

CITY OF CROCKETT, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2021

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Crockett
Crockett, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crockett, as of and for the year ended September 30, 2021, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crockett, as of September 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 City's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 City'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 City'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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The component unit financial statements and other budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The component unit financial statements, budgetary schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, other budgetary schedules, component unit, and schedule of expenditures of federal awards are 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 March 21, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 City's internal control over financial reporting and compliance.

Lufkin, Texas
March 21, 2022


CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF CROCKETT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Crockett's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total combined net position was \$10,650,677 at September 30, 2021.
- During the year, the City's expenses were \$24,089 more than the \$9,740,061 generated in revenues for the primary government.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the City's Annual Financial Report

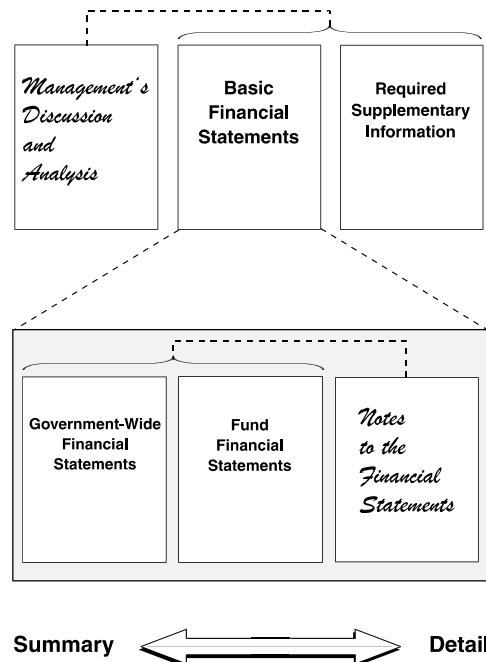


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred inflows/outflows, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position - the difference between the City's assets, liabilities and deferred inflows/outflows - is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's property tax base, sales tax collection, and franchise tax fees.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds* - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the city that are not proprietary or fiduciary	Activities the city operates similar to private businesses: self insurance
Required financial statements	♦ Statement of net position	♦ Balance sheet	♦ Statement of net position
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in fund net position ♦ Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities deferred inflows/outflows both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's combined net position was \$10,650,677 (See Table A-1).

Table A-1
City's Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2021	2020	2021	2020	2021	2020
Current Assets:						
Cash and cash equivalents	\$ 3 015 256	\$ 2 300 928	\$ 3 160 587	\$ 363 137	\$ 6 175 843	\$ 2 664 065
Other assets	571 257	537 292	566 259	548 798	1 137 516	1 086 090
TOTAL CURRENT ASSETS	3 586 513	2 838 220	3 726 846	911 935	7 313 359	3 750 155
Noncurrent Assets:						
Cash and cash equivalents	-	-	780 417	2 138 057	780 417	2 138 057
Capital assets (net)	3 345 092	3 357 306	7 917 767	9 853 318	11 262 859	11 072 567
TOTAL NONCURRENT ASSETS	3 345 092	3 357 306	8 698 184	9 853 318	12 043 276	13 210 624
TOTAL ASSETS	6 931 605	6 195 526	12 425 030	10 765 253	19 356 635	16 960 779
Deferred Outflows:						
Pension	503 812	710 421	147 620	204 810	651 432	915 231
OPEB	49 179	43 091	18 957	12 423	68 136	55 514
TOTAL ASSETS AND DEFERRED OUTFLOWS	7 484 596	6 949 038	12 591 607	10 982 486	20 076 203	17 931 524
Current Liabilities:						
Accounts payable and accrued liabilities	75 099	108 658	135 693	148 238	210 792	256 896
Customer deposits	-	-	317 380	304 110	317 380	304 110
TOTAL CURRENT LIABILITIES	75 099	108 658	453 073	452 348	528 172	501 006
Noncurrent Liabilities:						
Due within one year	515 326	391 454	85 995	84 791	601 321	476 245
Due in more than one year	2 737 884	1 811 969	3 790 562	3 677 499	6 845 826	5 489 468
TOTAL LIABILITIES	3 366 384	2 350 156	4 329 630	3 901 473	7 696 014	6 251 629
Deferred inflows	723 208	780 202	1 006 304	224 927	1 729 512	1 005 129
TOTAL LIABILITIES AND DEFERRED INFLOWS	4 089 592	3 130 358	5 335 934	4 126 400	9 425 526	7 256 758
Net Position:						
Invested in capital assets	2 098 864	1 719 624	4 823 767	4 423 168	6 922 631	6 142 792
Restricted	765 337	748 364	780 417	2 138 057	1 544 649	2 886 421
Unrestricted	530 803	1 363 115	1 651 489	294 861	2 182 292	1 645 553
TOTAL NET POSITION	\$ 3 395 004	\$ 3 831 103	\$ 7 255 673	\$ 6 856 086	\$ 10 650 677	\$ 10 674 766

Changes in Net Position. The City's total revenues were \$9,740,061. 18%, of the City's revenue comes from taxes, 49%, relates to charges for services.

The total cost of all programs and services was \$9,764,150; of these costs 34% were for business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the City had invested \$11,262,859 (net of depreciation) in a broad range of capital assets, including land, equipment, buildings, and vehicles.

More detailed information about the City's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the City had \$5,627,342 in debt and accrued vacation outstanding as shown in Table A-2. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-2
City's Long Term Debt

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Notes payable	\$ 775 000	\$ -	\$ -	\$ -	\$ 775 000	\$ -
Leases payable	376 228	492 682	415 302	441 093	791 530	933 775
Bonds payable	870 000	1 145 000	3 094 000	2 851 000	3 964 000	3 996 000
Accrued vacation	79 760	83 431	17 052	17 985	96 812	101 416
TOTAL	\$ 2 100 988	\$ 1 721 113	\$ 3 526 354	\$ 3 310 078	\$ 5 627 342	\$ 5 031 191

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's offices at 200 North 5th Street, Crockett, Texas.

