

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Annual Financial Report  
Year Ended August 31, 2023

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CERTIFICATE OF THE BOARD

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Name of School District

CROCKETT  
County

053-001  
County -  
District  
Number

We, the undersigned, certify that the attached annual financial report of the above-named School District was reviewed and

  X   approved        disapproved for the year ended August 31, 2023, at a meeting of the Board of Trustees of such School District  
(Check One)

on the 17 day of JANUARY, 2023.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved the annual financial report, the reason(s) for disapproving it is (are) (attach list as necessary):

## FINANCIAL SECTION



**A Limited Liability Partnership**

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

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American Institute of CPAs  
Texas Society of CPAs

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Crockett County Consolidated Common School District  
P.O. Box 400  
Ozona, TX 76943-0400

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Crockett County Consolidated Common School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of August 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Emphasis of Matter***

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, described in Note I., N. to the financial statements. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Crockett County Consolidated Common School District'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 Crockett County Consolidated Common School District's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crockett County Consolidated Common School District's basic financial statements. The other supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information and the schedule of expenditures of federal awards are/is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024, on our consideration of the Crockett County Consolidated Common School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Crockett County Consolidated Common School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Crockett County Consolidated Common School District's internal control over financial reporting and compliance.

***Eckert & Company, LLP***

January 12, 2024

**PRINCIPALS**

Ozona High School  
Laurie Norrell  
Ozona Middle School  
Chaslyn Feaster  
Ozona Elementary School  
Erica Cruz  
Director of Federal Programs  
Janina Savala



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**Raul Chavarria, Superintendent**  
**Tamara McWilliams, Assistant Superintendent**  
**Crockett County Consolidated Common School District**

**BOARD OF EDUCATION**

Travis Davidson, President  
Mario Mendoza, Vice President  
Victoria Ramos, Secretary  
Dean Fierro  
Connie Crenwelge  
Quay Oglesby  
Jared Shaffer

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Crockett County Consolidated Common School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2023. It should be read in conjunction with the District's basic financial statements and independent auditor's report.

### **Financial Highlights**

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current year by \$37,439,352 (net position). This amount includes a deficit balance of unrestricted net position of \$765,250.

The District's total net position increased by \$9,191,972 or 33%. This amount consists of a \$9,135,694 increase attributable to current year operations and a \$56,278 increase attributable to a prior period adjustment described in Note IV., M. to the financial statements. The District's statement of activities shows total revenues of \$38,816,321, and total expenses of \$29,680,627.

The total fund balance of the General Fund is \$5,537,384 which is a decrease of \$732,141 or 12% compared to the prior year.

### **Overview of the Financial Statements**

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

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

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

The statement of activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Overview of the Financial Statements - Continued

The governmental activities of the District include all activities related to public elementary and secondary education within the jurisdiction of the District.

The District has no component units.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the Capital Projects Funds, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund, Food Service Special Revenue Fund, and Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget for each fund.

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Government-Wide Financial Analysis

**Net Position** - A summary of the District's net position is presented below:

#### NET POSITION

	Governmental Activities	
	August 31,	
	2023	2022
Current and Other Assets	\$ 32,372,732	\$ 14,519,166
Capital Assets	<u>65,258,737</u>	<u>53,440,650</u>
Total Assets	<u>\$ 97,631,469</u>	<u>\$ 67,959,816</u>
Deferred Outflows of Resources	<u>\$ 2,611,689</u>	<u>\$ 2,764,611</u>
Other Liabilities	\$ 6,043,811	\$ 4,082,240
Long-Term Liabilities Outstanding	<u>51,942,121</u>	<u>33,713,402</u>
Total Liabilities	<u>\$ 57,985,932</u>	<u>\$ 37,795,642</u>
Deferred Inflows of Resources	<u>\$ 4,817,874</u>	<u>\$ 4,681,405</u>
Net Position		
Net Investment in Capital Assets	\$ 38,135,372	\$ 26,270,701
Restricted	69,230	1,918,515
Unrestricted (Deficit)	<u>(765,250)</u>	<u>58,164</u>
Total Net Position	<u><u>\$ 37,439,352</u></u>	<u><u>\$ 28,247,380</u></u>

A large portion of the District's net position (\$38,135,372) reflects the District's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide public elementary and secondary education within the jurisdiction of the District; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (\$69,320) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position is \$765,250.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Government-Wide Financial Analysis - Continued

**Governmental Activities** - Governmental activities increased the District's net position by \$9,135,694 and \$5,890,438 for the fiscal years ended August 31, 2023 and 2022, respectively. Key elements of these increases are as follows:

