

COUNTY OF CROCKETT
Annual Financial Report
Year Ended December 31, 2021

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-9
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements	
Statement of Net Position - Modified Cash Basis.....	10
Statement of Activities - Modified Cash Basis.....	11-12
Fund Financial Statements	
Balance Sheet - Modified Cash Basis - Governmental Funds	13-14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Modified Cash Basis	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds.....	16-17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Modified Cash Basis	18
Statement of Fiduciary Net Position - Modified Cash Basis - Fiduciary Funds	19
Statement of Changes in Fiduciary Net Position - Modified Cash Basis - Fiduciary Funds	20
Notes to the Financial Statements	21-38
<u>Supplementary Information</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - General Fund	39
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - Road and Bridge Fund.....	40
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - Care Center Fund.....	41
Schedule of Changes in Net Pension Liability and Related Ratios - Texas County & District Retirement System.....	42-43
Schedule of Employer Contributions - Texas County & District Retirement System	44-45
Notes to the Supplementary Information	46
COMPLIANCE AND INTERNAL CONTROLS SECTION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47-48
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the State of Texas Uniform Grant Management Standards	49-51
Schedule of Findings and Questioned Costs	52-53
Corrective Action Plan	54
Schedule of Expenditures of State and Federal Awards.....	55
Notes to the Schedule of Expenditures of State and Federal Awards.....	56

FINANCIAL SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA
Megan Solsbery, CPA

(325) 944-3571
FAX: (325) 942-1093
www.eckertcpa.com

Members of
American Institute of CPAs
Texas Society of CPAs

INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge
and Commissioners' Court
County of Crockett
P.O. Box 989
Ozona, TX 76943-0989

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Crockett, Texas, as of and for the year ended December 31, 2021, 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 modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Crockett, Texas, as of December 31, 2021, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Section I., Note C.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Crockett, Texas, 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Section I., Note C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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 of Crockett'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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, 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 of Crockett'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 of Crockett'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.

Supplementary Information

The management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information for the Texas County & District Retirement System are presented to supplement the basic financial statements. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Crockett's basic financial statements. The accompanying schedule of expenditures of state and federal awards is presented for purposes of additional analysis as required by the State of Texas Uniform Grant Management Standards and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state and federal awards 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 20, 2022, on our consideration of the County of Crockett'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Crockett'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 of Crockett's internal control over financial reporting and compliance.

Eckert & Company, LLP

September 20, 2022



COUNTY OF CROCKETT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the County of Crockett's financial performance provides an overview of the County's financial activities for the year ended December 31, 2021, within the limitations of the County's modified cash basis of accounting. It should be read in conjunction with the County's basic financial statements and independent auditor's report.

Financial Highlights - Modified Cash Basis of Accounting

The County's assets exceeded its liabilities and deferred inflows of resources at the end of the current year by \$42,220,527 (net position). Of this amount, \$17,522,203 (unrestricted) may be used to meet the County's ongoing obligations.

The County's total net position increased by \$5,155,815 or 14% as a result of current year operations. The County's statement of activities shows total revenues of \$22,576,928 and total expenses of \$17,421,113.

The total fund balance of the General Fund is \$12,837,605 which is an increase of \$700,633 or 6% compared to the prior year.

Overview of the Financial Statements

The County's financial statements are presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and liabilities/deferred inflows of resources resulting from the use of the modified cash basis of accounting, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Overview of the Financial Statements - Continued

The statement of activities presents information showing how the County's net position changed during the current year while keeping in mind the limitations of the modified cash basis of accounting.

The governmental activities of the County include public transportation through roads and bridges, judicial, public safety, corrections and rehabilitation, public health and wellness, and culture and recreation, as well as general administrative and support services.

The County has no component units.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

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. Both the governmental fund balance sheet - modified cash basis and the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, the Road and Bridge Fund, and the Care Center Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The County adopts a budget for its General Fund and Special Revenue Funds.

Fiduciary Funds - - Fiduciary funds are used to account for assets which are held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds. The County's fiduciary funds are custodial funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis

Net Position - A summary of the County’s net position is presented below:

NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	December 31,	
	2021	2020
Current and Other Assets	\$ 22,502,224	\$ 19,285,728
Capital Assets	24,174,350	23,097,972
Total Assets	\$ 46,676,574	\$ 42,383,700
Other Payables	\$ 491,027	\$ 170,026
Long-Term Liabilities	358,000	2,810,000
Total Liabilities	\$ 849,027	\$ 2,980,026
Deferred Inflows of Resources	\$ 3,607,020	\$ 2,338,962
Net Position		
Net Investment in Capital Assets	\$ 23,816,350	\$ 20,666,286
Restricted	881,974	681,772
Unrestricted	17,522,203	15,716,654
Total Net Position	\$ 42,220,527	\$ 37,064,712

A large portion of the County's net position resulting from modified cash basis transactions (\$23,816,350) reflects the County's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position (\$881,974) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$17,522,203) may be used to meet the County's ongoing obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis - Continued

Governmental Activities - Governmental activities increased the County's net position resulting from modified cash basis transactions by \$5,155,815 and \$3,469,383 for the fiscal years ended December 31, 2021 and 2020, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	Year Ended December 31,	
	2021	2020
Revenues		
Program Revenues		
Charges for Services	\$ 2,879,286	\$ 2,991,291
Operating Grants and Contributions	838,687	1,001,572
Capital Grants and Contributions	1,018,737	0
General Revenues		
Property Taxes - Maintenance	15,084,778	13,949,516
Property Taxes - Debt Service	2,634,684	2,578,999
Contributions and Donations	0	123,450
Other Revenues	83,926	113,736
Investment Earnings	36,830	137,584
Total Revenues	\$ 22,576,928	\$ 20,896,148
Expenses		
General Government	\$ 2,748,000	\$ 2,612,663
Roads and Bridges	2,484,012	2,474,667
Justice System	1,283,896	1,330,778
Public Safety	1,922,835	1,756,686
Corrections and Rehabilitation	1,053,469	1,094,217
Public Health and Wellness	6,740,524	7,029,027
Culture and Recreation	1,158,161	1,053,182
Interest on Long-Term Debt	29,816	74,745
Fees on Long-Term Debt	400	800
Total Expenses	\$ 17,421,113	\$ 17,426,765
Change in Net Position	\$ 5,155,815	\$ 3,469,383
Net Position - Beginning	37,064,712	33,685,204
Prior Period Adjustments	0	(89,875)
Net Position - Ending	\$ 42,220,527	\$ 37,064,712

MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued

Financial Analysis of the County’s Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. The unassigned fund balance may serve as a useful measure of the County’s net resources available for spending at the end of the current year within the limitations of the County’s modified cash basis of accounting.

