

**YOAKUM COUNTY, TEXAS**

**Annual Financial Reports**

**FOR THE YEAR ENDED DECEMBER 31, 2021**



**PATTILLO, BROWN & HILL, LLP**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

**YOAKUM COUNTY, TEXAS**

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**YOAKUM COUNTY, TEXAS**

Official Roster

December 31, 2021

**County Commission**

Jim Barron	County Judge
Woodson Lindsey	Commissioner, Precinct 1
Ray Marion	Commissioner, Precinct 2
Tommy Box	Commissioner, Precinct 3
Tim Addison	Commissioner, Precinct 4

**Administrative and Elected Officials**

Darla Welch	County Treasurer
Darinda McWhirter	County Auditor
David Bryant	Sheriff
Marc Traweek	Justice of the Peace #1
Troy Scott	Justice of the Peace #2
Summer Lovelace	County Clerk
Sandra Roblez	District Clerk
Jan Parrish	Tax Assessor/Collector
Bill Helwig	County District Attorney

## **FINANCIAL SECTION**



## Independent Auditor's Report

To the Honorable County Judge and  
Members of the County Commission  
Yoakum County, Texas

### Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of Yoakum County, Texas (the "County") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County, as of December 31, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of

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not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require the Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Farm/Market Lateral Roads, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of County Pension Contributions and the Schedule of Changes in Total OPEB Liability 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.

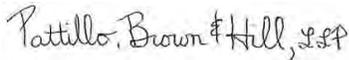
Management has omitted the Management's Discussion and Analysis (the "MD&A") which is required to be presented to supplement the basic financial statements under accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, 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. Our opinion on the basic financial statements is not affected by this missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 July 15, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
July 15, 2022

## **FINANCIAL STATEMENTS**

**STATE OF TEXAS  
YOAKUM COUNTY**

STATEMENT OF NET POSITION

December 31, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<i>Current:</i>			
Cash and cash equivalents	\$ 29,514,526	10,608,727	40,123,253
Restricted cash	-	9,611	9,611
Investments	13,914,125	1,255,823	15,169,948
Taxes receivable, net	17,613,205	-	17,613,205
Due from other governments	143,745	-	143,745
Other receivables, net	1,135	4,074,517	4,075,652
Due to/from other funds	1,876,787	-	1,876,787
Inventory	-	913,364	913,364
Prepaid expenses	169,780	58,401	228,181
Due from agency funds	-	-	-
<i>Total current assets</i>	<u>63,233,303</u>	<u>16,920,443</u>	<u>80,153,746</u>
<i>Noncurrent assets:</i>			
Investments held in self-insurance trust fund	-	184,019	184,019
Net pension asset	468,663	702,995	1,171,658
Capital assets, net accumulated depreciation	<u>24,508,067</u>	<u>12,088,129</u>	<u>36,596,196</u>
<i>Total noncurrent assets</i>	<u>24,976,730</u>	<u>12,975,143</u>	<u>37,951,873</u>
 <i>Total assets</i>	 <u>88,210,033</u>	 <u>29,895,586</u>	 <u>118,105,619</u>
<b>DEFERRED OUTFLOWS</b>			
Pension related	2,076,992	3,115,488	5,192,480
OPEB related	<u>8,520,846</u>	<u>4,196,835</u>	<u>12,717,681</u>
<i>Total deferred outflows</i>	<u>10,597,838</u>	<u>7,312,323</u>	<u>17,910,161</u>
<i>Total assets and deferred outflows</i>	<u>\$ 98,807,871</u>	<u>37,207,909</u>	<u>136,015,780</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

STATEMENT OF NET POSITION

December 31, 2021

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	\$ 98,056	2,191,060	2,289,116
Accrued expenses	364,173	3,441,633	3,805,806
Resident trust fund	-	11,435	11,435
Other payable	247,576	-	247,576
Accrued interest	4,275	-	4,275
Compensated absences	96,687	-	96,687
Current portion of long-term debt	570,000	-	570,000
<i>Total current liabilities</i>	<u>1,380,767</u>	<u>5,644,128</u>	<u>7,024,895</u>
<i>Noncurrent liabilities:</i>			
Landfill closure and post-closure obligation	57,501	-	57,501
Self-funded malpractice insurance reserve	-	120,000	120,000
Net OPEB liability	47,128,774	23,212,679	70,341,453
<i>Total noncurrent liabilities</i>	<u>47,186,275</u>	<u>23,332,679</u>	<u>70,518,954</u>
<i>Total liabilities</i>	<u>48,567,042</u>	<u>28,976,807</u>	<u>77,543,849</u>
<b>DEFERRED INFLOWS</b>			
Pension related	963,222	1,444,833	2,408,055
OPEB related	6,249,384	3,078,055	9,327,439
Unavailable tax revenue	17,238,213	-	17,238,213
Unavailable revenue - advance tax collections	5,798,273	-	5,798,273
<i>Total deferred inflows</i>	<u>30,249,092</u>	<u>4,522,888</u>	<u>34,771,980</u>
<b>NET POSITION</b>			
Net investment in capital assets	( 22,620,707)	12,088,129	( 10,532,578)
Restricted	14,103,225	-	14,103,225
Unrestricted	28,509,219	( 8,379,915)	20,129,304
<i>Total net position</i>	<u>19,991,737</u>	<u>3,708,214</u>	<u>23,699,951</u>
<i>Total liabilities, deferred inflows, and net position</i>	<u>\$ 98,807,871</u>	<u>37,207,909</u>	<u>136,015,780</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 5,249,067	823,421	202,068	-
Public safety	4,815,888	103,559	958,701	-
Justice system	-	-	-	-
Public works	5,507,837	254,035	1,189,646	-
Health and welfare	319,508	-	-	-
Culture and recreation	1,752,368	-	-	-
Education	-	-	-	-
Interest expense	<u>801</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 17,645,599</u>	<u>1,181,015</u>	<u>2,350,415</u>	<u>-</u>
Business-type activities				
Hospital funds	38,221,165	30,951,135	-	-
Nursing home fund	<u>4,772,842</u>	<u>3,869,442</u>	<u>126,160</u>	<u>-</u>
<i>Total business-type activities</i>	<u>\$ 42,994,007</u>	<u>34,820,577</u>	<u>126,160</u>	<u>-</u>
<b>General Revenues:</b>				
Property taxes:				
General services				
Debt service				
Penalties and interest				
Miscellaneous				
Investment earnings				
Proceeds from insurance claim				
Other revenues and reimbursements				
Loss on disposal of assets				
Transfers, net				
<i>Total general revenues</i>				
Change in net position				
Net position - beginning				
Ending net position				

See Notes to Financial Statements

**Net Program (Expense) Revenue and Changes  
in Net Position**

<b>Primary Government</b>		
<b>Government Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
( 4,223,578)	-	( 4,223,578)
( 3,753,628)	-	( 3,753,628)
-	-	-
( 4,064,156)	-	( 4,064,156)
( 319,508)	-	( 319,508)
( 1,752,368)	-	( 1,752,368)
-	-	-
( 801)	-	( 801)
<u>( 14,114,169)</u>	<u>-</u>	<u>( 14,114,169)</u>
-	( 7,270,030)	( 7,270,030)
<u>-</u>	<u>( 777,240)</u>	<u>( 777,240)</u>
-	(8,047,270)	(8,047,270)
17,822,107	-	17,822,107
526,879	-	526,879
-	-	-
311,917	-	311,917
147,037	51,730	198,767
46,570	-	46,570
-	304,821	304,821
-	( 14,190)	( 14,190)
<u>( 2,169,768)</u>	<u>2,169,898</u>	<u>130</u>
<u>16,684,742</u>	<u>2,512,259</u>	<u>19,197,001</u>
2,570,573	( 5,535,011)	( 2,964,438)
<u>17,421,164</u>	<u>9,243,225</u>	<u>26,664,389</u>
<u>\$ 19,991,737</u>	<u>3,708,214</u>	<u>23,699,951</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund 100	Farm/Market Lateral Roads 170	Nonmajor Governmental	Total Governmental
<b>ASSETS</b>				
<i>Current:</i>				
Cash and cash equivalents	\$ 18,860,836	1	10,629,337	29,490,174
Investments	10,191,800	-	3,722,325	13,914,125
Taxes receivable, net	12,794,861	2,952,914	1,865,430	17,613,205
Intergovernmental receivables	63,148	-	80,597	143,745
Other receivables	1,135	-	-	1,135
Due from agency and other funds	1,684,636	350,855	637,068	2,672,559
Prepaid expenses	143,476	-	26,304	169,780
<i>Total current assets</i>	\$ 43,739,892	3,303,770	16,961,061	64,004,723
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Current liabilities:</i>				
Accounts payable	\$ 98,056	-	-	98,056
Accrued payroll liabilities	292,906	-	71,267	364,173
Other payable	-	-	247,576	247,576
Due to other funds	213,182	350,857	224,233	788,272
<i>Total current liabilities</i>	604,144	350,857	543,076	1,498,077
<b>DEFERRED INFLOWS</b>				
Unavailable tax revenue	12,518,295	2,889,086	1,830,832	17,238,213
Unavailable revenue - advance tax collecti	4,210,673	971,777	615,823	5,798,273
<i>Total deferred inflows</i>	16,728,968	3,860,863	2,446,655	23,036,486
<b>FUND BALANCE (DEFICIT)</b>				
Nonspendable	143,476	-	-	143,476
Restricted	-	-	14,276,072	14,276,072
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	26,263,304	( 907,950)	( 304,742)	25,050,612
<i>Total fund balance (deficit)</i>	26,406,780	( 907,950)	13,971,330	39,470,160
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	\$ 43,739,892	3,303,770	16,961,061	64,004,723

See Notes to Financial Statements

**STATE OF TEXAS  
YOAKUM COUNTY**

GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$	39,470,160
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		24,508,067
The internal service fund is used by the County to charge the cost of the fund to their primary users - governmental and enterprise funds. The assets and liabilities of the internal service fund are not included in the statement of net position.		16,852
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.		2,076,992
Defined OPEB plan deferred outflows are not financial resources and, therefore, are not reported in the funds.		8,520,846
Long-term liabilities, are not due in the current period and, therefore, are not reported in the funds		
Landfill closure and post-closure obligation	(	57,501)
Net pension asset		468,663
Net OPEB liability	(	47,128,774)
Bond and note obligations	(	570,000)
Accrued Interest	(	4,275)
Accrued salaries and vacation	(	96,687)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	(	963,222)
Defined OPEB plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(6,249,384)</u>
Total net position	\$	<u>19,991,737</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund 100	Farm/Market Lateral Roads 170	Nonmajor Governmental	Total Governmental
<i>Revenues:</i>				
Taxes	\$ 12,364,767	2,949,819	3,034,400	18,348,986
Intergovernmental	202,068	-	2,148,347	2,350,415
Permits and charges for service	823,421	-	357,594	1,181,015
Interest and other	386,355	1,539	73,705	461,599
<i>Total revenues</i>	13,776,611	2,951,358	5,614,046	22,342,015
<i>Expenditures:</i>				
Current				
General government	3,563,679	-	-	3,563,679
Public safety	3,587,697	-	436,380	4,024,077
Public works	951,228	-	3,807,975	4,759,203
Health and welfare	234,680	-	-	234,680
Culture and recreation	1,594,830	-	-	1,594,830
Capital outlay	185,688	-	1,016,455	1,202,143
Debt service				
Principal	-	-	550,000	550,000
Interest	-	-	17,340	17,340
<i>Total expenditures</i>	10,117,802	-	5,828,150	15,945,952
<i>Excess (deficiency) of revenues over expenditures</i>	3,658,809	2,951,358	( 214,104)	6,396,063
<i>Other financing sources (uses):</i>				
Transfers in	303	-	3,891,570	3,891,873
Transfers out	( 2,592,892)	( 3,052,336)	( 416,543)	( 6,061,771)
<i>Total other financing sources (uses)</i>	(2,592,589)	(3,052,336)	3,475,027	( 2,169,898)
<b>Net change in fund balances</b>	1,066,220	(100,978)	3,260,923	4,226,165
<b>Fund balances (deficit)- beginning of year</b>	25,340,560	( 806,972)	10,710,407	35,243,995
<b>Fund balances (deficit) - end of year</b>	\$ 26,406,780	(907,950)	13,971,330	39,470,160

See Notes to Financial Statements

**STATE OF TEXAS  
YOAKUM COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balances - total governmental funds	\$ 4,226,165
Change in net position of internal service fund	2,492
Net pension and OPEB expense	( 2,214,512)