BASIC FINANCIAL STATEMENTS

CITY OF CROCKETT, TEXAS
STATEMENTS OF NET POSITION
September 30, 2021

	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	ECONOMIC DEVELOPMENT CORPORATION
ASSETS				
Current Assets:				
Cash and investments	\$ 3 015 256	\$ 3 160 587	\$ 6 175 843	\$ 612 820
Receivables Net of Allowance for Uncollectibles:				
Taxes	62 579	-	62 579	-
Customer accounts	-	555 593	555 593	-
Other	506 866	10 666	517 532	-
Inventory	1 812	-	1 812	-
TOTAL CURRENT ASSETS	<u>3 586 513</u>	<u>1 142 619</u>	<u>4 729 132</u>	<u>612 820</u>
Noncurrent Assets:				
Restricted cash	-	780 417	780 417	-
Capital Assets:				
Land	133 767	159 440	293 207	394 787
Streets and infrastructure	-	-	-	1 409 408
Buildings and improvements	5 250 131	-	5 250 131	2 765 815
Furniture and equipment	4 546 585	1 106 995	5 653 580	60 573
Utility systems	-	12 774 364	12 774 364	-
Construction in progress	1 258 869	3 951 632	5 210 501	-
Less: Accumulated depreciation	<u>(7 844 260)</u>	<u>(10 074 664)</u>	<u>(17 918 924)</u>	<u>(1 683 098)</u>
TOTAL CAPITAL ASSETS	<u>3 345 092</u>	<u>7 917 767</u>	<u>11 262 859</u>	<u>2 947 485</u>
TOTAL NONCURRENT ASSETS	<u>3 345 092</u>	<u>11 282 411</u>	<u>14 627 503</u>	<u>2 947 485</u>
TOTAL ASSETS	<u>6 931 605</u>	<u>12 425 030</u>	<u>19 356 635</u>	<u>3 560 305</u>
DEFERRED OUTFLOWS				
Deferred outflow - Pension	503 812	147 620	651 432	-
Deferred outflow - OPEB	49 179	18 957	68 136	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 7 484 596</u>	<u>\$ 12 591 607</u>	<u>\$ 20 076 203</u>	<u>\$ 3 560 305</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 12 533	\$ 131 285	\$ 143 818	\$ -
Accrued liabilities	53 974	4 408	58 382	-
Accrued interest payable	8 592	-	8 592	4 543
Current Portion of Long-Term Debt Liabilities:				
Notes payable	145 000	-	145 000	119 895
Leases payable	85 326	26 995	112 321	-
Revenue bonds	285 000	59 000	344 000	-
TOTAL CURRENT LIABILITIES	<u>628 500</u>	<u>221 688</u>	<u>850 188</u>	<u>124 438</u>
Noncurrent Liabilities:				
Bonds payable	585 000	3 035 000	3 620 000	-
Capitalized lease obligations	290 902	388 307	679 209	-
Notes payable	630 000	-	630 000	2 706 645
Accrued comp absence	79 760	17 052	96 812	-
Customer deposits	-	317 380	317 380	-
Net pension liability	901 147	264 042	1 165 189	-
Net OPEB liability	251 075	86 161	337 236	-
TOTAL NONCURRENT LIABILITIES	<u>2 737 884</u>	<u>4 107 942</u>	<u>6 845 826</u>	<u>2 706 645</u>
TOTAL LIABILITIES	<u>3 366 384</u>	<u>4 329 630</u>	<u>7 969 014</u>	<u>2 831 083</u>
DEFERRED INFLOWS				
Unearned revenue	-	791 057	791 057	-
Deferred inflows - Pension	701 467	205 535	907 002	-
Deferred inflows - OPEB	31 453	9 712	41 165	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>\$ 4 089 592</u>	<u>\$ 5 335 934</u>	<u>\$ 9 425 526</u>	<u>\$ 2 831 083</u>
NET POSITION				
Net investment in capital assets	\$ 2 098 864	\$ 4 823 767	\$ 6 922 631	\$ 506 100
Restricted for:				
Debt service	764 232	780 417	1 544 649	-
Grants	1 105	-	1 105	-
Unrestricted	530 803	1 651 489	2 182 292	223 122
TOTAL NET POSITION	<u>\$ 3 395 004</u>	<u>\$ 7 255 673</u>	<u>\$ 10 650 677</u>	<u>\$ 729 222</u>

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

CITY OF CROCKETT, TEXAS
STATEMENTS OF ACTIVITIES
For the Year Ended September 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 901 117	\$ 7 797	\$ 301 029	\$ -
Fire department	504 461	-	70 000	-
Police and courts department	1 875 344	197 202	-	-
Street department	929 334	-	-	-
Parks department	332 462	-	9 687	-
Sanitation department	957 306	1 153 413	114 054	-
Economic development department	231 519	-	-	-
Library department	199 804	-	-	-
Fleet maintenance department	186 130	-	-	-
Civic center department	209 082	25 987	-	-
Emergency management department	93 337	-	-	-
Interest expense	21 027	-	-	-
Grant expense	50 143	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>6 491 080</u>	<u>1 384 399</u>	<u>494 770</u>	<u>-</u>
Business-Type Activities:				
Water and sewer	<u>3 253 823</u>	<u>3 372 044</u>	<u>-</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>3 253 823</u>	<u>3 372 044</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 9 764 903</u>	<u>\$ 4 756 443</u>	<u>\$ 494 770</u>	<u>\$ -</u>
Component Units:				
Economic development corporation	<u>\$ 896 585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL COMPONENT UNITS	<u>\$ 896 585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

- Property taxes - General
- Property taxes - Debt service
- Sales taxes
- Other tax revenue

Unrestricted investment earnings

Other unrestricted revenue

Loss on sale of assets

Transfers

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 CHANGE IN NET POSITION

<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
<u>GOVERN- MENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>	<u>ECONOMIC DEVELOPMENT CORPORATION</u>
\$ (592 291)	\$ -	\$ (592 291)	\$ -
(434 461)	-	(434 461)	-
(1 678 142)	-	(1 678 142)	-
(929 334)	-	(929 334)	-
(322 775)	-	(322 775)	-
310 161	-	310 161	-
(231 519)	-	(231 519)	-
(199 804)	-	(199 804)	-
(186 130)	-	(186 130)	-
(183 095)	-	(183 095)	-
(93 337)	-	(93 337)	-
(21 027)	-	(21 027)	-
(50 143)	-	(50 143)	-
<u>(4 611 911)</u>	<u>-</u>	<u>(4 611 911)</u>	<u>-</u>
-	118 221	118 221	-
-	118 221	118 221	-
<u>(4 611 911)</u>	<u>118 221</u>	<u>(4 493 690)</u>	<u>-</u>
-	-	-	896 585
-	-	-	896 585
1 425 040	-	1 425 040	-
311 668	-	311 668	-
1 266 180	-	1 266 180	633 090
531 182	-	531 182	-
3 227	1 630	4 857	-
873 290	118 844	992 134	6 944
(42 213)	-	(42 213)	-
<u>(180 139)</u>	<u>180 139</u>	<u>-</u>	<u>-</u>
<u>4 188 235</u>	<u>300 613</u>	<u>4 469 601</u>	<u>640 034</u>
<u>(423 676)</u>	<u>399 587</u>	<u>(24 089)</u>	<u>(256 551)</u>
<u>3 818 680</u>	<u>6 856 086</u>	<u>10 674 766</u>	<u>985 773</u>
<u>\$ 3 395 004</u>	<u>\$ 7 255 673</u>	<u>\$ 10 650 677</u>	<u>\$ 729 222</u>