The County’s governmental funds reported combined ending fund balances on the modified cash basis of accounting of \$18,404,177, an increase of \$1,627,437 or 10% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$12,837,605. Of this balance \$346,215 is committed for roof projects.

Special Revenue Funds \$4,743,290. Of this balance \$437,573 is restricted by legislation and \$4,305,717 is committed as follows:

Roads and Bridges	\$ 3,622,687
Health Center Improvement	343,654
Care Center - Jean Powers	180,340
Courthouse Renovation	119,468
Fire Department	10,071
Library Memorial	7,794
Grant Fund	208
Hot Check Funds	15,849
Wind Farm	1,720
Animal Control	370
DARE Program	<u>3,556</u>
Total	<u><u>\$ 4,305,717</u></u>

Interest and Sinking Funds \$444,401. The net balance of these funds is reported as restricted for debt service.

Jail Project Interest and Sinking	\$ 87,166
Wellness Center Project Interest and Sinking	34,041
Clinic Project Interest and Sinking	<u>323,194</u>
Total	<u><u>\$ 444,401</u></u>

Capital Project Funds \$378,881. The net balance of these funds is reported as restricted for capital projects.

General Fund Budget

The original budget for the General Fund was \$14,399,009, and the final amended budget was \$14,672,430 which represents a \$273,421 increase in appropriations. Variances between the original budget and the final amended budget are shown on page 39 in the other information section of the audit report.

The County has adopted a budget for the General Fund in the amount of \$16,252,278 for the fiscal year 2022, which is an increase of \$1,579,848 from the fiscal year 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Capital Assets and Debt - Modified Cash Basis

Capital Assets - Financial statement footnote III., C. discloses the County's capital asset activity for the year ended December 31, 2021.

Long-Term Debt - Financial statement footnote III., H. discloses the County's debt activity for the year ended December 31, 2021.

Requests for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Fred M. Deaton, County Judge, County of Crockett, P.O. Box 1857, Ozona, TX 76943-1857.

Basic Financial Statements

COUNTY OF CROCKETT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2021

	Primary Government
	Governmental Activities
ASSETS	
Cash in Bank	\$ 22,478,102
Due from Other Governments	19,099
Due from Others	2,850
Capital Assets:	
Capital Assets Not Being Depreciated	310,000
Land	218,470
Infrastructure, Net	4,182,746
Buildings and Improvements, Net	17,698,746
Machinery and Equipment, Net	1,761,528
Construction in Progress	2,860
Other Assets	2,173
Total Assets	46,676,574
LIABILITIES	
Due to State	55,164
Unearned Revenues	435,863
Noncurrent Liabilities:	
Debt Due Within One Year	358,000
Total Liabilities	849,027
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	3,607,020
Total Deferred Inflows of Resources	3,607,020
NET POSITION	
Net Investment in Capital Assets	23,816,350
Restricted:	
Restricted by Legislation	437,573
Restricted for Debt Service	444,401
Unrestricted	17,522,203
Total Net Position	\$ 42,220,527

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

COUNTY OF CROCKETT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 2,748,000	\$ 287,929	\$ 28,326
Roads and Bridges	2,484,012	316,721	61,735
Justice System	1,283,896	719,822	73,066
Public Safety	1,922,835	-	155,777
Corrections and Rehabilitation	1,053,469	-	-
Public Health and Wellness	6,740,524	1,554,814	519,783
Culture and Recreation	1,158,161	-	-
Debt Service Interest	29,816	-	-
Debt Service Fees	400	-	-
TOTAL PRIMARY GOVERNMENT	\$ 17,421,113	\$ 2,879,286	\$ 838,687

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
Capital Grants and Contributions		<u>Primary Government</u> Governmental	
\$	-	\$	(2,431,745)
	1,018,737		(1,086,819)
	-		(491,008)
	-		(1,767,058)
	-		(1,053,469)
	-		(4,665,927)
	-		(1,158,161)
	-		(29,816)
	-		(400)
\$	<u>1,018,737</u>		<u>(12,684,403)</u>

15,084,778
2,634,684
83,926
<u>36,830</u>
17,840,218
5,155,815
<u>37,064,712</u>
<u>\$ 42,220,527</u>

COUNTY OF CROCKETT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Road and Bridge Fund	Care Center Fund
ASSETS			
Cash in Bank	\$ 15,811,043	\$ 4,248,146	\$ -
Due from Other Governments	-	-	-
Due from Other Funds	7	-	-
Due from Others	2,850	-	-
Other Assets	2,166	-	7
Total Assets	<u>\$ 15,816,066</u>	<u>\$ 4,248,146</u>	<u>\$ 7</u>
LIABILITIES			
Due to Other Funds	\$ -	\$ -	\$ 7
Due to State	55,134	-	-
Unearned Revenues	-	-	-
Total Liabilities	<u>55,134</u>	<u>-</u>	<u>7</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	2,923,327	625,459	-
Total Deferred Inflows of Resources	<u>2,923,327</u>	<u>625,459</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
Restricted by Legislation	-	-	-
Retirement of Long-Term Debt	-	-	-
Restricted for Capital Projects	-	-	-
Committed Fund Balance:			
Committed for Care Center	-	-	-
Committed for Capital Projects	346,215	-	-
Committed for Health Center	-	-	-
Committed for Roads and Bridges	-	3,622,687	-
Other Committed Fund Balance	-	-	-
Unassigned Fund Balance	12,491,390	-	-
Total Fund Balances	<u>12,837,605</u>	<u>3,622,687</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 15,816,066</u>	<u>\$ 4,248,146</u>	<u>\$ 7</u>

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

Other Funds	Total Governmental Funds
\$ 2,418,913	\$ 22,478,102
19,099	19,099
-	7
-	2,850
-	2,173
<u>\$ 2,438,012</u>	<u>\$ 22,502,231</u>
\$ -	\$ 7
30	55,164
435,863	435,863
<u>435,893</u>	<u>491,034</u>
58,234	3,607,020
<u>58,234</u>	<u>3,607,020</u>
437,573	437,573
444,401	444,401
378,881	378,881
180,340	180,340
-	346,215
343,654	343,654
-	3,622,687
159,036	159,036
-	12,491,390
<u>1,943,885</u>	<u>18,404,177</u>
<u>\$ 2,438,012</u>	<u>\$ 22,502,231</u>