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:

Capital expenditures	1,202,143
Depreciation expense	( 1,211,830)

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenue in the funds:

Decrease in accrued compensated absences	258
Change in accrued interest	16,539
Change in landfill liability	( 682)
Principal payments on notes and bonds	<u>550,000</u>

Change in net position	\$ <u>2,570,573</u>
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**STATE OF TEXAS  
YOAKUM COUNTY**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

DECEMBER 31, 2021

	Business Type Activities		
	Hospital Funds	Nursing Home Fund	Total Enterprise Funds
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 10,414,147	194,580	10,608,727
Restricted cash	-	9,611	9,611
Investments	1,255,823	-	1,255,823
Accounts receivables, net	3,628,036	409,702	4,037,738
Other receivables	30,859	5,920	36,779
Inventory	896,233	17,131	913,364
Prepaid expenses	40,124	18,277	58,401
<b>Total current assets</b>	<u>16,265,222</u>	<u>655,221</u>	<u>16,920,443</u>
<b>Noncurrent assets</b>			
Investments held in self-insurance trust fund	184,019	-	184,019
Net pension asset	702,995	-	702,995
Capital assets, net	7,366,809	4,721,320	12,088,129
<b>Total assets</b>	<u>8,253,823</u>	<u>4,721,320</u>	<u>12,975,143</u>
<b>Deferred outflows of resources:</b>			
Deferred outflows of resources	7,312,323	-	7,312,323
<b>Total assets and deferred outflows of resources</b>	<u>\$ 31,831,368</u>	<u>5,376,541</u>	<u>37,207,909</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 2,073,670	117,390	2,191,060
Accrued expenses	3,342,468	99,165	3,441,633
Resident trust fund	-	11,435	11,435
Due to other funds	-	-	-
<b>Total current liabilities</b>	<u>5,416,138</u>	<u>227,990</u>	<u>5,644,128</u>
<b>Noncurrent liabilities</b>			
Self-funded insurance reserve	120,000	-	120,000
Net OPEB liability	23,212,679	-	23,212,679
<b>Total liabilities</b>	<u>28,748,817</u>	<u>227,990</u>	<u>28,976,807</u>
<b>Deferred inflows of resources:</b>			
Deferred inflows of resources	4,522,888	-	4,522,888
<b>Total deferred inflows of resources</b>	<u>4,522,888</u>	<u>-</u>	<u>4,522,888</u>
<b>Net position</b>			
Net investment in capital assets	7,366,809	4,721,320	12,088,129
Unrestricted	( 8,807,146)	427,231	( 8,379,915)
<b>Total net position</b>	<u>( 1,440,337)</u>	<u>5,148,551</u>	<u>3,708,214</u>
<b>Total liabilities, deferred inflows of resources, and net position (deficit)</b>	<u>\$ 31,831,368</u>	<u>5,376,541</u>	<u>37,207,909</u>

Governmental Activities  
Internal Service  
Fund

24,352

-

-

-

-

-

24,352

-

-

-

24,352

7,500

7,500

-

-

7,500

-

-

16,852

16,852

24,352

**STATE OF TEXAS  
YOAKUM COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Business Type Activities		
	Hospital Funds	Nursing Home Fund	Total Enterprise Funds
<i>Operating Revenues</i>			
Charges for services	30,920,139	3,184,538	34,104,677
Other and miscellaneous	<u>30,996</u>	<u>684,904</u>	<u>715,900</u>
<i>Total revenues</i>	<u>30,951,135</u>	<u>3,869,442</u>	<u>34,820,577</u>
<i>Operating Expenses</i>			
Personnel services	18,463,868	1,060,491	19,524,359
Contracted and purchased services	7,822,654	2,582,919	10,405,573
Supplies	10,803,949	967,808	11,771,757
Depreciation	<u>1,130,694</u>	<u>161,624</u>	<u>1,292,318</u>
<i>Total operating expenses</i>	<u>38,221,165</u>	<u>4,772,842</u>	<u>42,994,007</u>
<i>Operating income (loss)</i>	( 7,270,030)	( 903,400)	( 8,173,430)
<i>Nonoperating revenues (expenses)</i>			
Contributed services	304,821	-	304,821
Gain (Loss) on sale of equipment	( 14,190)	-	( 14,190)
Noncapital grants and gifts	-	126,160	126,160
Interest income	<u>51,730</u>	-	<u>51,730</u>
<i>Total non-operating revenues (expenses)</i>	<u>342,361</u>	<u>126,160</u>	<u>468,521</u>
<i>Income (loss) before contributions and transfers</i>	( 6,927,669)	( 777,240)	( 7,704,909)
Transfers in	<u>1,018,555</u>	<u>1,151,343</u>	<u>2,169,898</u>
<i>Change in net position</i>	( 5,909,114)	374,103	( 5,535,011)
Net position - beginning	<u>4,468,777</u>	<u>4,774,448</u>	<u>9,243,225</u>
<i>Net position - end of year</i>	<u>\$( 1,440,337)</u>	<u>5,148,551</u>	<u>3,708,214</u>

Governmental Activities  
Internal Service  
Fund

-  
43,855  
43,855

-  
41,433  
-  
-  
41,433

2,422

-  
-  
-  
70  
70

2,492

-

2,492

14,360

16,852

**STATE OF TEXAS  
YOAKUM COUNTY**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Business Type Activities		
	Hospital Funds	Nursing Home Fund	Total Enterprise Funds
<i>Cash flows from operating activities</i>			
Receipts from and on behalf of patients	\$ 29,783,201	3,773,592	33,556,793
Payments to suppliers and contractors	( 17,824,606)	( 4,406,387)	( 22,230,993)
Payments and benefits to and on behalf of employees	( 17,822,142)	( 377,031)	( 18,199,173)
Other receipts and payments, net	<u>1,788,562</u>	<u>-</u>	<u>1,788,562</u>
<i>Net cash provided (used) by operating activities</i>	<u>( 4,074,985)</u>	<u>( 1,009,826)</u>	<u>( 5,084,811)</u>
<i>Cash flows from capital financing activities</i>			
Purchase of capital assets	<u>(1,835,838)</u>	<u>( 58,639)</u>	<u>( 1,894,477)</u>
<i>Net cash used by capital financing activities</i>	<u>( 1,835,838)</u>	<u>( 58,639)</u>	<u>( 1,894,477)</u>
<i>Cash flows from noncapital financing activities</i>			
Non-capital grants and contributions	-	126,160	126,160
County transfers	<u>1,018,555</u>	<u>1,151,343</u>	<u>2,169,898</u>
<i>Net cash provided by noncapital financing activities</i>	<u>1,018,555</u>	<u>1,277,503</u>	<u>2,296,058</u>
<i>Cash flows from investing activities</i>			
Purchase of investments	(136)	-	(136)
Interest income	<u>51,730</u>	<u>-</u>	<u>51,730</u>
<i>Net cash provided by investing activities</i>	<u>51,594</u>	<u>-</u>	<u>51,594</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	<u>( 4,840,674)</u>	<u>209,038</u>	<u>( 4,631,636)</u>
Cash and cash equivalents - beginning of year	<u>15,438,840</u>	<u>( 4,847)</u>	<u>15,433,993</u>
Cash and cash equivalents - end of year	<u>\$ 10,598,166</u>	<u>204,191</u>	<u>10,802,357</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	( 7,270,030)	( 903,400)	( 8,173,430)
Noncash items			
Depreciation Expense	1,130,694	161,624	1,292,318
Indigent care contributions	304,821	-	304,821
Provision for uncollectible accounts	2,956,965	64,386	3,021,351
Changes in assets and liabilities			
Receivables	( 2,915,847)	( 171,671)	( 3,087,518)
Other receivables	274,689	-	274,689
Inventories	23,430	( 17,131)	6,299
Prepaid expenses	247,536	( 8,214)	239,322
Accounts payable	635,065	( 122,175)	512,890
Accrued expenses	473,826	( 24,680)	449,146
Accrued compensated absences	26,235	-	26,235
Other assets and liabilities	<u>37,631</u>	<u>11,435</u>	<u>49,066</u>
<i>Net cash provided (used) by operating activities</i>	<u>\$ ( 4,074,985)</u>	<u>( 1,009,826)</u>	<u>( 5,084,811)</u>

See Notes to Financial Statements

**STATE OF TEXAS  
YOAKUM COUNTY**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2021

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,583,563
Receivables	726
Due from other funds	<u>2,115,371</u>
<i>Total assets</i>	\$ <u>9,699,660</u>
<b>LIABILITIES</b>	
Due to other funds	3,992,158
<b>NET POSITION</b>	
Individuals, organizations and other governments	<u>5,707,502</u>
<i>Total liabilities and net position</i>	\$ <u>9,699,660</u>

See Notes to Financial Statements

**STATE OF TEXAS  
YOAKUM COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2021

	Custodial Funds
<b>ADDITIONS</b>	
Contributions:	
Property taxes	\$ 72,852,232
Motor vehicle taxes	969,672
Vehicle sales taxes	930,931
Interest	10,047
Other income	1,758,438
<i>Total contributions</i>	<i>76,521,320</i>
<b>DEDUCTIONS</b>	
Distributions:	
Property taxes distributed	\$ 72,097,504
Motor vehicle taxes distributed	969,732
Vehicle sales taxes distributed	931,349
Other distributions	3,165,972
<i>Total deductions</i>	<i>77,164,557</i>
Net increase (decrease) in fiduciary net position	( 643,237)
Net Position, beginning	6,350,739
Net Position, ending	\$ 5,707,502

**YOAKUM COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Yoakum County, Texas (County) was created in 1907 under the provisions of the State of Texas. The County functions under the applicable laws and regulations of the State of Texas. The County's powers are exercised through an elected Commissioners Court, which is the governing body of the County. The Commissioners Court consists of the County Judge and four County Commissioners. The County provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to generally accepted accounting principles (GAAP) in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB). The most significant accounting and reporting policies of the County are described in the following notes to the basic financial statements.

In the current year, the County implemented the following:

GASB Statement No. 75 – *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*. The statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

GASB Statement No. 85 – *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post employment benefits (pensions and other post employment benefits (OPEB)).

**Reporting Entity** - The members of the County's Commissioners Court (the Court) are elected by the public, and the Court has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the County is a financial reporting entity as defined by the GASB accounting principles generally accepted in the United States of America require that these financial statements present the County (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The County has no component units.

**Government-Wide and Fund Financial Statements** - The Statement of Net Position and the Statement of Activities are government-wide financial statements (GWFS). They report information on all of County's non-fiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

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

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The fund financial statements (FFS) provide reports on the financial condition and results of operations for three fund categories: governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column for each major fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the "susceptible-to-accrual" concept. In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one type, monies are expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures incurred. In the other type, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

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

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

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The proprietary fund types and fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. This basis allows the County to accrue unbilled service revenue in the proprietary funds.

### **Fund Accounting**

**Governmental funds** are used to account for the County's expendable financial resources and related liabilities (except those accounted for in the proprietary funds). The County reports the following major governmental funds:

**General Fund** - The general fund is the County's primary operating fund. It accounts for financial resources except those required to be accounted for in another fund. The General Fund presented in the financial statements consists of several individual funds: General, Payroll and Disbursement funds.

**Farm/Market Lateral Road Fund** - The lateral road fund acts as a clearinghouse fund, which receives and then distributes taxes collected to the individual precincts Road and Bridge Funds for maintenance and construction projects within the precincts.

The County reports the following non-major governmental funds:

**Special Revenue Funds** - The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in special revenue funds. Some federal and state financial assistance is accounted for in special revenue funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

**Debt Service Funds** - The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in debt service funds.

**Capital Projects Funds** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in capital projects funds. The County at this time has the following capital projects fund, the Nursing Home Construction Fund and the Jail Construction Fund.

**Proprietary funds** are those through which most of the costs of providing the services are funded through charges for services. 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 the proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses 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.

**Enterprise Funds** - The County's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in enterprise funds. The County has two enterprise funds, the Yoakum County Hospital (the Hospital or hospital fund) and the Shinnery Oaks Community (the Community or nursing home fund), and reports both as major funds.

The Hospital is an organization licensed to operate a 24-bed acute healthcare facility located in Denver City, Texas. It is operated under a six (6) member Board of Directors, which are appointed by the commissioners of the County. The County's General Fund subsidizes the Hospital as needed with a budgeted portion of the ad valorem tax revenue assessed by the County each year.