CITY OF CROCKETT, TEXAS
 COMBINING BALANCE SHEET
 GOVERNMENTAL FUNDS
 September 30, 2021

	GENERAL	NON-MAJOR GOVERNMENTAL	TOTAL
ASSETS			
Cash and investments	\$ 2 249 919	\$ 765 337	\$ 3 015 256
Property tax receivable	-	62 579	62 579
Other receivables	506 866	-	506 866
Inventory	1 812	-	1 812
TOTAL ASSETS	\$ 2 758 597	\$ 827 916	\$ 3 586 513
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 12 533	\$ -	\$ 12 533
Accrued liabilities	53 974	-	53 974
TOTAL LIABILITIES	66 507	38 075	104 582
Deferred Inflows:			
Deferred revenue	509 727	62 579	572 306
TOTAL DEFERRED INFLOWS	509 727	62 579	572 306
Fund Balance:			
Nonspendable	1 812	-	1 812
Restricted:			
Debt service	-	764 232	764 232
Grant fund	-	(36 970)	(36 970)
Unassigned	2 180 551	-	2 180 551
TOTAL FUND BALANCE	\$ 2 182 363	\$ 727 262	2 909 625

Amounts Reported for Governmental Activities in the Statement of Net Activities are Different Because:

Capital assets used in governmental activities are financial resources and, therefore, are not reported in the funds.	3 345 092
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	572 306
Deferred inflows and outflows, net, used in governmental activity, not recorded in funds.	(197 655)
Net pension liability used in governmental activities not recorded in funds.	(901 147)
Net OPEB liability used in governmental activities not recorded in funds.	(223 637)
Debt principal and compensated absences used in governmental activity, not recorded in funds.	(1 334 580)
Note proceeds convert to note payable in governmental activities	(775 000)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 3 395 004

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

CITY OF CROCKETT, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2021

	GENERAL	NONMAJOR FUNDS	TOTAL
Revenues:			
Property taxes	\$ 1 390 702	\$ 311 668	\$ 1 702 370
Sales tax	1 266 180	-	1 266 180
Other taxes	643 688	-	643 688
Fines and fees	141 735	-	141 735
Municipal court fines	81 454	-	81 454
Sanitation charges	1 153 758	-	1 153 758
Grant and donations	75 947	616 403	692 350
Miscellaneous	570 656	-	570 656
TOTAL REVENUES	5 324 120	928 071	6 252 191
Expenditures:			
General administration	753 350	-	753 350
Fire department	432 946	-	432 946
Police department	1 465 858	-	1 465 858
Street department	837 716	-	837 716
Park department	334 885	-	334 885
Sanitation department	873 659	-	873 659
Economic development department	194 240	-	194 240
Library department	157 723	-	157 723
Fleet maintenance department	158 202	-	158 202
Civic center department	92 150	-	92 150
Emergency management department	71 601	-	71 601
Debt service	-	296 027	296 027
Grant expense	-	437 406	437 406
TOTAL EXPENDITURES	5 372 330	733 433	6 105 763
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(48 210)	194 638	146 428
Other Financing Sources (Uses):			
Note Proceeds	775 000	-	775 000
Interest	1 895	1 332	3 227
Gain on sale of assets	305	-	305
Transfers in (out)	(1 142)	(178 997)	(180 139)
TOTAL OTHER FINANCING SOURCES (USES)	776 058	(177 665)	598 393
NET CHANGE IN FUND BALANCES	727 848	16 973	744 821
Fund balances, beginning	1 454 515	710 289	2 164 804
FUND BALANCE, ENDING	\$ 2 182 363	\$ 727 262	\$ 2 909 625

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

CITY OF CROCKETT, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net change in fund balances - Total governmental funds.	\$	744 821
Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount capital outlay expenditures exceeded depreciation expense.		(12 214)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		(380 853)
Governmental funds report debt payments, compensated absences and pension amounts as expenses, however, in the statement of net position they are included in the liability. The amount is the net effect of these differences in the treatment of long-term debt and related items.		<u>(775 430)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(423 676)</u>

CITY OF CROCKETT, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 3 160 587
Accounts receivable (net of allowance for uncollectibles)	555 593
Other receivables	<u>10 666</u>
TOTAL CURRENT ASSETS	<u>3 726 846</u>
Noncurrent Assets:	
Restricted cash	<u>780 417</u>
Capital Assets:	
Land	159 440
Furniture and equipment	1 106 995
Utility systems	12 774 364
Construction in progress	3 951 632
Accumulated depreciation	<u>(10 074 664)</u>
NET CAPITAL ASSETS	<u>7 917 767</u>
TOTAL NONCURRENT ASSETS	<u>11 282 411</u>
TOTAL ASSETS	<u>12 425 030</u>
Deferred Outflows:	
Deferred outflows - Pension	147 620
Deferred outflows - OPEB	<u>18 957</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 12 591 607</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 131 285
Accrued liabilities	4 408
Current portion of long-term liabilities	<u>85 995</u>
TOTAL CURRENT LIABILITIES	<u>221 688</u>
Noncurrent Liabilities:	
Long-term liabilities	3 423 307
Accrued compensated absences	17 052
Customer deposits	317 380
Unearned revenue	791 057
Net pension liability	264 042
Net OPEB liability	<u>86 161</u>
TOTAL NONCURRENT LIABILITIES	<u>4 898 999</u>
TOTAL LIABILITIES	<u>5 120 687</u>
Deferred Inflows:	
Deferred inflows - Pension	205 535
Deferred inflows - OPEB	<u>9 712</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>5 335 934</u>
NET POSITION	
Net investment in capital assets	4 823 767
Restricted for debt service	780 417
Unrestricted	<u>1 651 489</u>
TOTAL NET POSITION	<u>\$ 7 255 673</u>

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

CITY OF CROCKETT, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended September 30, 2021

Operating Revenues:	
Charges for service	\$ 3 372 044
Miscellaneous	<u>118 844</u>
TOTAL OPERATING REVENUES	<u>3 490 888</u>
Operating Expenses:	
Purchase of utilities	136 622
Payroll costs	1 025 195
Supplies and materials	250 686
Repairs and maintenance	195 484
Purchased and contracted services	843 552
Miscellaneous	295 095
Depreciation	<u>371 473</u>
TOTAL OPERATING EXPENSES	<u>3 118 107</u>
OPERATING INCOME	<u>372 781</u>
Nonoperating Revenues (Expenses):	
Interest income	1 630
Interest expense	(154 963)
Transfer in (out)	<u>180 139</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>26 806</u>
CHANGE IN NET POSITION	399 587
Net position - Beginning	<u>6 856 086</u>
NET POSITION - ENDING	<u>\$ 7 255 673</u>

