u><u>\$ 4,415,822</u></u>
Valuations/\$100 x Tax Rate of \$.9353	\$ 4,415,822
Current Year Collections	<u>(1,698,762)</u>
UNPAID CURRENT YEAR TAXES	<u><u>\$ 2,717,060</u></u>
Percent of Current Taxes Collected Through December 31, 2023	38.47%

COCHRAN COUNTY, TEXAS
SCHEDULE OF RISK MANAGEMENT PROVISIONS
DECEMBER 31, 2023

CARRIER	DOCUMENT NUMBER	EFFECTIVE DATE	RENEWAL DATE
TEXAS ASSOCIATION OF COUNTIES	WC-0400		
COUNTY GOVERNMENT SELF INSURANCE POOL	2020101	06/25/74	01/01/23
TEXAS ASSOCIATION OF COUNTIES			
COUNTY GOVERNMENT SELF INSURANCE POOL	99-991884-0	01/04/78	01/01/23
TEXAS ASSOCIATION OF COUNTIES	CAS 0400		
COUNTY GOVERNMENT SELF INSURANCE POOL	2021 0115-1	01/15/87	01/15/23
TEXAS ASSOCIATION OF COUNTIES	CAS 0400		
COUNTY GOVERNMENT SELF INSURANCE POOL	2021 0115-1	01/15/87	01/15/23
TEXAS ASSOCIATION OF COUNTIES	PR 0400 2021		
COUNTY GOVERNMENT SELF INSURANCE POOL	0701-1	02/13/90	07/01/23
TEXAS ASSOCIATION OF COUNTIES	CAS 0400		
COUNTY GOVERNMENT SELF INSURANCE POOL	2021 0411-2	04/11/88	04/11/23
TEXAS ASSOCIATION OF COUNTIES	CAS 0400		
COUNTY GOVERNMENT SELF INSURANCE POOL	2021 0411-2	04/11/88	04/11/23
TEXAS ASSOCIATION OF COUNTIES	CAS-0400-		
COUNTY GOVERNMENT SELF INSURANCE POOL	20210115-1	01/15/20	01/15/23
TEXAS ASSOCIATION OF COUNTIES	PR 0400 2021		
COUNTY GOVERNMENT SELF INSURANCE POOL	0701-1	02/13/90	07/01/23

RISK COVERED	AMOUNT OF COVERAGE	2023 CONTRIBUTION
WORKER'S COMPENSATION	STATUTORY BENEFITS	\$ 24,111
UNEMPLOYMENT COMPENSATION	STATUTORY BENEFITS	\$ 1,342
	TORT CLAIMS ACT	
COMPREHENSIVE GENERAL LIABILITY	100/300/100 \$1,000 DED.	\$ 2,493
	TORT CLAIMS ACT	
AUTOMOBILE LIABILITY	100/300/100 \$1,000 DED.	\$ 3,670
BUILDINGS, STRUCTURES, PERSONAL PROPERTY, BOILER - ALL-RISK FORM	\$13,640,000 \$1,000 - \$500,000 DED. \$3,000,000	\$ 46,528
PUBLIC OFFICIALS LIABILITY	\$5,000 DEDUCTIBLE \$3,000,000	\$ 5,097
LAW ENFORCEMENT LIABILITY	\$5,000 DEDUCTIBLE ACV	\$ 8,046
AUTOMOBILE PHYSICAL DAMAGE	\$1,000 DEDUCTIBLE	\$ 3,293
MOBILE EQUIPMENT PHYSICAL DAMAGE	\$5,000 DEDUCTIBLE	\$ 8,617

COCHRAN COUNTY, TEXAS
SCHEDULE OF FIDELITY AND SURETY BONDS
DECEMBER 31, 2023

SURETY	DOCUMENT NUMBER	OFFICE/PRINCIPAL
Old Republic	LPO2145092	County Judge/James Patrick Henry
Old Republic	W150274684	County Commissioner/Timothy Roberts
Old Republic	W150332757	County Commissioner/Matt Evans
Old Republic	W150274386	County Commissioner/Eric Silhan
Old Republic	LPO2145093	County Commissioner/Reynaldo Morin
Old Republic	A150003272	County Treasurer/Macey Thomas Smith
Old Republic	W150407172	County Clerk/Lisa Smith
Old Republic	W150407170	District Clerk/Lisa Smith
Old Republic	W150274469	County Auditor/Beverly McClellan
Old Republic	W150304235	Justice of Peace/Donna Schmidt
Old Republic	W150427679	Tax Collector/Dixie Mendoza
Old Republic	W150427677	Tax Collector/Dixie Mendoza
Old Republic	W150304241	Elections Administrator/Cheryl Butler
Old Republic	W150390146	Constable/Ricky Davidson
Old Republic	W150274466	Sheriff/Jorge De La Cruz
Old Republic	W150365408	Deputy Tax Assessor/Amy Downen
Old Republic	W150374410	County Attorney/Amanda Martin

AMOUNT	OBLIGEE	APPROVED BY	PREMIUM
\$ 100,000	County Treasurer	Commissioners Court	\$ 350
\$ 3,000	County Treasurer	County Judge	\$ 50
\$ 3,000	County Treasurer	County Judge	\$ 50
\$ 3,000	County Treasurer	County Judge	\$ 50
\$ 3,000	County Treasurer	County Judge	\$ 50
\$ 50,000	County Judge	Commissioners Court	\$ 250
\$ 5,000	County	Commissioners Court	\$ 50
\$ 5,000	Governor of Texas	Commissioners Court	\$ 50
\$ 5,000	District Judge	District Judge	\$ 50
\$ 2,500	County Judge	County Judge	\$ 50
\$ 100,000	Commissioners Court	Commissioners Court	\$ 500
		Commissioners Court,	
\$ 23,000	Governor of Texas	State Comptroller	\$ 100
\$ 5,000	County	County Judge	\$ 50
\$ 1,500	Governor of Texas	Commissioners Court	\$ 50
\$ 5,000	Governor of Texas	Commissioners Court	\$ 50
\$ 10,000	County Tax Assessor	County Tax Assessor	\$ 50
\$ 2,500	Governor of Texas	Commissioners Court	\$ 50

INTERNAL CONTROL AND COMPLIANCE SECTION

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*

Independent Auditor's Report

To the Cochran County Judge and Commissioners Court
Cochran County, Texas
Room 104 Courthouse
Morton, Texas 79346

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, each major fund, and the aggregate remaining fund information of Cochran County, Texas (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 26, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

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

CMMS CPAs and Advisors, PLLC

Levelland, TX 79336

September 26, 2024