#### CHANGES IN NET POSITION

	Governmental Activities	
	Year Ended August 31,	
	2023	2022
Revenues		
Program Revenues		
Charges for Services	\$ 312,590	\$ 163,511
Operating Grants and Contributions	1,237,237	1,500,822
General Revenues		
Maintenance and Operations Taxes	20,016,984	16,499,822
Debt Service Taxes	10,638,329	7,307,944
State Aid - Formula Grants	618,443	360,137
Investment Earnings	1,688,254	161,553
Chapter 313 Payments	3,927,919	454,840
Other	376,565	71,048
Total Revenues	<u>\$ 38,816,321</u>	<u>\$ 26,519,677</u>
Expenses		
Instruction and Instructional-Related Services	\$ 7,546,134	\$ 7,035,590
Instructional and School Leadership	793,629	707,198
Support Services - Student (Pupil)	1,979,567	1,892,162
Administrative Support Services	1,262,153	940,342
Support Services - Nonstudent Based	3,918,597	2,280,898
Ancillary Services	853	2,218
Debt Service	2,394,197	519,130
Intergovernmental Charges	11,785,497	8,151,731
Total Expenses	<u>\$ 29,680,627</u>	<u>\$ 21,529,269</u>
Change in Net Position Before Extraordinary Item	\$ 9,135,694	\$ 4,990,408
Extraordinary Item - Settlement	<u>0</u>	<u>900,000</u>
Change in Net Position	\$ 9,135,694	\$ 5,890,408
Net Position - Beginning	28,247,380	22,357,559
Prior Period Adjustments	<u>56,278</u>	<u>(617)</u>
Net Position - Ending	<u><u>\$ 37,439,352</u></u>	<u><u>\$ 28,247,350</u></u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Financial Analysis of the District's Funds

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

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

The District's governmental funds reported combined ending fund balances of \$26,861,129, an increase of \$17,098,669 or 175% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$5,537,384. All of this balance is unassigned.

Special Revenue Funds \$8,639. This balance is committed for campus activities.

Debt Service Fund \$53,093. This balance is restricted for payment of long-term debt principal and interest.

Capital Projects Funds \$21,262,013. This balance is restricted for construction costs.

### General Fund Budget

The original budget for the General Fund was \$23,424,787 and the final amended budget was \$23,744,787 which represents a \$320,000 increase in appropriations. Variances between the original budget and the final amended budget are reflected in Exhibit E-1 in the required supplementary information section of the audit report.

The District has adopted a budget for the General Fund in the amount of \$22,494,353 for the fiscal year 2024, which is a decrease of \$1,250,434 from the fiscal year 2023.

### Capital Assets and Debt

**Capital Assets** - Financial statement footnote III., D. discloses the District's capital asset activity for the year ended August 31, 2023.

**Long-Term Debt** - Financial statement footnote III., H. discloses the District's debt activity for the year ended August 31, 2023.

### Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Raul Chavarria, Superintendent, Crockett County Consolidated Common School District, P.O. Box 400, Ozona, TX 76943-0400.

## Basic Financial Statements

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2023

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 31,946,121
1220 Property Taxes - Delinquent	308,908
1230 Allowance for Uncollectible Taxes	(142,874)
1240 Due from Other Governments	254,812
1250 Accrued Interest	5,765
Capital Assets:	
1510 Land	604,310
1520 Buildings, Net	54,092,846
1530 Furniture and Equipment, Net	1,613,506
1580 Construction in Progress	8,948,075
1000 Total Assets	97,631,469
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	1,546,673
1706 Deferred Outflow Related to TRS OPEB	1,065,016
1700 Total Deferred Outflows of Resources	2,611,689
<b>LIABILITIES</b>	
2110 Accounts Payable	2,352,176
2140 Interest Payable	698,242
2150 Payroll Deductions and Withholdings	58
2160 Accrued Wages Payable	478,254
2180 Due to Other Governments	2,222,810
2200 Accrued Expenses	13,390
2300 Unearned Revenue	278,881
Noncurrent Liabilities:	
2501 Due Within One Year: Bonds	2,775,000
Due in More than One Year:	
2502 Bonds	44,936,776
2540 Net Pension Liability (District's Share)	2,600,992
2545 Net OPEB Liability (District's Share)	1,629,353
2000 Total Liabilities	57,985,932
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	813,308
2606 Deferred Inflow Related to TRS OPEB	4,004,566
2600 Total Deferred Inflows of Resources	4,817,874
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	38,135,372
3850 Restricted for Debt Service	69,230
3900 Unrestricted (Deficit)	(765,250)
3000 Total Net Position	\$ 37,439,352