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

CITY OF CROCKETT, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2021

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 372 781
Depreciation	371 473
Adjustments to Reconcile Operating Income to Net Provided by Operating Activities:	
Decrease (increase) in accounts receivable	(17 534)
Decrease (increase) in other receivables	73
Increase (decrease) in accounts payable	6 914
Increase (decrease) in accrued expenses payable	(19 459)
Increase (decrease) in compensated absences	(933)
Increase (decrease) in customer deposits	13 270
Increase (decrease) in unearned revenue	791 057
Decrease (increase) in deferred outflows	50 656
Increase (decrease) in deferred inflows	(9 680)
Increase (decrease) in net pension liability	191 117
Increase (decrease) in net OPEB liability	20 039
TOTAL ADJUSTMENTS	<u>1 025 520</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1 769 774</u>
Cash Flows from Noncapital Financing Activities:	
Operating transfers in (out)	<u>180 139</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>180 139</u>
Cash Flows from Capital and Related Activities:	
Purchase of capital assets	(573 979)
Principal paid on capital debt	(84 791)
Interest paid on capital debt	(154 963)
Draw on revenue bond	<u>302 000</u>
NET CASH (USED) BY CAPITAL AND RELATED ACTIVITIES	<u>(511 733)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>1 630</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>1 630</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	1 439 810
Cash and cash equivalents, beginning	<u>2 501 194</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3 941 004</u>
Cash and cash equivalents - Unrestricted	\$ 576 360
Cash and cash equivalents - Restricted	<u>3 364 644</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 3 941 004</u>

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

CITY OF CROCKETT, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2021

	<u>TRUST FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ 904 787
TOTAL ASSETS	\$ <u>904 787</u>
NET POSITION	
Net position held in trust	\$ 904 787
TOTAL NET POSITION	\$ <u><u>904 787</u></u>

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

CITY OF CROCKETT, TEXAS
STATEMENT CHANGES IN FIDUCIARY NET POSITION
September 30, 2021

	TRUST FUNDS
Revenues:	
Contributions	\$ 152,945
TOTAL REVENUES	152,945
Expenditures:	
Payments to others	-
TOTAL EXPENDITURES	-
NET CHANGE IN NET POSITION	152,945
Net position - beginning	751,842
NET POSITION - ENDING	\$ 904,787

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

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Crockett, Texas, (City) was incorporated under Section 4, Article XI, of the Texas constitution as a home rule city in which the citizens elect the mayor and council members at large.

The financial statements of the City are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies:

A. Reporting Entity:

For financial reporting purposes, the City includes the services of the general government, public safety, municipal court, public works, sanitation, water and sewer, and all other funds, which the City's mayor and council exercise significant influence or are financially accountable. Significant influence or accountability is based on any budget adoption, taxing authority, outstanding debt secured by the City to finance any deficits that may occur, and receipt of significant subsidies from the City.

B. Government-Wide and Fund Financial Statements:

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental funds:

General Fund (Major) - The general fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund (Nonmajor) - The debt service fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and other cost.

Grant Fund (Nonmajor) - The grant fund is used to account for the proceeds of specific receivables that are legally restricted to specific expenditures.

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The government reports the following proprietary funds:

Water and Sewer Fund (Major) - This fund accounts for the provision of water and sewer services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund is charges to customers for sales and services. The funds also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the systems. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The government reports the following fiduciary funds:

Trust Fund - The trust fund is used to account for funds held on behalf of other entities.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's investment policies are governed by state statutes and city ordinances. Permissible investments include direct obligations of the U. S. Government, certificates of deposit and savings accounts.

Investments for the government, are reported at fair value. Collateral is required for demand deposits and certificates of deposits of all amounts not covered by federal deposit insurance.

2. Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of allowance for uncollectible. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Property taxes are levied on October 1, attach as an enforceable lien on property on January 1, and become delinquent on June 30 of every fiscal year.

CITY OF CROCKETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets:

Restricted assets include cash and investments of the proprietary funds that are legally restricted as to their use. The primary restricted assets are related to debt retirement, renewal and replacement, and construction activity of the Water and Sewer enterprise fund.

5. Capital Assets:

All purchased capital assets are valued at cost where historical records are available and estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received or placed into service. Assets contributed by the general government to proprietary funds are valued at the lesser of their fair market value at the date of the transfer or original cost.

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.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Depreciation is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Structures and water and sewer systems	10 to 50 years
Equipment	3 to 15 years

6. Deferred Inflows and Outflows:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

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

7. Long-Term Obligations:

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

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

8. Fund Balance:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions clearly defines fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

CITY OF CROCKETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance - Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

9. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. Discretely Present Component Unit:

The component units' column in the government-wide financial statements includes the financial data of the City's component unit.

Crockett Economic and Industrial Development Corporation

The Corporation exists to promote development in the City of Crockett, Texas. The City appoints all board members and approves the annual budget. The corporation is independently audited, but financial statements are included as supplementary information in the City's Annual Financial Report.

11. Subsequent Events:

Management has considered the effect of subsequent events through March 21, 2022, the date the financial statements were available for release.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting:

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

- (1) The City Administrator submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) The budget is legally enacted through passage of an ordinance.

Finance-Related Legal and Contractual Provisions:

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

DEPARTMENT	EXPENDITURES EXCEED BUDGET	AMOUNT
Water & Sewer Fund	\$	See budget

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Cash and Investments:

Bank Deposits - At year end, the carrying amount of the City's deposits (demand and certificates) were \$7,861,047 and the bank balances were \$5,576,142. At year end, total deposits were covered by federal depository insurance or by securities held by the pledging financial institution in the City's name.

B. Restricted Assets:

At September 30, the City's restricted assets consisted of the following:

Water and sewer fund	\$	3 364 644
Trust funds		<u>904 787</u>
TOTAL	\$	<u>4 675 358</u>

C. Property Taxes:

Property taxes are levied as of January 1 on property values assessed as of the same date. Statements are mailed in October; taxes are considered delinquent as of February 1, and turned over to attorneys contracted for collection as of July 1. Deferred tax revenues are recorded for the taxes receivable in excess of the amount considered available for the current period.