Under the Indigent Health Care and Treatment Act of the State of Texas, county hospitals are responsible for providing certain levels of health care to county indigents. The Hospital's policies for charity care comply with the Indigent Health Care and Treatment Act.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Community is an organization licensed to operate a 60 bed skilled health care facility located in Denver City, Texas. The Community is organized for providing healthcare and rehabilitation services to the residents of the County and the surrounding area. The Community's primary sources of support are from resident revenues and other ancillary income. The County's General Fund subsidizes the Community as needed with a budgeted portion of the ad valorem tax revenue assessed by the County each year.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County Commissioners. The financial statements of the County may be obtained by writing to the Yoakum County Auditor's Office, P.O. Box 516, Plains, Texas 79355.

Additionally, the County reports the following fund types:

**Agency Funds** - The County accounts for resources held in a custodial of the County in agency funds. This includes amounts received for County operations but not transferred to the governmental funds.

### **Other Accounting Policies**

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

**Equity in Pooled Cash and Investments** - The County pools the resources of various funds in order to facilitate the management of cash and enhance investment earnings. Records are maintained which reflect each fund's equity in the pooled account. The County's investments are stated at fair value.

**Cash Equivalents** - Cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less when purchased which present and insignificant risk of changes in value because of changes in interest rates.

**Use of Restricted Cash** - When the County incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

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

Allowances for uncollectible tax receivables within the General, Special Revenue and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**Proprietary Fund Accounts Receivable** - Within the Enterprise Funds, services rendered and billed but not collected as of the close of the fiscal year are accrued and this amount is reflected in the accounts receivable balance. Amounts billed are reflected as accounts receivable net of an allowance for uncollectible accounts.

**Inventories** - The County reports inventories of supplies at lower of cost, as determined on a first in, first out basis or market including consumable utility maintenance and office items. Supplies are recorded as expenditures when they are consumed, except for certain utility and other supplies.

**Capital Assets and Depreciation** - Capital assets, including public domain infrastructure (e.g. streets, bridges, sidewalks and other assets that are immovable and of value only to the County) are defined as assets with an initial, individual cost and an estimated useful life in excess of one year. These capital assets are reported in the GWFS and in the proprietary FFS. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair value on the date of donation.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation is based on the estimated useful lives, and is calculated by use of the straight-line method applied to cost. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the proprietary FFS. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

The County uses the following schedule to determine the useful lives of capital assets:

Infrastructure/Improvements	5-50 Years
Buildings	5-50 Years
Equipment	3-15 Years

**Long Term Debt** - 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 premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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.

**Compensated Absences** - It is the County’s policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. All sick pay and vacation pay is accrued when incurred in the government-wide or proprietary fund financial statements.

**Fund Balances/Net Position**

*Government-Wide Financial Statements:*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted balances, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, and then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund classifications can be used.

*Fund Financial Statements:*

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net position of the enterprise funds are classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

**Risk Management** - The County is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For the past several years, the County has obtained coverage from outside sources to insure the County against the risk of loss. There were no significant reductions in insurance coverage from coverage in the prior year. Settlement amounts have not exceeded coverage for the current year or past fiscal years.

**Commitments and Contingencies** - The County participates in federally assisted programs. In connection with grants under these programs, the County is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives. In the opinion of management, the County has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the County expects the resulting liability to be immaterial.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualify for reporting in this category. Unearned Revenue and Unearned Deferred Revenue are reported in the government- wide Statement of Net Position. Any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as deferred inflows of resources, unavailable tax revenue – advance collections and unavailable tax revenue, respectively, since the tax revenue has not been earned as of December 31, 2018.

**Defined Benefit Pension Plan** - The County provides pension benefits to its employees through the County's agent multiple-employer defined benefit pension plan operated by the Texas County & District Retirement System (the Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Patient Service Revenue** – Both the Hospital and the Community have agreements with third-party payers that provide for payments at amounts different from their established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and include estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods, as adjustments become known.

**Charity Care** - The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because they do not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net revenue. The costs of charity care provided under the Hospital's charity care policy was approximately \$3,369,488 for 2021. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

**Budgetary Data** - Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. In general, annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds. All annual appropriations lapse at fiscal yearend.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The County Commissioners' Court, under budgetary laws established by the Texas legislature, is required to adopt an annual budget for all governmental fund types to cover all the proposed expenditures of the County government, and to levy a tax sufficient, when considered with other revenues and available funds, to provide for these expenditures. Once the budget is approved, no expenditures may be made except in strict compliance with the budget.

Emergency expenditures in case of grave public necessity, to meet unusual and unforeseen conditions, which could not, by reasonable thought and diligent attention, have been included in the original budget, may from time to time be authorized by the Court as amendments to the original budget. The Commissioners' Court is the sole agency having discretionary power to determine existence of such facts as would constitute an emergency justifying a budget amendment.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a. Prior to September 15, the County Auditor, as the County's Chief Budgetary Officer, will submit to the Commissioners' Court a proposed operating budget for the fiscal year commencing the following January 1.
- b. After the presentation of the proposed budget and prior to December 1, the Commissioners' Court will conduct a series of hearings with the individual department heads to review and analyze their expenditure reports. These meetings are all open to the public to encourage public comment.
- c. Prior to December 15, the Commissioners' Court will finalize the proposed budget and file it with the County Clerk.
- d. Prior to January 1, two public hearings will be held to receive citizen input, adopt the budget, and set the tax rate for the coming budget year.
- e. All budget amendments are approved by the Commissioners' Court. From time to time, during the period covered by these financial statements, supplemental budget amendments were required and approved by the Commissioners' Court, under the provisions outlined above. Budgeted amounts presented in these financial statements are inclusive of any amendments made during the period January 01, 2021 through December 31, 2021.
- f. Budgets for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governments, using the modified accrual basis of accounting.
- g. By law, appropriations for the total County budget cannot exceed the total resources that will be available for the year as forecasted by the County Auditor.
- h. The level of budgetary control (that is the level at which expenditures may not legally exceed appropriations) is established by organization within an individual fund.

**Subsequent Events** - Accounting standards require reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. Management has evaluated subsequent events through July 15, 2022, the date the financial statements were issued.

## **NOTE 2 - DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk for Deposits** - State statute requires that public funds in the County's depository institution be secured by eligible securities, as defined by Vernon's Texas Statutes and Codes Annotated (VTCA), Local Government Code Chapter 2257, in an amount not less than the amount on deposit plus any accrued interest less any amount provided for by insurance of the United States or an instrumentality thereof.

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the VTCA, Local Government Code, Chapter 116. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

## **NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The County's depository agreement provides that as security for the deposits of the County their bank will pledge to the County securities at 100% of the amount of County funds on deposit including interest accrued to date. Value of the securities comprising the pledge will be set at the lower of par value or estimated market value.

The securities pledged must satisfy the requirements of Article 2560 of the Texas Revised Civil Statutes Annotated. Furthermore, the pledged securities are subject to the approval of the Commissioners Court as to type and value. Substitutions of securities or change of total amounts of securities may be made only by and with proper written authorization by the County. A copy of the safekeeping receipts for securities pledged will be issued to the County at the conclusion of each investment transaction.

At December 31, 2021, the carrying amount of the County's deposits (including restricted and agency amounts) was \$47,706,816. The County's cash deposits during the year ended December 31, 2021 were properly secured at all times by a combination of FDIC insurance and by pledged collateral held by the County's agent bank in the County's name.

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

The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County's investment policies further limit State statutes such that eligible investments include the following:

- a. Obligations, including letters of credit, of the United States and/or its agencies and instrumentalities;
- b. Direct obligations of this state and/or its agencies and instrumentalities;
- c. Collateralized mortgage obligations directly issued by a federal agency and/or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- d. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities;
- e. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
- f. Certificates of deposit if issued by a state or national bank domiciled in this state, savings bank domiciled in this state, or a state or federal credit union domiciled in this state;
- g. Certain repurchase agreements as defined by the policy;
- h. Certain bankers' acceptances as defined by the policy;
- i. Certain no-load money market mutual funds as defined by the policy;
- j. Certain no-load mutual funds as defined by the policy; and
- k. Investment pools.

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

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

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

from all other trustors, investments and activities of the Trust Company. Only local governments having contracted to participate in TexPool have an investment interest in its pool of assets, and participation in the pool is voluntary.

**Credit Risk** - To limit the risk that an insurer or other counter-party to an investment will not fulfill its obligations, the County limits investments in commercial paper, corporate bonds, and mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of December 31, 2021, the County’s investments were rated AAA or higher by Standard & Poors.

As of December 31, 2021, the County had the following investments (including restricted and agency amounts):

<u>Investment or Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
DWS Government Cash Institutional Shares (Money Market Funds)	\$ 12,068,351	37 days
TexPool	2,512,244	34 days
Certificate of deposit	<u>589,353</u>	30 days
	<u>\$ 15,169,948</u>	

Investments by the County in investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

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

**Concentration of Credit Risk** - To limit the risk of loss attributed to the magnitude of a government’s investment in a single issuer, the County limits investments in a single issuer to less than 5% of its total investments. The County further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental activities and individual major funds than they are in the primary government. Usually this limitation is 20%.

**Interest Rate Risk** - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the County requires the investment portfolio to have weighted average maturities of one year or less.

**NOTE 3 - PROPERTY TAXES**

In accordance with state law, all appraisals of County property for tax purposes are made by the countywide appraisal authority, Yoakum County Appraisal District. Assessed values are based upon 100 percent of appraised market value and are reviewed every three years. Taxpayers have the right to challenge the assessed value. The County is subject to a tax rate rollback if the total amount of property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceding year, as defined by statute, by 3.5% plus the unused incremental amount from 2021. The County's ad valorem taxes are levied on October 1 but do not become due until January 1 of the following year. Taxes become past due February 1 and become delinquent June 30. The County's taxes become a lien on real property on the due date of January 1.

The tax rates for fiscal per \$100 assessed value in the County:

	<u>Tax year 2021</u>
Total tax assessed	\$ 23,036,486
General fund operations	.72619
Farm/market lateral M&O	.16760
Debt service	.03302

**NOTE 3 - PROPERTY TAXES (CONTINUED)**

For financial statement reporting, the net property taxes receivables and advanced collection of taxes are reported as deferred inflow of resources because the collection of the property taxes will fund the operations of the County in the next fiscal year.

**Concentration of Risk** - During the year, the County collected approximately 53% of its property tax revenue from one oil and gas company operating within the County. This poses a potential risk to the County, which could be adversely affected if a situation arose where this company could or would not pay the assessed taxes.

The amount of property taxes due to the County by fund at December 31, 2021 is as follows:

<u>Fund</u>	<b>Property Tax Receivable</b>		<b>Property Taxes Receivable</b>
	<b>Current</b>	<b>Delinquent</b>	
General fund	\$ 12,518,295	276,566	12,794,861
Road and bridge	419,687	9,272	428,959
Farm/market lateral	2,889,086	63,828	2,952,914
Jury fund	36,980	664	37,644
Nursing home debt service	569,169	10,215	579,384
Permanent improvement	804,996	14,447	819,443
	<u>\$ 17,238,213</u>	<u>374,992</u>	<u>17,613,205</u>

Any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Availability only affects the recognition of revenue in governmental funds. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as Unavailable Revenue and Deferred Revenue in the fund statements and the government-wide statements, respectively. Each of t mounts are listed in the Deferred Inflows section of their respective financial statements.

	<b>Deferred Inflows of Resources</b>		
	<b>Advance Tax Collections</b>	<b>Tax Revenue</b>	<b>Total</b>
General fund	\$ 4,210,673	12,518,295	16,728,968
Road and bridge	141,167	419,687	560,854
Farm/market lateral	971,777	2,889,086	3,860,863
Jury fund	12,439	36,980	49,419
Nursing home debt service	191,447	569,169	760,616
Permanent improvement	270,770	804,996	1,075,766
	<u>\$ 5,798,273</u>	<u>17,238,213</u>	<u>23,036,486</u>

**NOTE 4 - INTERFUND BALANCES AND TRANSFERS**

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Reimbursements from one fund to another for expenditures or expenses already made are recorded as expenditures or expenses in the reimbursing fund. Non-recurring or no- routine transfers of equity between funds are treated as residual equity transfers and are reported as residual equity transfers and are reported as additions to or deductions from the fund balance of governmental funds. All other transfers are treated as operating transfers and are included in the results of operations of the governmental funds.