COUNTY OF CROCKETT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Total Fund Balances - Governmental Funds	\$	18,404,177
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds financial statements. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		20,287,972
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 including capital outlays and debt principal payments is to increase (decrease) net position.		5,034,412
Depreciation is not recognized as an expense in the governmental funds financial statements since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,506,034)
Net Position of Governmental Activities	<u>\$</u>	<u>42,220,527</u>

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

COUNTY OF CROCKETT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Road and Bridge Fund	Care Center Fund
REVENUES:			
Property Taxes	\$ 12,248,507	\$ 2,836,271	\$ -
Intergovernmental Revenue and Grants	169,502	61,735	274,907
Fines and Fees	1,018,228	303,898	1,172,319
Investment Earnings	31,468	3,657	-
Other Revenue	67,278	-	6,961
Total Revenues	13,534,983	3,205,561	1,454,187
EXPENDITURES:			
Current:			
General Government	2,820,523	-	-
Roads and Bridges	159,942	2,417,769	-
Justice System	1,275,188	-	-
Public Safety	1,773,358	-	-
Corrections and Rehabilitation	769,015	-	-
Public Health and Wellness	956,809	-	3,524,624
Culture and Recreation	1,481,867	-	-
Debt Service:			
Debt Service Principal	-	-	-
Debt Service Interest	-	-	-
Debt Service Fees	-	-	-
Total Expenditures	9,236,702	2,417,769	3,524,624
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,298,281	787,792	(2,070,437)
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	2,070,437
Transfers Out	(3,597,648)	-	-
Total Other Financing Sources (Uses)	(3,597,648)	-	2,070,437
Net Change in Fund Balances	700,633	787,792	-
Fund Balance - January 1 (Beginning)	12,136,972	2,834,895	-
Fund Balance - December 31 (Ending)	\$ 12,837,605	\$ 3,622,687	\$ -

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

Other Funds	Total Governmental Funds
\$ 2,634,684	\$ 17,719,462
1,351,280	1,857,424
384,841	2,879,286
1,705	36,830
9,687	83,926
<u>4,382,197</u>	<u>22,576,928</u>
26,989	2,847,512
1,018,737	3,596,448
6,544	1,281,732
206,296	1,979,654
-	769,015
2,028,750	6,510,183
864	1,482,731
2,452,000	2,452,000
29,816	29,816
400	400
<u>5,770,396</u>	<u>20,949,491</u>
<u>(1,388,199)</u>	<u>1,627,437</u>
1,527,211	3,597,648
-	(3,597,648)
<u>1,527,211</u>	<u>-</u>
139,012	1,627,437
<u>1,804,873</u>	<u>16,776,740</u>
<u>\$ 1,943,885</u>	<u>\$ 18,404,177</u>

COUNTY OF CROCKETT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
& CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	1,627,437
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 capital outlays and debt principal payments is to increase (decrease) net position.		5,034,412
Depreciation is not recognized as an expense in the governmental funds financial statements since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,506,034)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>5,155,815</u>

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

COUNTY OF CROCKETT
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2021

	Custodial Funds
ASSETS	
Cash in Bank	\$ 5,726,345
Total Assets	5,726,345
LIABILITIES	
Due to State	59,983
Due to Taxing Entities	3,594,573
Due to Others	464,359
Total Liabilities	4,118,915
NET POSITION	
Restricted for Custodial Purposes	1,607,430
Total Net Position	\$ 1,607,430

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

COUNTY OF CROCKETT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Custodial Funds
ADDITIONS:	
Property Taxes Collected	\$ 42,926,465
Hotel Taxes Collected	215,913
Fines and Fees	1,708,667
Bond and Registry Funds	28,857
Patient and Inmate Trust Funds	101,602
Investment Earnings	4,555
Total Additions	44,986,059
DEDUCTIONS:	
Property Taxes Remitted	42,870,301
Property Tax Attorney Fees	56,164
State and County Fees	1,708,839
Hotel Taxes Remitted	215,913
Investment Earnings Remitted to Entities	4,386
Bond and Registry Accounts	224,987
Patient Care	61,043
Supplies	44,529
Total Deductions	45,186,162
Net Change in Fiduciary Net Position	(200,103)
Total Net Position - January 1 (Beginning)	1,793,423
Prior Period Adjustment	14,110
Total Net Position - December 31 (Ending)	\$ 1,607,430

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

COUNTY OF CROCKETT
Notes to the Financial Statements
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Crockett, Texas, prepares its basic financial statements on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

A. Reporting Entity

The County of Crockett, Texas, was organized by an Act of the Texas Legislature in 1891. The County is governed by the Commissioners' Court, a five-member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, judicial, public safety, corrections and rehabilitation, public health and wellness, and culture and recreation, as well as general administrative and support services. There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the County and (2) grants and contributions - payments from organizations outside the County that are restricted to meeting the operational or capital requirements of a particular function or segment of the County. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as interfund receivables and payables on the government-wide statement of net position.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as are the fiduciary fund financial statements.

The fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - Continued

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

Basis of Accounting

The government-wide financial statements and the fund financial statements are presented using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position, fund equity, revenues, expenditures, and expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

The use of the modified cash basis of accounting results in certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable, expenses for goods or services received but not yet paid, and accrued expenses and liabilities) not being recorded in these financial statements.

The government reports the following major governmental funds:

General Fund - This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Road and Bridge Fund - This Fund is a special revenue fund and is used to account for revenues for the road and bridge precincts.

Care Center Fund - This Fund is a special revenue fund and is used to account for revenues for the Care Center.

Additionally, the government reports the following fund types:

Debt Service Funds - These Funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Projects Funds - These Funds account for financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Special Revenue Funds - These Funds account for resources restricted to, or committed for, specific purposes by the County or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds account for assets held by the County in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the County's own programs.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - Continued

The County has the following Fiduciary Funds:

Custodial Funds - These Funds are used to account for assets which are held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds.

D. Interfund Receivables and Payables

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

E. Capital Assets

In the government-wide financial statements, capital assets arising from modified cash basis transactions are reported in the statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Infrastructure	20-30
Buildings and Improvements	30-40
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified cash basis transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

F. Long-Term Debt

Long-term debt arising from modified cash basis transactions to be repaid from governmental resources is reported as liabilities in the government-wide financial statements.