D. Capital Assets:

A summary of capital asset activity at September 30 is as follows:

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Governmental Activities:				
Land	\$ 133 767	\$ -	\$ -	\$ 133 767
Construction in progress	836 606	422 263	-	1 258 869
Buildings and improvements	5 379 075	-	(128 944)	5 250 131
Furniture and equipment	4 555 948	46 770	(56 133)	4 546 585
TOTAL COST	<u>10 905 396</u>	<u>469 033</u>	<u>(185 077)</u>	<u>11 189 352</u>
Less Accumulated Depreciation:				
Buildings and improvements	(3 822 827)	(124 078)	86 426	(3 860 479)
Furniture and equipment	<u>(3 725 263)</u>	<u>(314 651)</u>	<u>56 133</u>	<u>(3 983 781)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(7 548 090)</u>	<u>(438 729)</u>	<u>142 559</u>	<u>(7 844 260)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 3 357 306</u>	<u>\$ 30 304</u>	<u>\$ (42 518)</u>	<u>\$ 3 345 092</u>
Proprietary Fund Activities:				
Land	\$ 159 440	\$ -	\$ -	\$ 159 440
Construction in progress	3 465 307	486 325	-	3 951 632
Furniture and equipment	1 057 340	87 654	(38 000)	1 106 995
Utility systems	12 783 364	-	(9 000)	12 774 364
TOTAL COST	<u>17 465 451</u>	<u>573 979</u>	<u>(47 000)</u>	<u>17 992 431</u>
Less Accumulated Depreciation:				
Furniture and equipment	(783 438)	(89 485)	38 000	(834 923)
Utility systems	<u>(8 966 752)</u>	<u>(281 988)</u>	<u>9 000</u>	<u>(9 239 740)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(9 750 190)</u>	<u>(371 473)</u>	<u>47 000</u>	<u>(10 074 663)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 7 715 261</u>	<u>\$ 202 506</u>	<u>\$ -</u>	<u>\$ 7 917 768</u>
Component Unit:				
Land	\$ 386 309	\$ 8 478	\$ -	\$ 394 787
Furniture and equipment	60 573	-	-	60 573
Building and improvements	2 765 815	-	-	2 765 815
Streets	969 387	-	-	969 387
Infrastructure - W/S lines	440 021	-	-	440 021
TOTAL COST	<u>4 622 105</u>	<u>8 478</u>	<u>-</u>	<u>4 630 583</u>
Less accumulated depreciation	<u>(1 551 426)</u>	<u>(131 672)</u>	<u>-</u>	<u>(1 683 098)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 3 070 679</u>	<u>\$ (123 194)</u>	<u>\$ -</u>	<u>\$ 2 947 485</u>

Depreciation expense was charged to the governmental functions as follows:

General government	\$	59 638
Fire department		45 851
Police department		70 829
Street department		84 759
Sanitation department		61 367
Parks department		3 799
Civic center department		<u>112 486</u>
	\$	<u>438 729</u>

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Changes In Long-Term Liabilities:

Interest rates range on note payable from 0.35% to 1%, refunding bond at 1.85%, revenue bonds from 2% to 2.5%, and certificates of obligation range from 1.65% to 4.7%. The following is a summary of the debt transactions of the City for the year ended September 30:

	BALANCE 10/01	ADDITIONS	RETIREMENTS	BALANCE 09/30	CURRENT
General Long-Term Debt:					
Note payable	\$ -	\$ 775 000	\$ -	\$ 775 000	\$ 145 000
Lease payable	492 682	-	(116 454)	376 228	85 326
Refunding bonds	1 145 000	-	(275 000)	870 000	285 000
Accrued compensated absences	83 431	-	(3 671)	79 760	-
	<u>\$ 1 721 113</u>	<u>\$ -</u>	<u>\$ (395 125)</u>	<u>\$ 1 325 988</u>	<u>\$ 535 326</u>
Proprietary Fund type:					
Leases payable	\$ 441 093	\$ -	\$ (25 791)	\$ 415 302	\$ 26 995
Revenue bonds	2 851 000	302 000	(59 000)	3 094 000	59 000
Accrued compensated absences	17 985	-	(933)	17 052	-
	<u>\$ 3 310 078</u>	<u>\$ 302 000</u>	<u>\$ (85 724)</u>	<u>\$ 3 526 354</u>	<u>\$ 85 995</u>

Economic Development:

USDA loan for construction of Voc Tech Bldg in Crockett, Texas for \$2,809,900 at 4.25% interest for 40 years.

Loan from Prosperity Bank of \$1,500,000 at 3.95% for ten years, with monthly payments of \$15,191 through 2024, for the renovation and assistance to Cornerstone facility.

OUTSTANDING 10/01	DRAWS	REPAYMENT	OUTSTANDING 09/30
\$ <u>2 941 497</u>	\$ <u>-</u>	\$ <u>(115 047)</u>	\$ <u>2 826 540</u>

The annual debt service requirements for the next five years and thereafter, including interest payments, for the refunding bonds and leases payable as of September 30 are as follows:

YEAR ENDING SEPTEMBER 30,	GENERAL LONG-TERM DEBT			PROPRIETARY		ECONOMIC DEVELOPMENT
	REFUND BOND	NOTE PAYABLE	LEASES PAYABLE	LEASES PAYABLE	REVENUE BOND	NOTE PAYABLE
2022	\$ 285 000	\$ 145 000	\$ 85 326	\$ 26 995	\$ 59 000	\$ 119 812
2023	290 000	150 000	62 275	29 226	61 000	124 781
2024	295 000	155 000	64 879	31 584	62 000	129 958
2025	-	160 000	17 038	34 076	64 000	135 349
2026	-	165 000	18 354	36 709	59 000	139 048
Thereafter	-	-	128 356	256 712	2 789 000	2 177 592
TOTAL	<u>\$ 870 000</u>	<u>\$ 775 000</u>	<u>\$ 376 228</u>	<u>\$ 415 302</u>	<u>\$ 3 094 000</u>	<u>\$ 2 826 540</u>

NOTE 4 - OTHER INFORMATION

A. Plan Description

The City of Crockett participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

CITY OF CROCKETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2021

NOTE 4 - OTHER INFORMATION - CONTINUED

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees Covered by Benefit Terms:

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	63
Inactive employees entitled to but not yet receiving benefits	55
Active employees	55
	173

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Crockett were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Crockett were 81% in calendar years 2020 and 2019. The City's contributions to TMRS for the year ended September 30, 2021 were \$194,992 and were equal to the required contribution.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2020, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 4 - OTHER INFORMATION - CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
TOTAL	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET PENSION LIABILITY (A) - (B)
Balance at December 31, 2019	\$ 11 158 387	\$ 10 832 507	\$ 325 880
Changes for the Year:			
Service cost	373 422	-	373 422
Interest	816 337	-	816 337
Change of benefit terms	1 068 239	-	1 068 239
Difference between expected and actual experience	(298 184)	-	(298 184)
Changes of assumptions	-	-	-
Contributions - Employer	-	188 340	(188 340)
Contributions - Employee	-	116 403	(116 403)
Net investment income	-	821 291	(821 291)
Benefit payments, including refunds of employee	(638 923)	(638 923)	-
Administrative expense	-	(5 321)	5 321
Other changes	-	(208)	208
NET CHANGES	<u>1 320 891</u>	<u>481 582</u>	<u>839 309</u>
Balance at December 31, 2020	\$ <u>12 479 278</u>	\$ <u>11 314 089</u>	\$ <u>1 165 189</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% DECREASE IN DISCOUNT RATE (5.75%)	DISCOUNT RATE (6.75%)	1% INCREASE IN DISCOUNT RATE (7.75%)
Net pension liability (asset)	\$ 2 849 320	\$ 1 165 189	\$ (210 459)

Pension Plan Fiduciary Net Position

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

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 4 - OTHER INFORMATION - CONTINUED

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

For the Year Ended September 30, 2021, the City recognized pension expense of \$1,234,618.