The County had the following interfund balances as of the end of the year (intra-fund receivables and payables have been eliminated):

**NOTE 4 - INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

<u>Due from</u>	<u>General Fund</u>	<u>Farm/Market Lateral Roads Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Nonmajor governmental funds	\$ 224,233	-	-	224,233
Internal service fund	7,500	-	-	7,500
General fund	-	-	213,182	213,182
Farm/Market lateral roads fund	-	-	350,857	350,857
Custodial funds	<u>1,452,903</u>	<u>350,855</u>	<u>73,029</u>	<u>1,876,787</u>
	<u>\$ 1,684,636</u>	<u>350,855</u>	<u>637,068</u>	<u>2,672,559</u>

Agency fund reconciliation:

Due from other funds	\$ 2,115,371
Due to other funds	<u>3,992,158</u>

Net due to other funds \$ 1,876,787

During the year ended December 31, 2021, the County made the following interfund transfers:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
<b>Governmental funds</b>			
Road and bridge – precinct 1		78,995	Property tax allocation
Road and bridge – precinct 2		78,995	Property tax allocation
Road and bridge – precinct 3		78,995	Property tax allocation
Road and bridge – precinct 4		78,995	Property tax allocation
City streets	Road and bridge clearing	<u>100,000</u>	
Road and bridge – precinct 1		763,084	Property tax allocation
Road and bridge – precinct 2	Farm/market lateral roads	763,084	Property tax allocation
Road and bridge – precinct 3		763,084	Property tax allocation
Road and bridge – precinct 4		763,084	Property tax allocation
Yoakum County landfill	General fund	423,124	Subsidize operations
General fund	Justice assistance grant	<u>303</u>	
Total governmental fund transfers		<u>\$ 3,891,743</u>	
<b>Proprietary funds</b>			
Nursing home fund		\$ 1,151,343	Subsidize operations
Hospital funds	General fund	<u>1,018,555</u>	Subsidize operations
Total Proprietary fund transfers		<u>\$ 2,169,898</u>	

**NOTE 5 - OTHER RECEIVABLES**

The Hospital and Community grant credit without collateral to its patients, most of who are local residents, and are insured under third-party payor agreements. They provides allowances for doubtful receivables equal to the estimated collection losses that will be included in collection of all receivables. These estimated losses are based on historical collection experience, coupled with review of the status of the existing receivables. Patient accounts receivables are reported as current assets by the County at December 31, 2021.

The Hospital and Community have agreements with third-party payers that provide for payments at amounts different from its established rates. These payment arrangements include:

**NOTE 5 - OTHER RECEIVABLES (CONTINUED)**

*Medicare.* The Hospital is certified as a Critical Access Hospital (CAH) by Medicare. As a CAH, the Hospital is reimbursed for substantially all inpatient and outpatient services to Medicare beneficiaries based on a reasonable cost methodology. Additionally, as a CAH, the Hospital’s licensed beds are limited to 25, and the Hospital’s acute average length of stay may not exceed 96 hours. The Hospital is reimbursed for substantially all services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor. The Medicare administrative contractor through December 31, 2021 has audited the Hospital’s Medicare cost reports. The Community is also an approved Medicare provider and is paid at contractually established rates.

*Medicaid.* The state of Texas has converted the Medicaid program to managed care agreements, which are managed by private insurance companies. The Hospital and Community are reimbursed at contractually established rates. A small portion of the Medicaid population is still covered by traditional Medicaid which is cost reimbursed.

Approximately 56% of the Hospital and 74% of the Community net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended December 31, 2021. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital and Community have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Fees and refunds receivable	\$ 1,135	-	1,135
Patient accounts receivable			
Medicare	-	1,057,468	1,057,468
Medicaid	-	1,397,200	1,397,200
Other third-party payors	-	2,289,651	2,289,651
Self pay	-	5,069,688	5,069,688
Total patient accounts receivable	-	9,814,007	9,814,007
Less allowance for uncollectibles	-	(6,678,256)	(6,678,256)
Estimated amounts due from third parties	-	901,987	901,987
	\$ 1,135	4,037,738	4,038,873

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the County for the year ended December 31, 2021 is disclosed below. Governmental activities depreciation of \$1,175,550 is reported as a separate line item on the Statement Activities and is not allocated to the County's governmental functions.

	<b>Adjusted Balance 12/31/20</b>	<b>Additions</b>	<b>Transfers/ Deletions</b>	<b>Ending Balance 12/31/21</b>
<b>Governmental activities:</b>				
Assets not depreciated:				
Land and land improvements	\$ 851,126	-	-	851,126
Construction in progress	<u>1,823,106</u>	<u>-</u>	<u>(1,731,788)</u>	<u>91,318</u>
Total assets not depreciated	<u>2,674,232</u>	<u>-</u>	<u>(1,731,788)</u>	<u>942,444</u>
Depreciable assets:				
Buildings and improvements	17,497,149	385,487	1,731,788	19,614,424
Land improvements	1,599,192			1,599,192
Furniture and equipment	<u>19,102,474</u>	<u>816,656</u>		<u>19,919,130</u>
Total depreciable assets	38,198,815	1,202,143	1,731,788	41,132,746
Less accumulated depreciation	<u>(16,355,293)</u>	<u>(1,211,830)</u>	<u>-</u>	<u>(17,567,123)</u>
Net depreciable assets	<u>21,843,522</u>	<u>(9,687)</u>	<u>-</u>	<u>23,565,623</u>
Net governmental capital assets	<u>\$ 24,517,754</u>	<u>(9,687)</u>	<u>-</u>	<u>24,508,067</u>

	<b>Adjusted Balance 12/31/20</b>	<b>Additions</b>	<b>Transfers/ Deletions</b>	<b>Ending Balance 12/31/21</b>
<b>Business-type activities:</b>				
Assets not depreciated:				
Land	\$ 150,463	-	-	150,463
Construction in progress	<u>224,366</u>	<u>1,032,313</u>	<u>(724,781)</u>	<u>531,898</u>
Total assets not depreciated	<u>374,829</u>	<u>1,032,313</u>	<u>(724,781)</u>	<u>682,361</u>
Depreciable assets:				
Buildings and improvements	20,355,623	35,951	-	20,391,574
Major moveable equipment	<u>12,380,792</u>	<u>671,032</u>	<u>654,248</u>	<u>13,706,072</u>
Total depreciable assets	32,736,415	706,983	654,248	34,097,646
Less accumulated depreciation	<u>(21,611,085)</u>	<u>(1,151,326)</u>	<u>70,533</u>	<u>(22,691,878)</u>
Net depreciable assets	<u>11,125,330</u>	<u>(444,343)</u>	<u>724,781</u>	<u>11,405,768</u>
Net governmental capital assets	<u>\$ 11,500,159</u>	<u>587,970</u>	<u>-</u>	<u>12,088,129</u>

Long-Lived Asset Impairment

The County evaluates the recoverability of the carrying value of long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets. No asset impairment was recognized during the year ended December 31, 2021.

**NOTE 7 - BONDS AND NOTES PAYABLE**

**Governmental Activities**

The County has entered into a line of credit with a local financial institution to cover the closure and post closure costs associated with the county landfill. The County did not draw on this line of credit in 2021.

Bond indebtedness of the County is reflected in the Government-Wide Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. In 2006 Certificates of Obligation (COO) were issued to finance construction of the jail and in 2012 General Obligation Bonds (GOB) were issued for the construction of a nursing home. Debt service on the bonds consists of semi-annual interest payments and annual principal payments. Interest rates range from 1% to 4% and are secured by the property tax collections of the County.

In 2017 the County entered into a capital lease of \$244,846 to purchase one Caterpillar 963K (Track Loader) for the landfill. This lease is for a period of five years with annual payments of \$52,551 at an interest rate of 2.5% and is collateralized by the asset. The caterpillar cost \$211,000 and has a current book value of \$195,761.

A summary of activity in general long-term debt for the year ended December 31, 2021 in the governmental funds is as follows:

	<b>Balance 12/31/20</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/21</b>
Bank of New York - GOB	\$ 1,120,000	-	550,000	570,000
Sun Trust – capital lease	-	-	-	-
	<u>\$ 1,706,232</u>	<u>                    </u>	<u>586,232</u>	<u>1,120,000</u>

	<b>Interest Rate</b>	<b>Original Amount</b>	<b>Maturity</b>	<b>Due Within One Year</b>
Bank of New York - GOB	1% to 2%	\$ 5,000,000	February 2022	<u>570,000</u>
				<u>\$ 570,000</u>

**Debt Service Requirements**- Debt service requirements for bonds and capital leases are funded through Debt Service Fund, General Fund or Precinct 3 Fund. Below is the maturity schedule for the governmental funds notes and capital lease obligations.

<b><u>Year Ended December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Debt Service</u></b>
2022	\$ <u>570,000</u>	<u>5,700</u>	<u>575,700</u>
	<u>\$ 570,000</u>	<u>5,700</u>	<u>575,700</u>

**NOTE 8 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the County to place a final cover on its landfill location when it stops accepting waste and to perform certain maintenance and monitoring functions at the location for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as operating expenses and increases the corresponding long term liability in each period based on landfill County used as each balance sheet date.

The \$575,009 included in the landfill closure and post closure care liability at December 31, 2021 represents the cumulative amount expensed by the County to date for its landfill that is registered under Texas Commission on Environmental Quality, less any amounts previously paid. Approximately 10 percent of the

**NOTE 8 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST (CONTINUED)**

estimated capacity has been used, with \$57,501 of the estimated \$575,009 closing costs to be recognized over the remaining closure period. The volume amount of used capacity and estimated remaining life of the landfill is evaluated annually. Post closure care costs are based on prior estimates and have been adjusted for inflation. Actual costs may differ due to inflation, deflation, changes in technology, or other regulatory changes.

The County is required by state and federal laws and regulations to provide assurance that financial resources will be available for landfill closure, post closure care, and remediation or containment of environmental hazards. The County is in compliance with these requirements by securing a designated line of credit with a local financial institution as a mechanism for providing assurance. The County expects to finance costs through normal operations.

		<b>Balance 12/31/20</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/21</b>
Landfill closure costs	\$	<u>56,819</u>	<u>682</u>	<u>-</u>	<u>57,501</u>

**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

**Plan Description**

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

- a. Yoakum County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  - All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
  - The plan provides retirement, disability and survivor benefits.
  - TCDRS is a savings-based plan. For the county’s plan, 7% of each employee’s pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity.
  - There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation. One is not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the County may elect an ad-hoc COLA for its retirees.
  - Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county’s contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Yoakum County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2020 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

**Employees covered by benefit terms.**

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

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Beneficiaries currently receiving benefits	212
Inactive employees entitled to but not yet receiving benefits	303
Active employees	332
	847

The employer has elected the annually determined rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed the actuarially determined rate of 8.44% for the year ended December 31, 2020. The County has elected to contribute 12%. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the option available in the TCDRS Act.

**Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At December 31, 2021, the County reported an asset of \$1,171,658 for its net pension asset. The net pension asset was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date. The County’s net pension asset was based on the County’s long-term contributions to the pension plan relative to the projected contributions of all participating entities of the TCDRS, actuarially determined.

For the year ended December 31, 2021, the County recognized pension expense of approximately \$886,458. At December 31, 2021, the County reported deferred outflows and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between actual and expected experience	\$ 259,070	133,278
Net difference between expected and actual earnings	-	2,274,777
Economic/demographic (gain) or loss	-	-
Change in assumptions	2,974,768	-
Contributions made subsequent to measurement date	1,958,642	-
Total	\$ 5,192,480	2,408,055

An amount of \$1,958,642 is reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>Amount</b>
2021	\$ 227,594
2022	1,022,209
2023	(144,263)
2024	(279,757)
2025	-
Thereafter	-
	\$ 825,783

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>2019</b>
Inflation	2.50%
Salary increases (average)	4.6%
Long-term assumed investment rate of return	7.60%

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The annual salary increases rates assumed for individual members vary by length 2.50% and a merit, promotion, and longevity component that on average approximates 1.6% per year for a career employee.