Long-term debt arising from modified cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

G. Compensated Absences

County employees are entitled to paid time off and sick leave based on their length of employment. Paid time off (PTO) can accumulate up to twenty-three to thirty-three days based on their length of employment. PTO does not accumulate or vest. Employees can accumulate up to sixty days of sick leave, but it does not vest. Sick leave earned past the sixty days is converted to PTO at a rate of 2 to 1. Employees are not paid for unused PTO or sick leave upon separation from service.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Net Position on the Statement of Net Position

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents the difference between capital assets net of accumulated depreciation and the outstanding balance of debt, excluding any unspent debt proceeds that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted by Legislation - This component of net position represents the difference between assets and liabilities of certain Special Revenue Funds that consists of assets with constraints placed on their use by state legislation.

Restricted for Debt Service - This component of net position represents the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - This is the difference between assets and liabilities/deferred inflows of resources that is not reported as Net Investment in Capital Assets, Restricted by Legislation, or Restricted for Debt Service.

I. Fund Balances

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Commissioners' Court, the County's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Commissioners' Court.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners' Court has provided otherwise in its commitment or assignment actions.

Restricted net position for custodial purposes represents the net position available in the custodial funds for distribution to individuals, private organizations, and other governments.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Property Tax Revenues

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all 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 to secure the payment of all taxes, penalties, and interest ultimately imposed.

Property taxes are recognized as revenues when they are collected and available for use.

K. Interfund Transfers

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for the General Fund and Special Revenue Funds are adopted on a modified cash basis and cover a one-year period. Appropriations lapse at year end.

B. Excess Expenditures Over Appropriations

Expenditures exceeded appropriations in two functions and in Other Uses - Transfers Out in the General Fund as reported on page 39.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

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

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

A. Deposits and Investments - Continued

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits and investments in certificates of deposit may not be returned to it. The County's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The County is not exposed to custodial credit risk for its deposits since they are covered by depository insurance and pledged securities held by a third party in the County's name.

Concentration of Credit Risk: The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. The County is not exposed to this risk as described in the preceding paragraph.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At December 31, 2021, the County was not significantly exposed to credit risk.

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

B. Interfund Receivables, Payables, and Transfers

1. The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Care Center Fund	\$ 7	\$ 0	Operating Loan
Care Center Fund			
General Fund	\$ 0	\$ 7	Operating Loan
Totals	\$ 7	\$ 7	

All amounts due are expected to be repaid within one year.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

B. Interfund Receivables, Payables, and Transfers - Continued

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Care Center Fund	\$ 2,070,437	Current Operations
General Fund	Nonmajor Governmental Funds	<u>1,527,211</u>	Current Operations
Total		<u><u>\$ 3,597,648</u></u>	

C. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 218,470	\$ 0	\$ 0	\$ 0	\$ 218,470
Other	<u>310,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>310,000</u>
Total Capital Assets Not Being Depreciated	<u>\$ 528,470</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 528,470</u>
Capital Assets Being Depreciated					
Buildings and Improvements	\$ 21,911,525	\$ 981,278	\$ 0	\$ 391,488	\$ 23,284,291
Infrastructure	5,860,871	1,346,794	0	0	7,207,665
Machinery and Equipment	8,530,094	251,480	(21,894)	0	8,759,680
Software	156,802	0	0	0	156,802
Construction in Progress	<u>391,488</u>	<u>2,860</u>	<u>0</u>	<u>(391,488)</u>	<u>2,860</u>
Total Capital Assets Being Depreciated	<u>\$ 36,850,780</u>	<u>\$ 2,582,412</u>	<u>\$ (21,894)</u>	<u>\$ 0</u>	<u>\$ 39,411,298</u>
Total Capital Assets	<u>\$ 37,379,250</u>	<u>\$ 2,585,272</u>	<u>\$ (21,894)</u>	<u>\$ (391,488)</u>	<u>\$ 39,939,768</u>
Less Accumulated Depreciation					
Buildings and Improvements	\$ (4,728,754)	\$ (856,791)	\$ 0	\$ 0	\$ (5,585,545)
Infrastructure	(2,822,776)	(202,143)	0	0	(3,024,919)
Machinery and Equipment	(6,586,806)	(433,240)	21,894	0	(6,998,152)
Software	<u>(142,942)</u>	<u>(13,860)</u>	<u>0</u>	<u>0</u>	<u>(156,802)</u>
Total Accumulated Depreciation	<u>\$ (14,281,278)</u>	<u>\$ (1,506,034)</u>	<u>\$ 21,894</u>	<u>\$ 0</u>	<u>\$ (15,765,418)</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 23,097,972</u></u>	<u><u>\$ 1,079,238</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (391,488)</u></u>	<u><u>\$ 24,174,350</u></u>

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

C. Capital Assets - Continued

Depreciation expense was charged to governmental activities programs as follows:

General Government	\$ 172,747
Roads and Bridges	397,161
Justice System	2,164
Public Safety	138,741
Corrections and Rehabilitation	284,454
Public Health and Wellness	401,000
Culture and Recreation	<u>109,767</u>
Total	<u>\$ 1,506,034</u>

D. Due from Other Governments

The County participates in various grant programs. Amounts due from the State for these programs are summarized as follows:

Stone Garden Grant	<u>\$ 19,099</u>
--------------------	------------------

E. Due To State

The County collects various state required fines and fees. Amounts due to the State for these collections are summarized as follows:

Court Costs and Fees	<u>\$ 55,164</u>
----------------------	------------------

F. Unearned Revenue

Unearned revenue at year end consisted of the following:

HAVA Funding	\$ 100,974
SLFRF Funding	<u>334,889</u>
Total	<u>\$ 435,863</u>

G. Deferred Inflows of Resources

The statement of net position and the balance sheet report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, ad valorem taxes, which were collected in the current year but will be used to fund the following year's budget.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

H. Long-Term Debt

The County's long-term liabilities consist of a tax note. The current requirements for the tax note principal and interest are accounted for in the Clinic Interest and Sinking Fund.

The following is a summary of changes in long-term debt for the year ended December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds - 2016A (Direct Placement)	\$ 1,262,000	\$ 0	\$ 1,262,000	\$ 0	\$ 0
General Obligation Bonds - 2016B (Direct Placement)	839,000	0	839,000	0	0
Tax Note (Direct Placement)	<u>709,000</u>	<u>0</u>	<u>351,000</u>	<u>358,000</u>	<u>358,000</u>
Totals	<u>\$ 2,810,000</u>	<u>\$ 0</u>	<u>\$ 2,452,000</u>	<u>\$ 358,000</u>	<u>\$ 358,000</u>

The County's outstanding tax note issue, which is payable from Interest and Sinking Fund is as follows:

Crockett County, Texas, Tax Note, Series 2015 (Direct Placement). Issued to construct and equip a new County health clinic and pay costs of issuance related to the Tax Note in the original amount of \$2,045,000. Due in variable installments through February 15, 2022, with an interest rate of 1.97%.¹ \$ 358,000

¹ During each year while tax notes are outstanding, the County is required to budget an amount necessary to pay the tax notes out of taxes and other revenues and funds lawfully available. In case of default the lender will proceed against the County with legal action for any relief permitted by law.