At September 30, 2021, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 39 745	\$ 190 686
Changes in actuarial assumptions	10 463	-
Difference between projected and actual investment earnings	406 232	716 316
Contributions subsequent to the measurement date	194 992	-
TOTAL	\$ 651 432	\$ 907 002

The \$194,992 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDED DECEMBER 31,		PENSION EXPENSE AMOUNT
2022	\$	(182 647)
2023		(62 449)
2024		(187 444)
2025		(18 022)
2026		-
Thereafter		
TOTAL	\$	(450 562)

F. Other Postemployment Benefit (OPEB)

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The City of Center contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered and other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms

Membership:

Number of:	
Inactive employees currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	6
Active employees	56
TOTAL	110

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 4 - OTHER INFORMATION - CONTINUED

Contributions

PLAN/ CALENDAR YEAR	TOTAL SDB CONTRIBUTION (RATE)	RETIREE PORTION OF SDB CONTRIBUTION (RATE)
2020	0.32%	0.11%
2021	0.30%	0.11%

The City's contributions to the SDBF for the year ended September 30, 2021 were \$8,266, and were equal to the required contribution.

Summary of Actuarial Assumptions

Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Discount rate*	3.71%
Retirees' share of benefit-related costs	\$-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - Service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - Disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Note: The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in OPEB Liability

Total OPEB liability - Beginning of year	\$ 295 477
Changes for the Year:	
Service cost	10 244
Interest on total OPEB liability	8 225
Changes of benefit terms	-
Differences	(11 807)
Changes in assumptions or other inputs	38 123
Benefit payments	(3 026)
NET CHANGES	41 759
TOTAL OPEB LIABILITY - END OF YEAR	\$ 337 236

Total OPEB Liability as a Percentage of Covered Payroll 14.49%

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the City, calculated using the discount rate of 2.0%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.0%) or 1-percentage point higher (3.0%) than the current rate.

	1% Decrease (1.0%)	Current Discount Rate (2.0%)	1% Increase (5.0%)
Total OPEB Liability	\$ 400 301	\$ 337 236	\$ 287 745

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the Year Ended September 30, 2021, the City recognized OPEB expense of \$32,477.

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 4 - OTHER INFORMATION - CONTINUED

As of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 7 829	\$ 26 543
Changes in actuarial assumptions	52 042	4 910
Difference between projected and actual earnings	-	-
Subsequent contributions	8 266	-
TOTAL	\$ 68 136	\$ 31 453

\$8,266 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

YEAR ENDED AUGUST 31,	AMORTIZATION
2022	\$ 11 779
2023	8 935
2024	6 691
2025	1 012
2026	-
Thereafter	-
TOTAL	\$ 28 417

G. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains workers' compensation and other risks of loss coverage through the Texas Municipal League Intergovernmental Risk Pool, which is a public entity risk pool. The pool is to be self-sustaining through member premiums and obtains reinsurance through commercial insurance companies for claims in excess of dollar amount. City management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims did not exceed the commercial coverage during the current fiscal year.

H. Commitments and Contingencies

Intergovernmental Grants

Intergovernmental awards received by the City are subject to audit and adjustment by the funding agency or its representatives. If grant revenues are received for expenditures which are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements at September 30.

I. Concentrations

During 2021, the water and sewer fund spent \$843,552 for water from Houston County Water Control and Improvement District #1 to supply approximately 99% of water for the City.

J. COVID-19 Pandemic Impact

The coronavirus outbreak is still impacting the global economy and the market environment. The short-term and long-term impact on the coronavirus outbreak on the operations of the Company is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain the coronavirus outbreak and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of the Company.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CROCKETT, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 1 425 451	\$ 1 401 942	\$ 1 390 702	\$ (11 240)
Sales tax	1 607 987	1 289 890	1 266 180	(23 710)
Other taxes	668 765	668 765	643 688	(25 077)
Fines and fees	47 569	94 121	141 735	47 614
Municipal court fines	89 084	89 084	81 454	(7 630)
Sanitation charges	1 278 442	1 154 512	1 153 758	(754)
Grants and donations	42 140	346 935	75 947	(270 988)
Miscellaneous	717 770	722 853	570 656	(152 197)
TOTAL REVENUES	<u>5 337 208</u>	<u>5 768 102</u>	<u>5 324 120</u>	<u>(443 982)</u>
Expenditures:				
General administration	646 964	779 480	753 350	26 130
Fire department	445 274	453 874	432 946	20 928
Police department	1 448 800	1 514 333	1 465 858	48 475
Street department	810 377	897 989	837 716	60 273
Park department	331 368	353 368	334 885	18 483
Sanitation department	1 024 970	874 970	873 659	1 311
Economic development department	194 145	199 228	194 240	4 988
Library department	154 351	164 451	157 723	6 728
Fleet maintenance department	156 761	161 330	158 202	3 128
Civic center department	98 393	136 393	92 150	44 243
Emergency management department	76 170	76 107	71 601	4 506
TOTAL EXPENDITURES	<u>5 387 510</u>	<u>5 611 523</u>	<u>5 372 330</u>	<u>239 193</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	<u>(50 302)</u>	<u>156 579</u>	<u>(48 210)</u>	<u>(204 789)</u>
Other Financing Sources (Uses):				
Proceeds from note	-	-	775 000	775 000
Interest income	7 299	7 299	1 895	(5 404)
Sale of assets	-	-	305	305
Transfers in (out)	-	-	(1 142)	(1 142)
TOTAL OTHER FINANCING SOURCES (USES)	<u>7 299</u>	<u>7 299</u>	<u>776 058</u>	<u>768 759</u>
NET CHANGE IN FUND BALANCES	<u>(43 003)</u>	<u>163 878</u>	<u>727 848</u>	<u>563 970</u>
Fund balances, beginning	<u>1 454 515</u>	<u>1 454 515</u>	<u>1 454 515</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1 411 512</u>	<u>\$ 1 618 393</u>	<u>\$ 2 182 363</u>	<u>\$ 563 970</u>

See independent auditors' report.