Mortality rates were based on the RP-2000 Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA. For service retirees, beneficiaries, and non-depositing members, the mortality rates were based on the RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females. For disabled retirees the mortality rates were based on the RP- 2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

The actuarial cost method was Entry Age Normal, as required by GASB 68. Straight-line amortization over Expected Working Life with a 5 year smoothing period, and a non-asymptotic recognition method with no corridor were utilized in the actuarial calculations.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumption and information shown in the table below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10 year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of ever four years, and is set based on a long time horizon. The most recent analysis was performed in 2020.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
US equities	11.5%	4.25%
Private equity	25.0	7.25
Global equities	2.5	4.55
International equities - developed	5.0	4.25
International equities - emerging	6.0	4.75
Investment – grade bonds	3.0	-0.85
Strategic credit	9.0	2.11
Direct lending	16.0	6.70
Distressed debt	4.0	5.70
REIT equities	2.0	3.45
Master limited partnerships	2.0	5.10
Private real estate partnerships	6.0	4.90
Hedge funds	6.0	1.85
Cash equivalents	2.0	
	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.6% at December 31, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate**

The following presents the net pension (asset)/liability of the County, calculated using the discount rate of 8.1 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1 percent) or 1-percentage-point higher (9.1 percent) than the current rate:

**NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	<b>1% Decrease (6.6%)</b>	<b>Current Discount Rate (7.6%)</b>	<b>1% Increase (8.6%)</b>
Net pension liability (asset) \$	7,963,976	(1,171,658)	(8,834,084)

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

**Changes in the Net Pension (Asset) Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at 12/31/19</b>	\$ 64,598,954	65,073,169	(474,215)
<b>Changes of the year:</b>			
Service cost	1,709,751	-	1,709,751
Interest	5,222,024	-	5,222,024
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	283,069	-	283,069
Changes of assumptions	3,966,357	-	3,966,357
Benefit payments, including refunds of member contributions	(3,751,576)	(3,751,576)	-
Contributions - employer	-	3,994,980	(3,994,980)
Contributions - employee	-	1,163,738	(1,163,738)
Net investment income	-	6,725,370	(6,725,370)
Administrative expense	-	(53,562)	53,562
Other	-	48,118	(48,118)
Net changes	7,429,625	8,127,068	(697,443)
<b>Balances at 12/31/20</b>	\$ 72,028,579	73,200,237	(1,171,658)

**NOTE 10 - EMPLOYEE HEALTH CARE COVERAGE**

The County has a self-funded plan for benefits of comprehensive major medical, dental, and vision care. The Texas Association of Counties Pool (Blue Cross Blue Shield of Texas) serves as the third party insurance carrier and administrator. The fund services all claims for risk of loss of group health to which the County is exposed. All departments, with the exception of the Adult Probation department, which is required to use the State's health insurance plan, participate in the fund. The fund allocates the cost of providing claims servicing, claims payments, and reinsurance costs by charging a premium to each department based on number and level of employees participating in the program. The County contributes a set amount per pay period per employee as agreed upon by the County Commissioners. This charge considers recent trends in actual claims experience of the County and makes provisions for catastrophic losses. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The fund's liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The contract between Yoakum County and the third party administrator is renewable annually and terms of coverage and contribution costs are included in the contractual provisions.

In accordance with state statute, Yoakum County was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Blue Cross/Blue Shield of Texas, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$40,000. Other counties and/or their employees contributed to the self-insurance pool which was operated under contractual provisions of Article 4413(32c), Interlocal Cooperation Act.

**NOTE 11 – OTHER POST RETIREMENT BENEFITS**

**Plan Participants**

Full-time employees of the County who meet the County’s requirements eligible to participate in the retiree health care plan.

**Normal Retirement Benefits**

Employees of Yoakum County that are hired, elected, or appointed prior to January 1, 2003 will retain health insurance benefits upon retirement (pursuant to pension service requirements for retirement) for both employee or official and his/her spouse with the premiums being paid by Yoakum County.

An employee or official hired, elected, or appointed after December 31, 2002 who chooses to retire before the age of 60 must elect to retain and pay for his/her and the spouse’s health insurance premiums until the retiree reaches the age of 60; the County will pay the premiums after the age of 60 for both the retiree and spouse if the insurance is retained upon retirement. An employee retiring with dependent children will have the option to pay at their own expense, the difference in premium for family health coverage versus employee/spouse coverage. When the employee turns 65, the dependent health coverage ceases.

**Vested Termination Benefit**

Members terminating before normal retirement conditions are not eligible for retiree health care.

**Death-in-Service Retirement Benefits**

The County does not provide death-in-service benefits to a surviving spouse of a TCDRS Employee.

**Dental Coverage**

The County does not provide dental coverage to retirees.

**Life Insurance Coverage**

The County provides a \$5,000 life insurance policy to all county retirees.

**Benefits for Spouses of Retired Employees**

The spouse of a retiree hired prior to January 1, 2003 will be provided health insurance at a cost of \$50 per month. The spouse of a retiree hired after December 31, 2002 will be provided health insurance at a cost of \$50 per month if the retiree is over the age of 60, or if the health insurance was retained by the employee and his/her spouse until the retiree reached the age of 60.

The following table provides a summary of the number of County participants in the plan as of December 31, 2019:

Inactive plan members or beneficiaries currently receiving benefits	126
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	278
	404

The County is not required to make contributions to the plan on behalf for retirees and funds the plan on a projected pay-as-you-go financing method.

**Total OPEB Liability**

The County’s total OPEB liability was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

**NOTE 11 – OTHER POST RETIREMENT BENEFITS (CONTINUED)**

Actuarial Cost Method	Individual Entry-Age
Inflation	2.5% per year
Healthcare cost trend rate	Pre-65: Initial rate of 7.0% declining to an ultimate rate of 4.15% after 15 years; Post-65: Initial rate of 5.50% to an ultimate rate of 4.15% after 14 years.
Discount rate	2.00% as of December 31, 2020
Salary increases	0.50% to 5.00%, not including wage inflation of 3.25%

The gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with rates for males multiplied by 130% and rates for females multiplied by 110%. For healthy retirees, the valuation employs fully generational mortality projections based on 110% of the ultimate rates of Scale MP-2014.

The rates of post retirement mortality for disabled retirees:

The gender-distinct RP-2014 Disabled Retiree Mortality Tables are used with rates for males multiplied by 130% and rates for females multiplied by 115%. For disabled retirees, the valuation employs fully generational mortality projections based on 110% of the ultimate rates of Scale MP-2014.

The rates of mortality for active members:

The gender-distinct RP-2014 Employee Mortality Tables are used with rates for males and females multiplied by 90%. For active members, the valuation employs fully generational mortality projections based on 110% of the ultimate rates of Scale MP-2014.

**Discount rate**

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For purposes of the most recent OPEB valuation, the municipal bond rate is 2.00% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 2.75% as of the prior measurement date.

<b>Changes in the OPEB liability</b>	<b>Total OPEB Liability</b>
Balance at December 31, 2020	\$ 58,856,663
Changes for the year	
Service cost	3,404,885
Interest	1,644,625
Difference between expected and actual experience	(128,504)
Changes of assumptions	8,072,880
Benefit payments	(1,509,096)
Net changes	11,484,790
Balance at December 31, 2021	\$ 70,341,453

The following represents the total OPEB liability of the County, calculated using the discount rate of 2.00%, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	<b>1% Decrease in Discount Rate (1.00%)</b>	<b>Discount Rate (2.00%)</b>	<b>1% Increase in Discount Rate (3.00%)</b>
County’s Total OPEB Liability	\$ 83,683,005	70,341,453	59,880,723

**NOTE 11 – OTHER POST RETIREMENT BENEFITS (CONTINUED)**

*Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rate*

The following represents the total OPEB liability of the County, calculated using the assumed healthcare cost trend rate, as well as what the County’s total OPEB liability would be if it were using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
County’s Total OPEB Liability	\$ 58,151,219	70,341,453	86,431,251

*OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended December 31, 2021 the County recognized total OPEB expense of \$5,412,278.

At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between actual and expected experience	\$ -	7,245,171
Change in assumptions	11,314,704	2,082,268
Contributions made subsequent to measurement date	<u>1,402,978</u>	
Total	<u>\$ 12,717,681</u>	<u>9,327,439</u>

\$1,402,978 reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability as of December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31:</u>	<u>Amount</u>
2022	\$ 362,768
2023	362,768
2024	(115,148)
2025	49,418
2026	1,235,582
Thereafter	<u>91,876</u>
	<u>\$ 1,987,264</u>

**NOTE 12 – MEDICAL MALPRACTICE CLAIMS**

The Hospital and the Community are units of government covered by the Texas Tort Claims Act which, by statute, limits its liability to \$100,000 per individual and \$300,000 aggregate per claim. The Hospital is self-insured for amounts not covered under statute. Losses from asserted and unasserted claims incorporate the Hospital’s past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the Hospital’s estimate of losses will change by a material amount in the near term.

Activity in the Hospital’s accrued medical malpractice claims liability during 2021 is summarized as follows:

Balance at beginning of the year	\$ 120,000
Current year change in estimates	
for claims incurred in prior years	-
Balance at end of year	<u>\$ 120,000</u>

### **NOTE 13 - AGREEMENTS FOR MANAGEMENT SERVICES**

In September 2018, the County entered into a contract with 24 Karat Ventures, LLC to manage the operation of the Community. The contract effective November 1, 2018 is for 3 years and 24 Karat Ventures receives a management fee of 5% of resident collections, with a minimum monthly management fee of \$13,000. Total management fees expense recorded as of December 31, 2021 is \$167,690

### **NOTE 14 - MEDICAID SUPPLEMENTAL PAYMENT PROGRAMS**

During fiscal year 2010, the Hospital entered into an affiliation agreement with the Service Organization of West Texas (SOWT), a group established to improve the level of health care provided to the indigent population of the Hospital by strategically allocating the available community health care resources and the burden of providing services. This agreement is intended to increase funding for the Medicaid population and to access federal funding for the indigent population through the Texas Medicaid supplemental payment programs. Under these programs, the Hospital contributes certain government funds to the state of Texas. SOWT funds certain costs of care to the Medicaid and Non-Medicaid indigent in the County and surrounding areas. These services were valued at approximately \$906,074 for the year ended December 31, 2021.

On December 12, 2011, the United States Department of Health and Human Services approved a Medicaid Section 1115(a) demonstration project entitled "Texas Health Transformation Quality Improvement Program" (the Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year. Total revenue recognized from these programs was approximately \$1,473,350 for the year ended December 31, 2021 and is included as supplemental Medicaid funding in the accompanying statements of revenues, expenses and changes in net position.

The Waiver is effective from December 12, 2011 to December 31, 2017. On December 31, 2017, the Texas Health and Human Services Commission (HHSC) announced CMS has agreed to extend the Waiver through September 30, 2022.

The programs described above are subject to review and scrutiny by both the Texas Legislature and the CMS and the programs could be modified or terminated based on new legislation or regulation in future periods.

### **NOTE 15 – RECENT ACCOUNTING PRONOUNCEMENTS**

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain Statements by one year including:

*Statement No. 83, Certain Asset Retirement Obligations, Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90, Majority Equity Interests, Statement No. 91, Conduit Debt Obligations, Statement No. 92, Omnibus 2020, and Statement No. 93, Replacement of Interbank Offered Rates.*

The statement further postponed the effective date for Statement No. 87, *Leases*, by 18 months.

### **NOTE 16 – NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at December 31, 2021.

*GASB Statement No. 87, Leases*. Effective for fiscal years beginning after December 15, 2019 (June 15, 2021 by Statement No 95).

*GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2019 (December 15, 2020 by Statement No. 95).

*GASB Statement No. 91, Conduit Debt Obligations*. Effective for reporting periods beginning after December 15, 2020 (December 15, 2021 by Statement No. 95)

**NOTE 16 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

The County will implement the new GASB pronouncements in the fiscal year no later than the required effective date.

**NOTE 17 – COVID-19**

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have had an adverse affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and County residents (including social distancing and working from home).

The County has received financial assistance from both the State of Texas and the Federal government through various grant programs designed to limit the spread of the virus and to provide vaccines for county residents.