The annual debt service requirements are as follows:

<u>Year Ending December 31,</u>	<u>Tax Note (Direct Placement)</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	<u>\$ 358,000</u>	<u>\$ 3,526</u>	<u>\$ 361,526</u>

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description - The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County & 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 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 1-800-823-7782.

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 ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

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.

Funding Policy - The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 10.38% for calendar year 2021.

The deposit rate payable by the employee members for calendar year 2021 is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial Assumptions - All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2020 funding valuation, except as noted below and throughout this report. Please see the County's December 31, 2020 Summary Valuation Report for further details.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Following are the key assumptions and methods used in this GASB analysis:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Asset Valuation Method	
Smoothing Period	5 Years
Recognition Method	Non-Asymptotic
Corridor	None
Inflation	2.5%
Salary Increases	4.6%
Investment Rate of Return	7.6%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members eligible for service retirement are assumed to retire at various rates based upon age and gender. Deferred members are assumed to retire (100% probability) at the later of age 60 or earliest retirement eligibility. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Mortality rates for depositing members are based on 90% of the gender-distinct RP-2014 Active Employee Mortality Table. Service retirees, beneficiaries, and non-depositing members are based on 130% for males and 110% for females of the RP-2014 Healthy Annuitant Mortality Table. Disabled retirees are based on 130% for males and 115% for females of the RP-2014 Disabled Annuitant Mortality Table. All of the rates are projected with 110% of the MP-2014 Ultimate scale after 2014.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Long-Term Expected Rate of Return - 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' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

Note the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at its March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (Net) Index	2.50%	4.55%
International Equities - Developed Markets	MSCI World Ex USA (Net) Index	5.00%	4.25%
International Equities - Emerging Markets	MSCI Emerging Markets (Net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	5.70%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (Net) Index	2.00%	3.45%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Depletion of Plan Assets/GASB Discount Rate - The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in 1, calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefits payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.6%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

Changes in Net Pension Liability (Asset) - The following presents the increases (decreases) in net pension liability (asset):

<u>Changes in Net Pension Liability (Asset)</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> (a)	<u>Fiduciary Net Position</u> (b)	<u>Net Pension Liability (Asset)</u> (a) - (b)
Balance as of December 31, 2019	\$ 30,180,733	\$ 27,859,100	\$ 2,321,633
Changes for the Year:			
Service Cost	\$ 738,136	\$ 0	\$ 738,136
Interest on Total Pension Liability	2,426,889	0	2,426,889
Effect of Plan Changes	0	0	0
Effect of Economic/Demographic Gains or Losses	(885,037)	0	(885,037)
Effect of Assumptions Changes or Inputs	1,618,590	0	1,618,590
Refund of Contributions	(243,435)	(243,435)	0
Benefit Payments	(1,709,134)	(1,709,134)	0
Administrative Expenses	0	(21,845)	21,845
Member Contributions	0	438,468	(438,468)
Net Investment Income	0	2,876,322	(2,876,322)
Employer Contributions	0	676,970	(676,970)
Other	0	(21,829)	21,829
Net Changes	<u>\$ 1,946,009</u>	<u>\$ 1,995,517</u>	<u>\$ (49,508)</u>
Balance as of December 31, 2020	<u>\$ 32,126,742</u>	<u>\$ 29,854,617</u>	<u>\$ 2,272,125</u>

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Sensitivity Analysis - The following presents the net pension liability (asset) of the County, calculated using the discount rate 7.6%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	<u>1% Decrease in Discount Rate (6.6%)</u>	<u>Current Discount Rate (7.6%)</u>	<u>1% Increase in Discount Rate (8.6%)</u>
Total Pension Liability	\$ 35,820,718	\$ 32,126,742	\$ 28,989,455
Fiduciary Net Position	<u>29,854,617</u>	<u>29,854,617</u>	<u>29,854,617</u>
Net Pension Liability (Asset)	<u>\$ 5,966,101</u>	<u>\$ 2,272,125</u>	<u>\$ (865,162)</u>

Pension Expense (Income) - The following presents the components of pension expense (income):

<u>Pension Expense (Income)</u>	<u>January 1, 2020 to December 31, 2020</u>
Service Cost	\$ 738,136
Interest on Total Pension Liability	2,426,889
Effect of Plan Changes	0
Administrative Expenses	21,845
Member Contributions	(438,468)
Expected Investment Return Net of Investment Expenses	(2,221,609)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of Economic/Demographic Gains or Losses	(231,139)
Recognition of Assumption Changes or Inputs	590,904
Recognition of Investment Gains or Losses	(315,805)
Other	<u>21,829</u>
Total Pension Expense (Income)	<u>\$ 592,582</u>

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Deferred Outflows/Deferred Inflows of Resources -As of December 31, 2021, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 47,735	\$ 590,025
Changes in Assumptions	1,079,059	-
Net Differences Between Projected and Actual Earnings	-	1,050,852
Contributions Made Subsequent to Measurement Date	640,428	-
Totals	\$ 1,767,222	\$ 1,640,877

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

Year Ending December 31,	Pension Expense Amount
2021	\$ (67,993)
2022	230,736
2023	(545,885)
2024	(130,941)
2025	0
Thereafter	0

The net pension liability (asset), deferred resource outflows, and deferred resource inflows related to the pension liability (asset) are reported in the notes to the financial statements. Due to the County's reporting on the OCBOA - modified cash basis, these items are not reflected in the financial statements.

B. Self-Insurance

The County has entered into an interlocal participation agreement with the Texas Association of Counties Workers' Compensation Self-Insurance Fund (the Fund). The Fund is an unincorporated association of counties and other county-related political subdivisions of the State of Texas that was created to provide workers' compensation benefits for its members pursuant to the provisions of Article 8309h, Texas Revised Civil Statutes Annotated. The Fund provides for the self-insurance of certain defined risks jointly among the Fund members. The Fund is required to provide stop-loss coverage; however, the amount of this coverage may be adjusted at the discretion of the Fund's Board of Trustees. The County's participation in the Fund is on a nonassessable basis. The County has no joint and several liability other than the maximum annual contribution required to be paid into the Fund. The County made contributions to the Fund based upon its standard

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

IV. OTHER INFORMATION - Continued

B. Self-Insurance - Continued

annual premium which was computed using the Texas State Board of Insurance workers' compensation rates and adjusted by the County's experience modifier. Contributions are adjusted annually based upon the County's experience modifier; however, contributions are subject to adjustments on an interim basis if such adjustments are the result of changes mandated by state law.