CITY OF CROCKETT, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS AND SCHEDULE OF CONTRIBUTIONS*

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service cost	\$ 373 422	\$ 259 924	\$ 251 163	\$ 249 956	\$ 251 537	\$ 276 955	\$ 240 012
Interest (on the total pension liability)	816 337	707 808	693 636	684 516	663 966	672 346	645 247
Changes of benefit terms	1 068 239	-	-	-	-	-	-
Difference between expected and actual experience	(298 184)	143 534	(60 178)	(98 220)	12 618	(222 477)	(9 488)
Change of assumptions	-	40 363	-	-	-	47 264	-
Benefit payments, including refunds of employee contributions	(638 923)	(698 657)	(659 433)	(744 045)	(501 737)	(557 839)	(456 396)
NET CHANGE IN TOTAL PENSION LIABILITY	1 320 891	452 972	225 188	92 207	426 384	216 249	419 375
Total pension liability - Beginning	11 158 388	10 705 416	10 480 228	10 388 021	9 961 637	9 745 388	9 326 013
TOTAL PENSION LIABILITY - ENDING	12 479 279	11 158 388	10 705 416	10 480 228	10 388 021	9 961 637	9 745 388
Plan Fiduciary Net Position:							
Contributions - Employer	188 340	182 442	187 179	178 818	174 058	211 642	245 493
Contributions - Employee	116 403	112 619	108 447	108 113	107 311	124 642	124 743
Net investment income	821 291	1 504 590	(312 063)	1 325 241	619 643	13 850	512 844
Benefit payments, including refunds of employee contributions	(638 923)	(698 657)	(659 433)	(744 046)	(501 737)	(557 839)	(456 396)
Administrative	(5 321)	(8 509)	(6 034)	(6 868)	(6 999)	(8 436)	(5 355)
Other	(208)	(256)	(315)	(347)	(377)	(417)	(440)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	481 582	1 092 229	(682 219)	860 910	391 899	(216 558)	420 889
Plan fiduciary net position - Beginning	10 832 508	9 740 279	10 422 498	9 561 588	9 169 689	9 386 247	8 965 358
PLAN FIDUCIARY NET POSITION - ENDING	11 314 090	10 832 508	9 740 279	10 422 498	9 561 588	9 169 689	9 386 247
NET PENSION LIABILITY - ENDING	\$ 1 165 189	\$ 325 880	\$ 965 138	\$ 57 730	\$ 826 433	\$ 791 948	\$ 359 141
Plan fiduciary net position as a percentage of total pension liability	90.66%	97.08%	90.98%	99.45%	92.04%	92.05%	96.31%
Covered employee payroll	\$ 2 252 375	\$ 2 214 507	\$ 2 163 617	\$ 2 160 442	\$ 2 245 227	2 453 301	2 494 853
Net pension liability as a percentage of covered employee payroll	50.05%	14.47%	44.50%	2.67%	38.51%	31.77%	14.40%

SCHEDULE OF CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015
Actuarially determine contribution	\$ 194 992	\$ 182 569	\$ 182 569	\$ 183 614	\$ 177 716	\$ 184 727	\$ 217 127
Contributions in relation to the actuarially determined contribution	(194 992)	(182 569)	(182 569)	(183 614)	(177 716)	(184 727)	(217 127)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 2 409 485	\$ 2 252 375	\$ 2 214 507	\$ 2 163 617	\$ 2 160 442	2 245 227	2 453 301
Contributions as a percentage of covered employee payroll	8.09%	8.24%	8.24%	8.49%	8.23%	8.23%	8.85%

*This schedule illustrates the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See independent auditors' report.

CITY OF CROCKETT, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS AND SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS*

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2020	2019	2018	2017
Total OPEB Liability:				
Service cost	\$ 10 244	\$ 6 982	\$ 8 025	\$ 6 919
Interest on total OPEB liability	8 225	10 229	8 381	8 403
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(11 807)	(33 478)	24 251	-
Change of assumptions	38 123	40 767	(15 212)	17 326
Benefit payments, including refunds of employee contributions	(3 026)	(2 478)	(2 386)	(2 162)
NET CHANGE IN TOTAL OPEB LIABILITY	41 759	22 022	23 059	30 486
Total OPEB liability, beginning	295 477	273 455	250 396	219 910
TOTAL PENSION LIABILITY, ENDING (a)	337 236	295 477	273 455	250 396
Plan Fiduciary Net Position:				
Contributions - Employer	-	-	-	-
Contributions - Employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-
Administrative expense	-	-	-	-
Other	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-
FIDUCIARY NET POSITION, ENDING (b)	-	-	-	-
NET OPEB LIABILITY ENDING (a) - (b)	\$ 337 236	\$ 295 477	\$ 273 455	\$ 250 396
Plan fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 2 214 507	\$ 2 214 507	\$ 2 163 617	\$ 2 162 253
Net OPEB liability as a % of covered employee payroll	14.49%	13.12%	12.61%	11.58%

SCHEDULE OF CONTRIBUTIONS

	2021	2020	2019	2018
Actuarially determined contribution	\$ 8 266	\$ 6 764	\$ 6 764	\$ 6 804
Contributions in relation to the actuarially determined contribution	(8 266)	(6 764)	(6 764)	(6 804)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 2 409 485	\$ 2 214 507	\$ 2 214 507	\$ 2 163 617
Contributions as a percentage of covered employee payroll	0.34%	0.31%	0.31%	0.31%

Other Information:

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Details of the plan are included in the notes.

OTHER BUDGETARY SCHEDULES

CITY OF CROCKETT, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - WATER AND SEWER FUND
For the Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)
Operating Revenues:				
Charges for services	\$ 2 802 736	\$ 2 802 736	\$ 3 372 044	\$ 569 308
Miscellaneous	101 750	101 750	73 843	(27 907)
TOTAL REVENUES	<u>2 904 486</u>	<u>2 904 486</u>	<u>3 445 887</u>	<u>541 401</u>
Operating Expenses:				
Purchase of utilities	128 060	128 060	136 622	(8 562)
Payroll cost	862 289	862 289	1 034 320	(172 031)
Supplies and materials	264 500	264 500	250 686	13 814
Repairs and maintenance	232 685	274 567	195 484	79 083
Purchased and contracted services	843 552	843 552	843 552	-
Miscellaneous	343 638	343 638	295 095	48 543
Depreciation	-	-	371 473	(371 473)
TOTAL EXPENSES	<u>2 674 724</u>	<u>2 716 606</u>	<u>3 127 232</u>	<u>(410 626)</u>
OPERATING INCOME	<u>229 762</u>	<u>187 880</u>	<u>318 655</u>	<u>130 775</u>
Non-Operating Revenues (Expense):				
Interest income	2 431	2 431	(17 617)	(20 048)
Interest expense	(468 735)	(468 735)	(204 684)	264 051
Transfers in (out)	-	-	180 139	180 139
TOTAL NON-OPERATING INCOME	<u>(466 304)</u>	<u>(466 304)</u>	<u>(42 162)</u>	<u>424 142</u>
NET CHANGE IN NET POSITION	<u>(236 542)</u>	<u>(278 424)</u>	<u>276 493</u>	<u>554 917</u>
Net position, beginning	<u>6 856 086</u>	<u>6 856 086</u>	<u>6 856 086</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 6 619 544</u>	<u>\$ 6 577 662</u>	<u>\$ 7 132 579</u>	<u>\$ 554 917</u>

See independent auditors' report.