The County's evaluation of the effects of these events is ongoing as of the date the accompanying financial statements were issued. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
YOAKUM COUNTY**

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES-BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 13,450,560	13,450,560	12,356,851	( 1,093,709)
Intergovernmental:	231,801	231,801	145,495	( 86,306)
Charges for services	446,150	446,150	667,020	220,870
Licenses, fees and permits	14,350	14,350	16,557	2,207
Fines and forfeitures	158,650	158,650	137,695	( 20,955)
Interest	500,000	500,000	103,890	( 396,110)
Other	91,500	91,500	349,103	257,603
<i>Total revenues</i>	14,893,011	14,893,011	13,776,611	( 1,116,400)
<b>Expenditures</b>				
Current				
County judge	248,852	248,852	290,998	( 42,146)
Commissioners' court	35,270	35,270	28,923	6,347
County clerk	393,620	393,620	364,964	28,656
Human resources	96,897	96,897	89,281	7,616
Veteran services	12,858	12,858	-	12,858
Administrative and general	1,850,426	1,850,426	1,407,347	443,079
Judicial	142,707	142,707	28,662	114,045
District judge	121,116	121,116	101,884	19,232
District clerk	293,997	293,997	292,750	1,247
Justice of the peace #1	209,249	209,249	190,300	18,949
Justice of the peace #2	285,088	285,088	284,031	1,057
Criminal district attorney	429,475	429,475	395,776	33,699
County auditor	323,901	323,901	348,978	( 25,077)
County treasurer	234,047	234,047	226,929	7,118
Tax assessor/collector	497,897	497,897	461,923	35,974
Maintenance	807,286	807,286	857,554	( 50,268)
County sheriff	2,181,101	2,181,101	2,079,509	101,592
Juvenile probation	196,688	196,688	162,499	34,189
Health and sanitation	459,305	459,305	266,485	192,820
Welfare	15,000	15,000	-	15,000
Plains library	194,579	194,579	198,583	( 4,004)
Denver city library	280,153	280,153	284,733	( 4,580)
Parks and recreation	1,299,352	1,299,352	1,120,014	179,338
County agricultural agent	113,701	113,701	93,674	20,027
Elections	48,945	48,945	26,339	22,606
Non departmental	2,857,559	2,857,559	347,978	2,509,581
Capital outlay	620,500	620,500	167,688	452,812
<i>Total expenditures</i>	14,249,569	14,249,569	10,117,802	4,131,767
<i>Excess (deficiency) of revenues over expenditures</i>	643,442	643,442	3,658,809	3,015,367
<b>Other financing sources (uses):</b>				
Transfers	( 2,386,019)	( 2,386,019)	( 2,592,589)	( 206,570)
<i>Total other financing sources (uses)</i>	( 2,386,019)	( 2,386,019)	( 2,592,589)	( 206,570)
<b>Net changes in fund balances</b>	( 1,742,577)	( 1,742,577)	1,066,220	2,808,797
Fund balance - beginning of year	25,340,560	25,340,560	25,340,560	
Fund balance, end of year	\$ 23,597,983	23,597,983	26,406,780	

**STATE OF NEW MEXICO  
YOAKUM COUNTY**

FARM/MARKET LATERAL ROADS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES-BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 3,182,630	3,182,630	2,949,819	(232,811)
Interest and other	<u>22,498</u>	<u>22,498</u>	<u>1,539</u>	<u>( 20,959)</u>
<i>Total revenues</i>	<u>3,205,128</u>	<u>3,205,128</u>	<u>2,951,358</u>	<u>( 20,959)</u>
<b>Expenditures</b>				
Current				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,205,128</u>	<u>3,205,128</u>	<u>2,951,358</u>	<u>( 253,770)</u>
<b>Other financing sources (uses):</b>				
Transfers	<u>( 3,205,128)</u>	<u>( 3,205,128)</u>	<u>( 3,052,336)</u>	<u>152,792</u>
<i>Total other financing sources (uses)</i>	<u>( 3,205,128)</u>	<u>( 3,205,128)</u>	<u>( 3,052,336)</u>	<u>152,792</u>
<b>Net changes in fund balances</b>	-	-	( 100,978)	<u>( 100,978)</u>
Fund balance - beginning of year	<u>( 806,972)</u>	<u>( 806,972)</u>	<u>( 806,972)</u>	
Fund balance, end of year	\$( <u> 806,972)</u>	\$( <u> 806,972)</u>	\$( <u> 907,950)</u>	

**STATE OF TEXAS  
YOAKUM COUNTY**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
YEAR ENDED DECEMBER 31, 2021

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 1,709,751	1,647,444	1,666,019	1,664,232	1,794,323	1,651,217	1,625,361
Interest (on total pension liability)	5,222,024	4,974,727	4,787,726	4,510,469	4,262,067	4,034,107	3,781,757
Effects of plan change	283,069	93,537	-	-	-	(313,979)	-
Difference between expected and actual experience	-	-	(533,111)	166,903	(573,007)	(151,993)	169,636
Change in assumptions	3,966,357	-	-	424,799	-	710,538	-
Benefit payments, including refunds of employee contributions	(3,751,576)	(3,699,350)	(3,491,515)	(3,204,611)	(3,197,976)	(2,792,530)	(2,549,057)
Net change in total pension liability	7,429,625	3,016,358	2,429,119	3,561,792	2,285,407	3,137,360	3,027,697
Total pension liability - beginning	64,598,954	61,582,596	59,153,477	55,591,685	53,306,278	50,168,918	47,141,221
Total pension liability - ending (a)	\$ 72,028,579	64,598,954	61,582,596	59,153,477	55,591,685	53,306,278	50,168,918
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 3,994,980	2,823,096	1,773,491	1,730,230	1,766,707	1,619,006	1,652,615
Contributions - employee	1,163,738	1,063,473	1,034,539	1,009,304	997,056	977,555	983,241
Net investment income	6,725,370	9,157,194	(1,080,454)	7,393,364	3,523,998	170,612	3,050,643
Benefit payments, including refunds of employee contributions	(3,751,576)	(3,699,350)	(3,491,515)	(3,204,611)	(3,197,976)	(2,792,530)	(2,549,057)
Administrative expense	(53,562)	(49,588)	(44,789)	(38,297)	(38,410)	(34,320)	(35,472)
Other	48,118	15,417	(14,577)	(6,594)	(78,548)	148,913	55,837
Net change in plan fiduciary net position	8,127,068	9,310,242	(1,823,305)	6,883,396	2,972,827	89,236	3,157,807
Plan fiduciary net position - beginning	65,073,169	55,762,927	57,586,232	50,702,836	47,730,009	47,640,773	44,482,960
Plan fiduciary net positions - ending (b)	\$ 73,200,237	65,073,169	55,762,927	57,586,232	50,702,836	47,730,009	47,640,767
Net pension liability/(asset), ending (a)-(b)	(1,171,658)	(474,215)	5,819,669	1,567,245	4,888,849	5,576,269	2,528,151
Plan fiduciary net position as a percentage of total pension liability	101.63%	90.55%	90.55%	97.35%	91.21%	89.54%	94.96%
Covered employee payroll	\$ 16,624,830	15,192,471	14,779,131	14,418,630	14,243,659	13,965,075	13,471,245
County's net pension liability as a percentage of covered employee payroll	-7.05%	-3.12%	39.38%	10.87%	34.32%	39.93%	18.77%

NOTE: The County implemented GASB Statement No. 68 in fiscal year 2015. Information in this table has been determined as of the measurement date (December 31, 2017) of the net pension liability and will ultimately contain information for ten years. However, until a full ten-year trend is available, only the years available will be included.

**STATE OF TEXAS  
YOAKUM COUNTY**

SCHEDULE OF CONTRIBUTIONS

YEAR ENDED DECEMBER 31, 2021

	Actuarially Determined Contribution	Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
12/31/2020	\$ 1,152,101	3,994,980	(2,842,879)	16,624,830	24.0%
12/31/2019	1,212,359	2,823,096	(1,610,737)	15,192,471	18.6%
12/31/2018	1,228,146	1,773,491	(545,345)	14,779,131	12.0%
12/31/2017	1,216,932	1,730,230	(513,298)	14,418,630	12.0%
12/31/2016	1,297,597	1,766,707	(469,110)	14,243,659	12.4%
12/31/2015	1,294,562	1,619,006	(324,444)	13,965,075	11.6%
12/31/2014	1,289,198	1,652,615	(363,417)	13,471,245	12.3%
12/31/2013	1,238,519	1,561,177	(322,658)	12,996,006	12.0%
12/31/2012	1,160,243	1,492,272	(332,030)	12,435,612	12.0%
12/31/2011	1,115,819	1,455,415	(339,596)	12,128,470	12.0%

**Notes to Schedule of Contributions**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	1.9 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.51%
Salary Increases	Varies by age and service. 4.6% average over career including inflation
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: new mortality assumptions were reflected. 2017: new mortality assumptions were reflected. 2019: new inflation, mortality and other assumptions were reflected.
	2015: no changes in plan provisions were reflected in the schedule.
	2016: no changes in plan provisions were reflected in the schedule. 2017: new annuity purchase rates were reflected for benefits earned after 2017.
Changes in Plan Provisions Reflected in the Schedule*	2018: no changes in plan provisions were reflected in the schedule 2019: no changes in plan provisions were reflected in the schedule 2020: no changes in plan provisions were reflected in the schedule

\*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the notes to schedule.

**STATE OF TEXAS  
YOAKUM COUNTY**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

YEAR ENDED DECEMBER 31, 2021

	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service cost	\$ 3,404,885	3,283,398	3,562,556	3,079,139
Interest (on the total OPEB liability)	1,644,625	2,299,848	2,053,331	2,038,550
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(128,504)	(10,600,023)	(57,472)	-
Change of assumptions	8,072,880	4,273,409	(3,950,557)	4,618,658
Benefit payments	(1,509,096)	(1,497,555)	(1,526,334)	(1,371,926)
Net change in total OPEB liability	11,484,790	(2,240,923)	81,524	8,364,421
Total OPEB liability - beginning	58,856,663	61,097,586	61,016,062	52,651,641
Total OPEB liability - ending (a)	<u>\$ 70,341,453</u>	<u>58,856,663</u>	<u>61,097,586</u>	<u>61,016,062</u>
Covered payroll	10,912,744	14,206,155	12,149,445	13,052,157
County's total OPEB liability as a percentage	644.58%	414.30%	502.88%	467.48%

Note: The County implemented GASB Statement No. 75 in FY 2018. Information in this table has been determined as of the measurement (December 31) of the total OPEB liability and will ultimately contain information for ten years.

FYE20 - the health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans and to better reflect the plan's anticipated experience.

Changes of assumptions reflect the effect of changes in the discount rate each period.  
The following are the discount rates used in each period:

FYE	Discount Rate
2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%
2017	3.81%

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**OTHER SUPPLEMENTARY INFORMATION**

**STATE OF TEXAS  
YOAKUM COUNTY**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	Road and Bridge Precinct 1	Road and Bridge Precinct 2	Road and Bridge Precinct 3	Road and Bridge Precinct 4
	151	152	153	154
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 1,964,960	1,785,508	1,393,530	937,363
Investments	745,688	1,214,148	184,329	915,252
Taxes receivable, net	-	-	-	-
Intergovernmental receivables	-	-	-	77,727
Due from agency and other funds	100,872	100,872	100,872	100,872
Prepaid expenses	6,913	6,661	5,267	6,016
<i>Total current assets</i>	\$ 2,818,433	3,107,189	1,683,998	2,037,230
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<i>Current liabilities:</i>				
Accrued payroll liabilities	16,551	11,795	13,966	16,879
Other payable	-	-	-	-
Due to other funds	17,602	2,309	5,189	14,165
<i>Total current liabilities</i>	34,153	14,104	19,155	31,044
<i>Deferred inflows:</i>				
Unavailable revenue - tax revenue	-	-	-	-
Unavailable revenue - advance tax collectic	-	-	-	-
<i>Total deferred inflows</i>	-	-	-	-
<i>Fund balances (deficit)</i>				
Restricted	2,784,280	3,093,085	1,664,843	2,006,186
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	2,784,280	3,093,085	1,664,843	2,006,186
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	\$ 2,818,433	3,107,189	1,683,998	2,037,230