The County has entered into an interlocal participation agreement with the Texas Association of Counties County Government Risk Management Pool (the Pool). The Pool is an unincorporated association of counties that was created to provide liability coverage to its members pursuant to the provisions of Article 4413 (32i), Texas Revised Civil Statutes Annotated. The Pool provides for the self-insurance of certain defined risks jointly among the Pool members. The Pool provides stop-loss coverage at the discretion of the Pool's Board of Trustees. The County made contributions to the Pool based upon a rating system approved by the Pool's Board of Trustees. Contributions are adjusted annually based upon the County's loss experience; however, the Pool has the right to impose a surcharge for any year in which the County's loss experience is higher than was projected in the rating system. The County's participation in the Pool provides coverage for public officials' liability, and law enforcement liability.

The County has coverage through Travelers Companies for property, auto damage and liability, crime, and general liability.

C. Adjustments to Net Position/Fund Balance

The financial statements reflect the following prior period adjustments:

Fiduciary Funds	Net Position Fiduciary Funds
Adjust Prior Years' Revenues	<u>\$ 14,110</u>

D. Tax Abatements

The County has entered into contractual agreements with various entities in which the County has agreed to reduce the amount of ad valorem taxes payable on certain improvements constructed after the date the agreement was reached in accordance with Chapter 312 of the State of Texas Tax Code. The terms of the agreements are limited by the guidelines and criteria established by the County Commissioners. The agreements are in various stages of negotiation, construction, and completion. As of December 31, 2021, the following projects are completed and currently receiving a tax abatement:

Project Name	Project Value 2020*	Project's Value Limitation Amount 2020	Amount of Applicant's Taxes Paid 2020	Amount of Applicant's Taxes Reduced 2020
High Lonesome Wind	\$ 182,000,000	\$ 45,500,000	\$ 406,323	\$ 1,218,970
Ranchero Wind	300,001,630	75,000,410	669,767	2,009,301

*The 2021 fiscal year budget is based on 2020 tax assessment; therefore 2020 is presented.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2021

IV. OTHER INFORMATION - Continued

E. Commitments

In 2016 the County issued debt obligations for multiple construction projects. As of December 31, 2021, the balances to be expended in these funds are \$754 for the Clinic Project, \$251,929 for the Wellness Center Project, and \$126,198 for the Jail Project.

F. Contingencies

The County participates in medical reimbursement programs for Care Center patients which are governed by various rules and regulations of the administering agencies. These reimbursement programs are subject to audit and adjustment by the administering agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the programs, refunds of any money received may be required. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective programs; therefore, no provision has been recorded in the financial statements for such contingencies.

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

G. Subsequent Events

The County purchased land in the amount of \$695,410.

The County's management has evaluated subsequent events through September 20, 2022, the date which the financial statements were available for issue.

Supplementary Information

COUNTY OF CROCKETT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Property Taxes	\$ 12,343,875	\$ 12,343,875	\$ 12,248,507	\$ (95,368)
Intergovernmental Revenue and Grants	124,200	130,661	169,502	38,841
Fines and Fees	1,041,934	1,041,934	1,018,228	(23,706)
Investment Earnings	48,000	48,000	31,468	(16,532)
Other Revenue	41,000	61,512	67,278	5,766
Total Revenues	13,599,009	13,625,982	13,534,983	(90,999)
EXPENDITURES:				
Current:				
General Government	2,868,375	3,053,956	2,820,523	233,433
Roads and Bridges	140,050	140,050	159,942	(19,892)
Justice System	1,439,927	1,439,927	1,275,188	164,739
Public Safety	2,829,938	2,942,182	1,773,358	1,168,824
Corrections and Rehabilitation	816,672	760,555	769,015	(8,460)
Public Health and Wellness	1,152,978	1,104,691	956,809	147,882
Culture and Recreation	1,684,708	1,764,708	1,481,867	282,841
Total Expenditures	10,932,648	11,206,069	9,236,702	1,969,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,666,361	2,419,913	4,298,281	1,878,368
OTHER FINANCING SOURCES (USES):				
Transfers Out	(3,466,361)	(3,466,361)	(3,597,648)	(131,287)
Total Other Financing Sources (Uses)	(3,466,361)	(3,466,361)	(3,597,648)	(131,287)
Net Change	(800,000)	(1,046,448)	700,633	1,747,081
Fund Balance - January 1 (Beginning)	12,136,972	12,136,972	12,136,972	-
Fund Balance - December 31 (Ending)	\$ 11,336,972	\$ 11,090,524	\$ 12,837,605	\$ 1,747,081

COUNTY OF CROCKETT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Property Taxes	\$ 2,851,210	\$ 2,851,210	\$ 2,836,271	\$ (14,939)
Intergovernmental Revenue and Grants	79,000	79,000	61,735	(17,265)
Fines and Fees	320,000	320,000	303,898	(16,102)
Investment Earnings	35,801	35,801	3,657	(32,144)
Other Revenue	6,000	6,000	-	(6,000)
Total Revenues	3,292,011	3,292,011	3,205,561	(86,450)
EXPENDITURES:				
Current:				
Roads and Bridges	3,292,011	3,292,011	2,417,769	874,242
Total Expenditures	3,292,011	3,292,011	2,417,769	874,242
Change in Fund Balance	-	-	787,792	787,792
Fund Balance - January 1 (Beginning)	2,834,895	2,834,895	2,834,895	-
Fund Balance - December 31 (Ending)	\$ 2,834,895	\$ 2,834,895	\$ 3,622,687	\$ 787,792

COUNTY OF CROCKETT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - CARE CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 274,907	\$ 274,907
Fines and Fees	2,157,400	2,157,400	1,172,319	(985,081)
Other Revenue	2,500	2,500	6,961	4,461
Total Revenues	2,159,900	2,159,900	1,454,187	(705,713)
EXPENDITURES:				
Current:				
Public Health and Wellness	4,052,716	4,052,716	3,524,624	528,092
Total Expenditures	4,052,716	4,052,716	3,524,624	528,092
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,892,816)	(1,892,816)	(2,070,437)	(177,621)
OTHER FINANCING SOURCES (USES):				
Transfers In	1,892,816	1,892,816	2,070,437	177,621
Total Other Financing Sources (Uses)	1,892,816	1,892,816	2,070,437	177,621
Change in Fund Balance	-	-	-	-
Fund Balance - January 1 (Beginning)	-	-	-	-
Fund Balance - December 31 (Ending)	\$ -	\$ -	\$ -	\$ -