CITY OF CROCKETT, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - DEBT SERVICE FUND
For the Year Ended September 30, 2021

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Property taxes	\$ 287 049	\$ 311 668	\$ 24 619
TOTAL REVENUES	<u>287 049</u>	<u>311 668</u>	<u>24 619</u>
Expenditures:			
Debt service expense	<u>296 183</u>	<u>296 027</u>	<u>156</u>
TOTAL EXPENDITURES	<u>296 183</u>	<u>296 027</u>	<u>156</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9 134)</u>	<u>15 641</u>	<u>24 775</u>
Other Financing Sources (Uses):			
Interest income	<u>9 134</u>	<u>1 331</u>	<u>(7 803)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>9 134</u>	<u>1 331</u>	<u>(7 803)</u>
NET CHANGE IN NET BALANCES	-	16 972	16 972
Fund balances, beginning	<u>747 260</u>	<u>747 260</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 747 260</u>	<u>\$ 764 232</u>	<u>\$ 16 972</u>

See independent auditors' report.

COMPONENT UNIT
CROCKETT ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION

CROCKETT ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
 GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
 September 30, 2021

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET POSITION
ASSETS			
Cash	\$ 612 820	\$ -	\$ 612 820
Capital assets, net of accumulated depreciation	-	2 947 485	2 947 485
TOTAL ASSETS	\$ 612 820	2 947 485	3 560 305
LIABILITIES			
Current portion of notes payable	\$ -	119 895	119 895
Accrued interest	-	4 543	4 543
Long-term portion of notes payable	-	2 706 645	2 706 645
TOTAL LIABILITIES	-	2 831 083	2 831 083
FUND BALANCE/NET POSITION			
Fund Balance:			
Unrestricted	612 820	(612 820)	-
TOTAL FUND BALANCE	612 820	(612 820)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 612 820		
NET POSITION			
Net investment in capital assets		506 100	506 100
Unrestricted		223 122	223 122
TOTAL NET POSITION		\$ 729 222	\$ 729 222

See independent auditors' report.

CROCKETT ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BALANCE SHEET/STATEMENT OF NET POSITION
For the Year Ended September 30, 2021

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET POSITION
Revenues:			
Sales tax	\$ 633 090	\$ -	\$ 633 090
Miscellaneous	6 944	-	6 944
TOTAL REVENUES	640 034	-	640 034
Expenditures:			
Advertising expense	46 130	-	46 130
Supplies expense	3 579	-	3 579
Incentive expense	355 588	-	355 588
Dues and subscriptions	20 611	-	20 611
Professional services	16 666	-	16 666
Telephone	1 709	-	1 709
Travel	11 658	-	11 658
Payroll	122 362	-	122 362
Taxes and benefits	44 651	-	44 651
Meals and entertainment	2 756	-	2 756
Utilities	2 299	-	2 299
Industrial park	10 040	(8 478)	1 562
Consultants	3 681	-	3 681
Miscellaneous	10 514	-	10 514
Debt service	236 457	(115 310)	121 147
Depreciation	-	131 672	131 672
TOTAL EXPENDITURES	888 701	7 884	896 585
CHANGE IN FUND BALANCE/NET POSITION	(248 667)	(7 884)	(256 551)
Fund balance - Beginning of year	861 487	-	985 773
FUND BALANCE - END OF YEAR	\$ 612 820		\$ 729 222

See independent auditors' report.

COMPLIANCE AND INTERNAL CONTROL SECTION

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

Honorable Mayor and
Members of the City Council
City of Crockett, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Crockett, Texas, as of and For the Year Ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Crockett, Texas' basic financial statements, and have issued our report thereon dated March 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Crockett, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Crockett, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Crockett, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. As described in the accompanying schedule of findings and questioned costs, we identified deficiencies noted as finding 2020-3 in internal control that we consider to be a significant deficiency.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crockett, Texas' 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Lufkin, Texas
March 21, 2022


CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and
Members of the City Council
City of Crockett, Texas

Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Crockett's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, which could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence and the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Crockett's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Crockett's internal control over compliance.

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

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

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

Conclusion

This report is intended for the information and use of management, council members, others within the entity, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
March 21, 2022

CITY OF CROCKETT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2021

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Uniform Guidance? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster*</u>
10.760	Water and Waste Disposal Systems for Rural Communities
21.019	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statements Findings

Crockett Economic and Industrial Development Corp

Finding 2020-3

Condition - Signed blank checks are received in advance of check processing.

Criteria - Checks should be signed after processing to ensure appropriate authorization.

Effect - There is a risk disbursements are not properly authorized and the board is not fulfilling their fiduciary responsibility.

Recommendation - We recommend checks be prepared prior to signature. The Corporation should have multiple check signers to ensure availability of signators.

Client Response - The Corporation is aware of the risk related to signing blank checks, but has determined signing blank checks in advance is the most efficient policy.

Responsible Party - Executive Director and Board of Directors

Ongoing

CITY OF CROCKETT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2021

C. Findings and Questioned Costs for Federal Awards

None

D. Corrective Action Plan

As noted in the client response section above.

CITY OF CROCKETT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CONTRACT	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
U.S. Department of Treasury:			
Direct Programs:			
Coronavirus Relief Fund		21.019	\$ <u>361 448</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>361 448</u>
U.S. Department of Commerce:			
EDA Disaster Supplemental		11.307	<u>108 152</u>
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>108 152</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	7219132	14.228	148 876
Home Investment Partnerships Program	1002751	14.239	<u>226 378</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>375 251</u>
U.S. Department of Agriculture:			
Water and Waste Disposal Systems for Rural Communities		10.760	<u>302 000</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>302 000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1 146 851</u>

CITY OF CROCKETT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2021

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City Of Crockett under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Crockett, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Crockett.
2. For all federal programs, the City uses the fund types specified in Governmental Accounting Standards. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a Special Revenue Fund which is a governmental fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net fund balance.

The modified accrual basis of accounting is used for the governmental fund types, and agency funds. The basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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, they are recorded as unearned revenues until earned.

4. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3 Uniform Guidance Compliance Statement - Provisional 6/97.
5. City of Crockett has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

CITY OF CROCKETT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
September 30, 2021

City of Crockett

Finding 2020-1

Status: Corrected

Crockett Economic and Industrial Development Corp

Finding 2020-2

Status: Corrected

Finding 2020-3

Status: Partially corrected

Client Response Update: The accounting records will continue to be monitored by the board of directors. A third-party accountant was hired to perform bank reconciliation procedures to create a more separation of duties in the accounting function, however, due to timing of the prior year finding and through the year ending September 2021, checks were still presigned in advance of check processing.

Finding 2020-4

Status: Corrected