City Streets 155	Road and Bridge 160	Lateral Road 180	Jury 200	County Clerk Records Management 210	County Clerk Records Archives 211
168,090	2	1	499,986	89,724	154,078
-	-	-	603,824	58,029	-
-	428,959	-	37,644	-	-
-	-	-	-	-	-
-	51,299	-	4,559	2,650	2,649
-	-	-	-	-	-
<u>168,090</u>	<u>480,260</u>	<u>1</u>	<u>1,146,013</u>	<u>150,403</u>	<u>156,727</u>
-	-	-	3,919	-	-
-	-	-	-	-	-
-	<u>51,301</u>	-	-	-	-
-	<u>51,301</u>	-	<u>3,919</u>	-	-
-	419,687	-	36,980	-	-
-	<u>141,167</u>	-	<u>12,439</u>	-	-
-	<u>560,854</u>	-	<u>49,419</u>	-	-
168,090	-	1	1,092,675	150,403	156,727
-	( 131,895)	-	-	-	-
<u>168,090</u>	<u>( 131,895)</u>	<u>1</u>	<u>1,092,675</u>	<u>150,403</u>	<u>156,727</u>
<u>168,090</u>	<u>480,260</u>	<u>1</u>	<u>1,146,013</u>	<u>150,403</u>	<u>156,727</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	District Clerk Records Management <u>212</u>	Family Protection <u>213</u>	Child Abuse Prevention <u>214</u>	District Clerk Records Archives <u>215</u>
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 6,884	2,082	351	6,466
Investments	-	-	-	-
Taxes receivable, net	-	-	-	-
Intergovernmental receivables	-	-	-	-
Due from agency and other funds	26	15	-	22
Prepaid expenses	-	-	-	-
<i>Total current assets</i>	<u>\$ 6,910</u>	<u>2,097</u>	<u>351</u>	<u>6,488</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<i>Current liabilities:</i>				
Accrued payroll liabilities	-	-	-	-
Other payable	-	-	-	-
Due to other funds	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows:</i>				
Unavailable revenue - tax revenue	-	-	-	-
Unavailable revenue - advance tax collectic	-	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>				
Restricted	6,910	2,097	351	6,488
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>6,910</u>	<u>2,097</u>	<u>351</u>	<u>6,488</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 6,910</u>	<u>2,097</u>	<u>351</u>	<u>6,488</u>

County and District Court Technology 216	Justice Court Technology JP1 217	Justice Court Technology JP2 218	Special Funds Pooled Cash 219	Courthouse Security 220	Justice Court Building Security 221
3,236	30,492	8,724	244,812	49,774	619
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
27	94	55	-	144	45
-	-	-	-	-	-
<u>3,263</u>	<u>30,586</u>	<u>8,779</u>	<u>244,812</u>	<u>49,918</u>	<u>664</u>
-	-	-	-	-	-
-	-	-	244,812	-	-
-	-	-	-	-	-
-	-	-	<u>244,812</u>	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,263	30,586	8,779	-	49,918	664
-	-	-	-	-	-
<u>3,263</u>	<u>30,586</u>	<u>8,779</u>	<u>-</u>	<u>49,918</u>	<u>664</u>
<u>3,263</u>	<u>30,586</u>	<u>8,779</u>	<u>244,812</u>	<u>49,918</u>	<u>664</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	Specialty Court Fund 225	Criminal District Attorney 230	Pretrial Diversion 232	Truancy Prevention and Diversion 233
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 602	7,357	16,894	7,353
Investments	-	-	-	-
Taxes receivable, net	-	-	-	-
Intergovernmental receivables	-	-	-	-
Due from agency and other funds	25	-	-	165
Prepaid expenses	-	-	-	-
	-	-	-	-
<i>Total current assets</i>	\$ 627	7,357	16,894	7,518
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<i>Current liabilities:</i>				
Accrued payroll liabilities	-	-	-	-
Other payable	-	-	-	-
Due to other funds	-	-	-	-
	-	-	-	-
<i>Total current liabilities</i>	-	-	-	-
<i>Deferred inflows:</i>				
Unavailable revenue - tax revenue	-	-	-	-
Unavailable revenue - advance tax collectic	-	-	-	-
	-	-	-	-
<i>Total deferred inflows</i>	-	-	-	-
<i>Fund balances (deficit)</i>				
Restricted	627	7,357	16,894	7,518
Unassigned	-	-	-	-
	-	-	-	-
<i>Total fund balance (deficit)</i>	627	7,357	16,894	7,518
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	\$ 627	7,357	16,894	7,518

Jail Commissary 235	Law Library 260	Probate Education 270	Abandoned Vehicles 277	Special Video 280	TAC Special Inventory 295
43,661	3,055	1,236	334	7,004	1,500
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,240	100	10	-	-	23
-	-	-	-	-	-
<u>45,901</u>	<u>3,155</u>	<u>1,246</u>	<u>334</u>	<u>7,004</u>	<u>1,523</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
45,887	3,155	1,246	334	7,004	1,523
-	-	-	-	-	-
<u>45,887</u>	<u>3,155</u>	<u>1,246</u>	<u>334</u>	<u>7,004</u>	<u>1,523</u>
<u>45,901</u>	<u>3,155</u>	<u>1,246</u>	<u>334</u>	<u>7,004</u>	<u>1,523</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	Yoakum County Forfeiture <u>300</u>	Sheriff's Office Seizure Fund <u>304</u>	Sheriff's Office Forfeiture Fund <u>305</u>	CDA Forfeiture Fund <u>306</u>
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 8	2,898	4,631	4,194
Investments	-	-	-	-
Taxes receivable, net	-	-	-	-
Intergovernmental receivables	-	-	-	-
Due from agency and other funds	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Total current assets</i>	<u>\$ 8</u>	<u>2,898</u>	<u>4,631</u>	<u>4,194</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<i>Current liabilities:</i>				
Accrued payroll liabilities	-	-	-	-
Other payable	-	-	-	-
Due to other funds	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows:</i>				
Unavailable revenue - tax revenue	-	-	-	-
Unavailable revenue - advance tax collectio	-	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit)</i>				
Restricted	8	2,898	4,631	4,194
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>8</u>	<u>2,898</u>	<u>4,631</u>	<u>4,194</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 8</u>	<u>2,898</u>	<u>4,631</u>	<u>4,194</u>

CDA Seizure Fund	YC Records Management	Court Records Preservation	Yoakum County Airport	Yoakum County Landfill	HAVA Grant Fund
<u>307</u>	<u>320</u>	<u>321</u>	<u>340</u>	<u>360</u>	<u>380</u>
318	14,802	5,678	3,689	765,368	32,203
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,870	-	-
-	53	17	-	-	-
-	-	-	-	1,447	-
<u>318</u>	<u>14,855</u>	<u>5,695</u>	<u>6,559</u>	<u>766,815</u>	<u>32,203</u>
-	-	-	-	8,157	-
-	-	-	-	-	2,764
-	-	-	2,786	6,694	-
-	-	-	2,786	14,851	2,764
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
318	14,855	5,695	3,773	751,964	29,439
-	-	-	-	-	-
<u>318</u>	<u>14,855</u>	<u>5,695</u>	<u>3,773</u>	<u>751,964</u>	<u>29,439</u>
<u>318</u>	<u>14,855</u>	<u>5,695</u>	<u>6,559</u>	<u>766,815</u>	<u>32,203</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	Justice Assistance Grant 384	Justice Assistance Grant 385	Library Grants 390	Nursing Home Debt 620
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ -	848,089	4,823	48,344
Investments	-	-	-	-
Taxes receivable, net	-	-	-	579,384
Intergovernmental receivables	-	-	-	-
Due from agency and other funds	-	-	-	70,484
Prepaid expenses	-	-	-	-
<i>Total current assets</i>	<u>\$ -</u>	<u>848,089</u>	<u>4,823</u>	<u>698,212</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<i>Current liabilities:</i>				
Accrued payroll liabilities	-	-	-	-
Other payable	-	-	-	-
Due to other funds	-	-	-	110,443
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,443</u>
<i>Deferred inflows:</i>				
Unavailable revenue - tax revenue	-	-	-	569,169
Unavailable revenue - advance tax collections	-	-	-	191,447
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>760,616</u>
<i>Fund balances (deficit)</i>				
Restricted	-	848,089	4,823	-
Unassigned	-	-	-	( 172,847)
<i>Total fund balance (deficit)</i>	<u>-</u>	<u>848,089</u>	<u>4,823</u>	<u>( 172,847)</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ -</u>	<u>848,089</u>	<u>4,823</u>	<u>698,212</u>

<u>Permanent Improvement 700</u>	<u>Total Non-Major Funds</u>
1,458,614	10,629,337
1,055	3,722,325
819,443	1,865,430
-	80,597
98,878	637,068
-	26,304
<u>2,377,990</u>	<u>16,961,061</u>
-	71,267
-	247,576
13,730	224,233
<u>13,730</u>	<u>543,076</u>
804,996	1,830,832
270,770	615,823
<u>1,075,766</u>	<u>2,446,655</u>
1,288,494	14,276,072
-	( 304,742)
<u>1,288,494</u>	<u>13,971,330</u>
<u>2,377,990</u>	<u>16,961,061</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT)  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Road and Bridge Precinct 1	Road and Bridge Precinct 2	Road and Bridge Precinct 3	Road and Bridge Precinct 4
	151	152	153	154
<b>Revenues</b>				
Taxes	\$ 111,639	111,639	111,639	111,639
Intergovernmental	328,314	307,314	232,070	301,837
Permits and charges for service	6,112	5,112	6,612	5,612
Interest and other	8,055	7,330	6,392	3,895
<i>Total revenues</i>	454,120	431,395	356,713	422,983
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Public works	922,703	810,847	854,729	771,904
Capital outlay	159,425	159,425	238,548	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	1,082,128	970,272	1,093,277	771,904
<i>Excess (deficiency) of revenues over expenditures</i>	( 628,008)	( 538,877)	( 736,564)	( 348,921)
<b>Other financing sources (uses):</b>				
Transfers in	842,079	842,079	842,079	842,079
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	842,079	842,079	842,079	842,079
<b>Net changes in fund balances</b>	214,071	303,202	105,515	493,158
<b>Fund balances (deficit) - beginning of year</b>	2,570,209	2,789,883	1,559,328	1,513,028
<b>Fund balances (deficit) - end of year</b>	\$ 2,784,280	\$ 3,093,085	\$ 1,664,843	\$ 2,006,186

City Streets	Road and Bridge	Lateral Road	Jury	County Clerk Records Management	County Clerk Records Archives
155	160	180	200	210	211
-	391,314	-	98,578	-	-
-	-	16,219	66,311	-	-
-	-	-	153	35,180	34,702
<u>707</u>	<u>244</u>	<u>6</u>	<u>23,301</u>	<u>614</u>	<u>747</u>
<u>707</u>	<u>391,558</u>	<u>16,225</u>	<u>188,343</u>	<u>35,794</u>	<u>35,449</u>
-	-	-	116,952	104,582	164,316
83,753	-	16,225	-	-	-
-	-	-	-	18,585	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>83,753</u>	<u>-</u>	<u>16,225</u>	<u>116,952</u>	<u>123,167</u>	<u>164,316</u>
( 83,046)	391,558	-	71,391	( 87,373)	( 128,867)
100,000	-	-	-	-	-
<u>-</u>	<u>( 415,980)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>100,000</u>	<u>( 415,980)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
16,954	( 24,422)	-	71,391	( 87,373)	( 128,867)
<u>151,136</u>	<u>( 107,473)</u>	<u>1</u>	<u>1,021,284</u>	<u>237,776</u>	<u>285,594</u>
<u>\$ 168,090</u>	<u>\$( 131,895)</u>	<u>\$ 1</u>	<u>\$ 1,092,675</u>	<u>\$ 150,403</u>	<u>\$ 156,727</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT)  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	District Clerk Records Management 212	Family Protection 213	Child Abuse Prevention 214	District Clerk Records Archives 215
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Permits and charges for service	239	269	-	354
Interest and other	26	8	4	24
<i>Total revenues</i>	265	277	4	378
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	265	277	4	378
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<b>Net changes in fund balances</b>	265	277	4	378
<b>Fund balances (deficit) - beginning of year</b>	6,645	1,820	347	6,110
<b>Fund balances (deficit) - end of year</b>	\$ 6,910	2,097	351	6,488

County and District Court Technology	Justice Court Technology JP1	Justice Court Technology JP2	Special Funds Pooled Cash	Courthouse Security	Justice Court Building Security
216	217	218	219	220	221
-	-	-	-	-	-
-	-	-	-	-	-
147	1,869	1,420	-	3,385	988
<u>12</u>	<u>106</u>	<u>28</u>	<u>-</u>	<u>178</u>	<u>6</u>
<u>159</u>	<u>1,975</u>	<u>1,448</u>	<u>-</u>	<u>3,563</u>	<u>994</u>
-	-	-	-	-	3,495
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,495</u>
<u>159</u>	<u>1,975</u>	<u>1,448</u>	<u>-</u>	<u>3,563</u>	<u>( 2,501)</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>159</u>	<u>1,975</u>	<u>1,448</u>	<u>-</u>	<u>3,563</u>	<u>( 2,501)</u>
<u>3,104</u>	<u>28,611</u>	<u>7,331</u>	<u>-</u>	<u>46,355</u>	<u>3,165</u>
<u>3,263</u>	<u>30,586</u>	<u>8,779</u>	<u>-</u>	<u>49,918</u>	<u>664</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT)  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Specialty Court Fund <u>225</u>	Criminal District Attorney <u>230</u>	Pretrial Diversion <u>232</u>	Truancy Prevention and Diversion <u>233</u>
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Permits and charges for service	475	-	780	3,698
Interest and other	<u>1</u>	<u>28</u>	<u>65</u>	<u>12</u>
<i>Total revenues</i>	<u>476</u>	<u>28</u>	<u>845</u>	<u>3,710</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	2,599	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>2,599</u>	<u>-</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	<u>476</u>	<u>28</u>	<u>( 1,754)</u>	<u>3,710</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	476	28	( 1,754)	3,710
<b>Fund balances (deficit) - beginning of year</b>	<u>151</u>	<u>7,329</u>	<u>18,648</u>	<u>3,808</u>
<b>Fund balances (deficit) - end of year</b>	<u>\$ 627</u>	<u>7,357</u>	<u>16,894</u>	<u>7,518</u>