COUNTY OF CROCKETT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
A. Total Pension Liability			
Service Cost	\$ 738,136	\$ 677,952	\$ 641,208
Interest (on the Total Pension Liability)	2,426,889	2,325,032	2,234,165
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(885,037)	82,433	26,075
Changes of Assumptions	1,618,589	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,952,568)	(1,826,102)	(1,807,040)
Net Change in Total Pension Liability	\$ 1,946,009	\$ 1,259,315	\$ 1,094,408
Total Pension Liability - Beginning	30,180,733	28,921,418	27,827,010
Total Pension Liability - Ending	\$ 32,126,742	\$ 30,180,733	\$ 28,921,418
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 676,970	\$ 673,235	\$ 576,920
Contributions - Employee	438,468	451,071	409,578
Net Investment Income	2,876,322	4,035,128	(492,074)
Benefit Payments, Including Refunds of Employee Contributions	(1,952,568)	(1,826,102)	(1,807,040)
Administrative Expense	(21,845)	(21,230)	(19,732)
Other	(21,830)	(20,147)	(21,842)
Net Change in Plan Fiduciary Net Position	\$ 1,995,517	\$ 3,291,955	\$ (1,354,190)
Plan Fiduciary Net Position - Beginning	27,859,100	24,567,145	25,921,335
Plan Fiduciary Net Position - Ending	\$ 29,854,617	\$ 27,859,100	\$ 24,567,145
C. Net Pension Liability	\$ 2,272,125	\$ 2,321,633	\$ 4,354,273
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.93%	92.31%	84.94%
E. Covered Payroll	\$ 6,263,827	\$ 6,443,868	\$ 5,851,120
F. Net Pension Liability as a Percentage of Covered Payroll	36.27%	36.03%	74.42%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 685,673	\$ 702,876	\$ 626,667	\$ 645,681
2,121,385	2,057,213	1,964,819	1,867,998
-	-	(82,895)	-
146,981	(629,380)	31,204	27,323
205,498	-	317,438	-
(1,641,614)	(1,716,031)	(1,564,801)	(1,342,214)
<u>\$ 1,517,923</u>	<u>\$ 414,678</u>	<u>\$ 1,292,432</u>	<u>\$ 1,198,788</u>
<u>26,309,087</u>	<u>25,894,409</u>	<u>24,601,977</u>	<u>23,403,189</u>
<u><u>\$ 27,827,010</u></u>	<u><u>\$ 26,309,087</u></u>	<u><u>\$ 25,894,409</u></u>	<u><u>\$ 24,601,977</u></u>
\$ 568,062	\$ 619,546	\$ 575,797	\$ 590,952
406,174	412,638	395,156	390,739
3,380,675	1,669,589	116,517	1,493,032
(1,641,614)	(1,716,031)	(1,564,801)	(1,342,214)
(17,239)	(18,154)	(16,360)	(17,172)
(9,106)	(315,312)	170,093	96,892
<u>\$ 2,686,952</u>	<u>\$ 652,276</u>	<u>\$ (323,598)</u>	<u>\$ 1,212,229</u>
<u>23,234,383</u>	<u>22,582,107</u>	<u>22,905,705</u>	<u>21,693,476</u>
<u><u>\$ 25,921,335</u></u>	<u><u>\$ 23,234,383</u></u>	<u><u>\$ 22,582,107</u></u>	<u><u>\$ 22,905,705</u></u>
<u>\$ 1,905,675</u>	<u>\$ 3,074,704</u>	<u>\$ 3,312,302</u>	<u>\$ 1,696,272</u>
93.15%	88.31%	87.21%	93.11%
\$ 5,802,481	\$ 5,894,829	\$ 5,645,080	\$ 5,581,985
32.84%	52.16%	58.68%	30.39%

COUNTY OF CROCKETT
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2021

	2021	2020	2019
Actuarially Determined Contribution	\$ 640,428	\$ 676,970	\$ 673,235
Contributions in Relation to the Actuarially Determined Contributions	(640,428)	(676,970)	(673,235)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 6,169,817	\$ 6,263,827	\$ 6,443,868
Contributions as a Percentage of Covered Employee Payroll	10.40%	10.80%	10.46%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	2018	2017	2016	2015	2014
\$	576,920	\$ 568,062	\$ 619,546	\$ 575,797	\$ 590,952
	(576,920)	(568,062)	(619,546)	(575,797)	(590,952)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	5,851,120	\$ 5,802,481	\$ 5,894,829	\$ 5,645,080	\$ 5,581,985
	9.86%	9.79%	10.50%	10.20%	10.60%

COUNTY OF CROCKETT
Notes to the Supplementary Information
December 31, 2021

Note A - Net Pension Liability

Following are the key assumptions and methods used in this GASB analysis:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Asset Valuation Method	
Smoothing Period	5 Years
Recognition Method	Non-Asymptotic
Corridor	None
Inflation	2.5%
Salary Increases	4.6%
Investment Rate of Return	7.6%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members eligible for service retirement are assumed to retire at various rates based upon age and gender. Deferred members are assumed to retire (100% probability) at the later of age 60 or earliest retirement eligibility. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Mortality rates for depositing members are based on 90% of the gender-distinct RP-2014 Active Employee Mortality Table. Service retirees, beneficiaries, and non-depositing members are based on 130% for males and 110% for females of the RP-2014 Healthy Annuitant Mortality Table. Disabled retirees are based on 130% for males and 115% for females of the RP-2014 Disabled Annuitant Mortality Table. All of the rates are projected with 110% of the MP-2014 Ultimate scale after 2014.

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA
Megan Solsbery, CPA

(325) 944-3571
FAX: (325) 942-1093
www.eckertcpa.com

Members of
American Institute of CPAs
Texas Society of CPAs

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

The Honorable County Judge
and Commissioners' Court
County of Crockett
P.O. Box 989
Ozona, TX 76943-0989

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Crockett, Texas, as of and for the year ended December 31, 2021, 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 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Crockett's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Crockett's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Crockett'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 County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Crockett'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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

County's Response to Findings

The County of Crockett's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eckert & Company, LLP

September 20, 2022



A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA
Megan Solsbery, CPA

(325) 944-3571
FAX: (325) 942-1093
www.eckertcpa.com

Members of
American Institute of CPAs
Texas Society of CPAs

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

The Honorable County Judge
and Commissioners' Court
County of Crockett
P.O. Box 989
Ozona, TX 76943-0989

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the County of Crockett's compliance with the types of compliance requirements identified as subject to audit in the State of Texas Uniform Grant Management Standards that could have a direct and material effect on the County of Crockett's major state program for the year ended December 31, 2021. The County of Crockett's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Crockett complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state program for the year ended December 31, 2021.

Basis for Opinion on Each Major State Program

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

We are required to be independent of the County of Crockett and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the County of Crockett's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County of Crockett's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above have occurred, whether due to fraud or error, and express an opinion on the County of Crockett's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, and the State of Texas Uniform Grant Management Standards will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County of Crockett's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, and the State of Texas Uniform Grant Management Standards, we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Texas Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Eckert & Company, LLP

September 20, 2022

COUNTY OF CROCKETT
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2021

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>
Internal Control Over Financial Reporting	
Material weaknesses identified?	___ Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes <u>X</u> None Reported
Noncompliance material to financial statements noted?	<u>X</u> Yes ___ No

State Awards

Internal Control Over Major Programs	
Material weaknesses identified?	___ Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes <u>X</u> None Reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with the State of Texas Uniform Grant Management Standards?	___ Yes <u>X</u> No

Identification of Major Programs

Grant	
<u>Number</u>	<u>Name of Program</u>
CTIF-02-053	Texas Department of Transportation County Transportation Infrastructure Fund Grant

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	___ Yes <u>X</u> No

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major State Award Program Audit

None

COUNTY OF CROCKETT
Schedule of Findings and Questioned Costs - Continued
Year Ended December 31, 2021

D. Findings - State Compliance

Reference Number: 2021-001

Criteria:

Section 111.010 of the Texas Local Government Code states that public funds of the County may be spent only in strict compliance with the budget except in an emergency.

Condition:

Expenditures exceeded appropriations in the following:

General Fund	
Roads and Bridges	\$ 19,892
Corrections and Rehabilitation	8,460
Transfers Out	131,287

Cause:

Amendments to the budget were not adequate to ensure that expenditures did not exceed appropriations during the year.

Effect:

Public funds of the County were spent that were not provided for in the budget.

Auditor's Recommendation:

The budget should be monitored closely to see that amendments are made as necessary.

Management's Response:

The County will place more emphasis on the budget and see that the amounts appropriated are adequate to cover all expenditures.



COUNTY OF CROCKETT

Corrective Action Plan
Year Ended December 31, 2021

(Prepared by the County's Management)

The County of Crockett submits the following corrective action plan for the year ended December 31, 2021:

Findings - State Compliance

2021-001 Budget Overexpenditure

Recommendation:

The budget should be monitored closely to see that amendments are made as necessary.

Action Taken:

The County will place more emphasis on the budget and see that the amounts appropriated are adequate to cover all expenditures.

Anticipated Completion Date: Throughout Fiscal Year Ending December 31, 2021

Contact Person

Dolores Ramirez, County Auditor
325/392-3131

COUNTY OF CROCKETT
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

State Grantor/ Program Title	Federal Assistance Listing No.	State Grantors Number	Expenditures
<u>Texas Department of Transportation</u>			
County Transportation Infrastructure Fund Grant	--	CTIF-02-053	\$ 1,018,737
Routine Airport Maintenance Grant	--	M2107OZON	<u>7,768</u>
Total Expenditures of State Awards			<u>\$ 1,026,505</u>
<u>U.S. Election Assistance Commission</u>			
Passed Through the Texas Secretary of State Help America Vote Act Election Security (HAVA)	90.404	TX18101001-01-053	<u>\$ 19,026</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through the Office of the Governor Public Safety Office Homeland Security Grant (Operation Stone Garden 2019)	97.067	3158305	\$ 11,960
Homeland Security Grant (Operation Stone Garden 2020)	97.067	3158306	<u>105,856</u>
Total Assistance Listing Number 97.067			<u>\$ 117,816</u>
<u>U.S. Department of Justice</u>			
Passed Through the Office of the Governor Public Safety Office Edward Byne Memorial Justice Assistance Grant	16.738	4063201	<u>\$ 25,961</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs Provider Relief Fund - COVID 19	93.498	N/A	<u>\$ 91,911</u>
<u>U.S. Department of Treasury</u>			
Direct Programs Coronavirus State and Local Fiscal Recovery Funds - COVID 19	21.027	N/A	<u>\$ 1,532</u>
Total Expenditures of Federal Awards			<u>\$ 256,246</u>
Total Expenditures of State and Federal Awards			<u><u>\$ 1,282,751</u></u>

COUNTY OF CROCKETT
Notes to the Schedule of Expenditures of State and Federal Awards
December 31, 2021

Note A - Basis of Accounting

The County accounts for awards under state and federal programs in the General Fund and Special Revenue Funds. The government-wide financial statements and the fund financial statements are presented using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position, fund equity, revenues, expenditures, and expenses when they result from cash transactions. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

State and Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received in advance, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note B - Basis of Presentation

The accompanying schedule of expenditures of state and federal awards includes the state and federal grant activity of the County of Crockett and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Texas Uniform Grant Management Standards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA
Megan Solsbery, CPA

(325) 944-3571
FAX: (325) 942-1093
www.eckertcpa.com

Members of
American Institute of CPAs
Texas Society of CPAs

September 20, 2022

The Honorable County Judge
and Commissioners' Court
County of Crockett
P.O. Box 989
Ozona, TX 76943-0989

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Crockett, Texas, for the year ended December 31, 2021, and have issued our report thereon dated September 20, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, and the State of Texas Uniform Grant Management Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 24, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Section I. of the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended December 31, 2021. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the County's financial statements was:

The estimated useful lives of depreciable assets, which are based on projections of the productive lives of the assets. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 20, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information for the Texas County & District Retirement System, which are presented as supplementary information related to the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit this information, and we do not express an opinion or provide any assurance on this information.

We were engaged to report on the schedule of expenditures of state and federal awards, which accompanies the financial statements. With respect to the schedule of expenditures of state and federal awards, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America; the method of preparing it has not changed from the prior period; and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the schedule of expenditures of state and federal awards to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of management and the Commissioners' Court of the County of Crockett, Texas, and is not intended to be and should not be used by anyone other than these specified parties.