Jail Commissary 235	Law Library 260	Probate Education 270	Abandoned Vehicles 277	Special Video 280	TAC Special Inventory 295
-	-	-	-	-	-
-	-	-	-	-	-
16,250	2,060	105	-	328	-
<u>155</u>	<u>14</u>	<u>4</u>	<u>1</u>	<u>28</u>	<u>30</u>
<u>16,405</u>	<u>2,074</u>	<u>109</u>	<u>1</u>	<u>356</u>	<u>30</u>
7,889	3,999	-	-	933	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,889</u>	<u>3,999</u>	<u>-</u>	<u>-</u>	<u>933</u>	<u>-</u>
<u>8,516</u>	<u>( 1,925)</u>	<u>109</u>	<u>1</u>	<u>( 577)</u>	<u>30</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8,516	( 1,925)	109	1	( 577)	30
<u>37,371</u>	<u>5,080</u>	<u>1,137</u>	<u>333</u>	<u>7,581</u>	<u>1,493</u>
<u>45,887</u>	<u>3,155</u>	<u>1,246</u>	<u>334</u>	<u>7,004</u>	<u>1,523</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT)  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Yoakum County Forfeiture <u>300</u>	Sheriff's Office Seizure Fund <u>304</u>	Sheriff's Office Forfeiture Fund <u>305</u>	CDA Forfeiture Fund <u>306</u>
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Permits and charges for service	-	-	-	-
Interest and other	-	<u>11</u>	<u>18</u>	<u>17</u>
<i>Total revenues</i>	<u>-</u>	<u>11</u>	<u>18</u>	<u>17</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	426
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>426</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>11</u>	<u>18</u>	<u>( 409)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	-	11	18	( 409)
<b>Fund balances (deficit) - beginning of year</b>	<u>8</u>	<u>2,887</u>	<u>4,613</u>	<u>4,603</u>
<b>Fund balances (deficit) - end of year</b>	<u>\$ 8</u>	<u>2,898</u>	<u>4,631</u>	<u>4,194</u>

CDA Seizure Fund	YC Records Management	Court Records Preservation	Yoakum County Airport	Yoakum County Landfill	HAVA Grant Fund
307	320	321	340	360	380
-	-	-	-	-	-
-	-	-	3,892	-	-
-	843	314	-	230,587	-
<u>1</u>	<u>55</u>	<u>22</u>	<u>10,866</u>	<u>2,443</u>	<u>181</u>
<u>1</u>	<u>898</u>	<u>336</u>	<u>14,758</u>	<u>233,030</u>	<u>181</u>
-	-	-	-	-	21,483
-	-	-	11,592	336,222	-
-	-	-	-	-	5,200
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	<u>11,592</u>	<u>336,222</u>	<u>26,683</u>
<u>1</u>	<u>898</u>	<u>336</u>	<u>3,166</u>	<u>( 103,192)</u>	<u>( 26,502)</u>
-	-	-	-	423,124	-
-	-	-	-	-	-
-	-	-	-	<u>423,124</u>	-
1	898	336	3,166	319,932	( 26,502)
<u>317</u>	<u>13,957</u>	<u>5,359</u>	<u>607</u>	<u>432,032</u>	<u>55,941</u>
<u>318</u>	<u>14,855</u>	<u>5,695</u>	<u>3,773</u>	<u>751,964</u>	<u>29,439</u>

**STATE OF TEXAS  
YOAKUM COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT)  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Justice Assistance Grant 384	American Rescue Plan 385	Library Grants 390	Nursing Home Debt 620
<b>Revenues</b>				
Taxes	\$ -	\$ -	-	526,879
Intergovernmental	46,191	846,199	-	-
Permits and charges for service	-	-	-	-
Interest and other	-	1,890	-	288
	<u>46,191</u>	<u>848,089</u>	<u>-</u>	<u>527,167</u>
<i>Total revenues</i>				
<b>Expenditures</b>				
Current				
Public safety	9,706	-	-	-
Public works	-	-	-	-
Capital outlay	36,183	-	-	-
Debt service				
Principal	-	-	-	550,000
Interest	-	-	-	17,340
	<u>45,889</u>	<u>-</u>	<u>-</u>	<u>567,340</u>
<i>Total expenditures</i>				
<i>Excess (deficiency) of revenues over expenditures</i>	<u>302</u>	<u>848,089</u>	<u>-</u>	<u>( 40,173)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	( 303)	-	-	-
<i>Total other financing sources (uses)</i>	<u>( 303)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	( 1)	848,089	-	( 40,173)
<b>Fund balances (deficit) - beginning of year</b>	<u>1</u>	<u>-</u>	<u>4,823</u>	<u>( 132,674)</u>
<b>Fund balances (deficit) - end of year</b>	<u>\$ -</u>	<u>\$ 848,089</u>	<u>4,823</u>	<u>( 172,847)</u>

Permanent Improvement	Total Non-Major
700	Funds
1,571,073	3,034,400
-	2,148,347
-	357,594
<u>5,892</u>	<u>73,705</u>
<u>1,576,965</u>	<u>5,614,046</u>
-	436,380
-	3,807,975
399,219	1,016,585
-	550,000
<u>-</u>	<u>17,340</u>
<u>399,219</u>	<u>5,828,280</u>
<u>1,177,746</u>	<u>( 214,234)</u>
-	3,891,440
<u>-</u>	<u>( 416,283)</u>
<u>-</u>	<u>3,475,157</u>
1,177,746	3,260,923
<u>110,748</u>	<u>10,710,407</u>
<u>1,288,494</u>	<u>13,971,330</u>

## **COMPLIANCE**

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

To the Honorable County Judge and  
Members of the County Commission  
Yoakum County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities, business-type activities, each major fund, and the aggregate remaining fund information of Yoakum County, Texas (the "County") as of and for the year ended December 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 15, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for determining 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questions costs as items 2019-01 be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questions costs as items 2019-02 to be a significant deficiency.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies.

**Compliance and Other Matters**

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

**OFFICE LOCATIONS**

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

## **Purpose of this Report**

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

*Pattillo, Brown & Hill, LLP*

Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
July 15, 2022

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
THE UNIFORM GUIDANCE**

To the Honorable County Judge and  
Members of the County Commission  
Yoakum County, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Yoakum County’s (The County) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the County’s major federal programs for the year ended December 31, 2021. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

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**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## ***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
July 15, 2022

**STATE OF TEXAS  
YOAKUM COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor or Pass Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass- Through Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<b>Department of Health and Human Services</b>				
Provider Relief Fund	93.498		\$ 5,425,981	4,347,581 **
COVID-19 Testing and Mitigation for Rural Health Clinics	93.697		200,000	-
<i>Passed through the State of Texas Department of Agriculture:</i>				
Small Rural Hospital Improvement Program (SHIP)	93.301		104,980	94,604
<b>Total Department of Health and Human Services</b>			<u>5,730,961</u>	<u>4,442,185</u>
<b>TOTAL EXPENDITURES</b>			<u>\$ 5,730,961</u>	<u>4,442,185</u>

\*\*Denotes major programs

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

**STATE OF TEXAS  
YOAKUM COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1 - Basis of Presentation**

The schedule of expenditures of Federal Awards includes the federal grant activity of Yoakum County and is presented on the accrual basis of accounting. 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). Some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the

**Note 2 - Sub recipients**

The County did not provide any federal funds to sub-recipients during the year.

**Note 3 - Non-Cash Assistance and Loan Guarantees**

There were no federal awards expended in the form of non-cash assistance of loan guarantees outstanding at

**Note 4 - Indirect Cost Rate**

The County did not use the 10 percent de minimis indirect cost rate.

**YOAKUM COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2021**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

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***Financial Statements***

Type of Auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting: Material Weakness reported?	Yes
Significant deficiencies reported not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs: Material weaknesses reported?	No
Significant deficiencies reported not considered to be material weaknesses?	No
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 Uniform Guidance?	No
Identification of major programs: Provider Relief Fund – Assistance Listing #93.498	
Dollar threshold used to distinguish Between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

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**SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT**

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**2021-001 (2019-001) Lack of Reconciliation of Significant Accounts (Material Weakness) (Repeated)**

**CONDITION:** During the performance of the audit, it was noted that there was a lack of reconciliation of significant accounts for Shinnery Oaks Community. Accounts noted were Accounts Payable, Accounts Receivable, and Cash.

**CRITERIA:** Proper and timely reconciliations are necessary internal controls to determine the accuracy and completeness of financial records. This detective control is necessary to catch errors in the financial records whether due to human error or fraudulent activity.

**CAUSE:** Shinnery Oaks Community does not have adequate controls over recording and reconciling detail activity to account balances for certain asset and liability accounts.

**EFFECT:** Lack of timely and proper reconciliations of Cash accounts can lead to over or under valuation of cash on financial records, opportunity for fraudulent activity, and opportunity for

**YOAKUM COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2021**

financial statement errors. Lack of timely and proper reconciliations of account receivables can lead to over or under- statement of revenues, accounts receivables, or allowances for doubtful accounts. Lack of reconciliation may lead to financial statement errors due to nonexistent customers, overdue balances requiring allowance or write off, incorrect balances due to improper crediting of payments received, and other items. Lack of timely and proper reconciliation of account payable can lead to over or under-statement of expenses, opportunity for fraudulent activity, and opportunity for financial statement errors due to improper payable balances, invalid or fictitious vendors, and other items.

**MANAGEMENT RESPONSE:** 24 Karat Ventures, LLC, the management company for Shinnery Oaks Community, will ensure the proper and timely reconciliation of accounts payable, accounts receivable, and cash. 24 Karat Ventures, LLC will also provide documentation of such to commissioners' court monthly.

**TIMELINE OF CORRECTIVE ACTION PLAN:** Fiscal year 2023

**RESPONSIBLE OFFICIAL:** 24 Karat Ventures, LLC, management company for Shinnery Oaks Community.

**2021-002 (2019-002) Lack of Depreciation Schedule (Significant Deficiency) (Repeated)**

**CONDITION:** During the performance of the audit, it was noted that there was no depreciation schedule being maintained by management for Shinnery Oaks Community. Capital assets recorded were not adequately maintained; detailed reports have not been properly updated and adjusted during the year.

**CRITERIA:** Maintenance of Capital Asset records are required for effective internal controls. Maintenance of capital assets records and review of records are detective controls that are necessary to catch errors in the financial records whether due to human error or fraudulent activity.

**CAUSE:** Shinnery Oaks Community does not have adequate controls over capital asset records and reconciling of capital assets to account balances.

**EFFECT:** Failure to maintain accurate and up to date records can lead to misstatements in financial records due to overstatement of expenses that should be capitalized per policy, improper depreciation of capital assets, failure to dispose of impaired or sold assets and recognition of associated gain/loss on disposal.

**MANAGEMENT RESPONSE:** 24 Karat Ventures, LLC, the management company for Shinnery Oaks Community, will ensure the establishment and maintenance of capital assets records and a capital asset depreciation schedule and provide documentation of such to commissioners' court monthly.

**TIMELINE OF CORRECTIVE ACTION PLAN:** Fiscal year 2023

**RESPONSIBLE OFFICIAL:** 24 Karat Ventures, LLC, management company for Shinnery Oaks Community.

**YOAKUM COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2021**

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**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

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**None**

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**SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS**

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<u>Description</u>	<u>Status</u>
2019-001      Lack of Reconciliation of Significant Accounts (Significant Deficiency)	Repeat
2019-002      Lack of Depreciation Schedule (Significant Deficiency)	Repeat