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	Primary Gov.
	Expenses	Services	Grants and Contributions	Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 7,415,355	\$ 52,696	\$ 752,109	\$ (6,610,550)
12 Instructional Resources and Media Services	50,205	-	32,508	(17,697)
13 Curriculum and Instructional Staff Development	80,574	-	905	(79,669)
21 Instructional Leadership	241,881	-	2,780	(239,101)
23 School Leadership	551,748	-	9,123	(542,625)
31 Guidance, Counseling, and Evaluation Services	396,377	-	6,935	(389,442)
33 Health Services	95,540	-	1,647	(93,893)
34 Student (Pupil) Transportation	260,469	-	3,776	(256,693)
35 Food Services	575,420	42,512	283,747	(249,161)
36 Extracurricular Activities	651,761	48,667	5,621	(597,473)
41 General Administration	1,262,153	-	10,107	(1,252,046)
51 Facilities Maintenance and Operations	3,324,319	168,715	113,835	(3,041,769)
52 Security and Monitoring Services	334,158	-	9,789	(324,369)
53 Data Processing Services	260,120	-	4,355	(255,765)
61 Community Services	853	-	-	(853)
72 Debt Service - Interest on Long-Term Debt	1,890,270	-	-	(1,890,270)
73 Debt Service - Bond Issuance Cost and Fees	503,927	-	-	(503,927)
91 Contracted Instructional Services Between Schools	11,614,099	-	-	(11,614,099)
93 Payments Related to Shared Services Arrangements	171,398	-	-	(171,398)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 29,680,627</u>	<u>\$ 312,590</u>	<u>\$ 1,237,237</u>	<u>(28,130,800)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			20,016,984
DT	Property Taxes, Levied for Debt Service			10,638,329
SF	State Aid - Formula Grants			618,443
IE	Investment Earnings			1,688,254
MI	Miscellaneous Local and Intermediate Revenue			4,304,484
TR	Total General Revenues			<u>37,266,494</u>
CN	Change in Net Position			9,135,694
NB	Net Position - Beginning			28,247,380
PA	Prior Period Adjustment			56,278
NE	Net Position - Ending			<u>\$ 37,439,352</u>

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 5,612,887	\$ 42,204	\$ 26,270,015
1220 Property Taxes - Delinquent	255,727	53,181	-
1230 Allowance for Uncollectible Taxes	(130,470)	(12,404)	-
1240 Due from Other Governments	45,594	10,889	-
1250 Accrued Interest	5,765	-	-
1260 Due from Other Funds	2,801,839	-	-
1000 Total Assets	<u>\$ 8,591,342</u>	<u>\$ 93,870</u>	<u>\$ 26,270,015</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ -	\$ -	\$ 2,344,853
2150 Payroll Deductions and Withholdings Payable	58	-	-
2160 Accrued Wages Payable	460,741	-	-
2170 Due to Other Funds	-	-	2,663,149
2180 Due to Other Governments	2,222,810	-	-
2200 Accrued Expenditures	11,799	-	-
2300 Unearned Revenue	233,293	-	-
2000 Total Liabilities	<u>2,928,701</u>	<u>-</u>	<u>5,008,002</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	125,257	40,777	-
2600 Total Deferred Inflows of Resources	<u>125,257</u>	<u>40,777</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	53,093	-
3490 Other Restricted Fund Balance	-	-	21,262,013
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	5,537,384	-	-
3000 Total Fund Balances	<u>5,537,384</u>	<u>53,093</u>	<u>21,262,013</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 8,591,342</u>	<u>\$ 93,870</u>	<u>\$ 26,270,015</u>

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

Other Funds		Total Governmental Funds	
\$	21,015	\$	31,946,121
	-		308,908
	-		(142,874)
	198,329		254,812
	-		5,765
	-		2,801,839
<u>\$</u>	<u>219,344</u>	<u>\$</u>	<u>35,174,571</u>
\$	7,323	\$	2,352,176
	-		58
	17,513		478,254
	138,690		2,801,839
	-		2,222,810
	1,591		13,390
	45,588		278,881
<u></u>	<u>210,705</u>	<u></u>	<u>8,147,408</u>
	-		166,034
<u></u>	<u>-</u>	<u></u>	<u>166,034</u>
	-		53,093
	-		21,262,013
	8,639		8,639
	-		5,537,384
<u></u>	<u>8,639</u>	<u></u>	<u>26,861,129</u>
<u>\$</u>	<u>219,344</u>	<u>\$</u>	<u>35,174,571</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2023

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$ 26,861,129
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	24,599,066
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including capital outlays and debt principal payments is to increase net position.	25,004,834
3 Issuance of debt is shown as other resources in governmental funds but is shown as an increase in long-term debt in the government-wide financial statements.	(30,450,681)
4 Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,006,747)
5 Included in the items related to debt are the recognition of the District's proportionate share of the net pension liability required by GASB 68 and related deferred resources outflows and deferred resources inflows. The net effect of these adjustments is to decrease net position.	(1,867,627)
6 Included in the items related to debt are the recognition of the District's proportionate share of the net other postemployment benefits liability required by GASB 75 and related deferred resources outflows and deferred resources inflows. The net effect of these adjustments is to decrease net position.	(4,568,903)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying debt proceeds as an increase in debt payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(131,719)
<b>19 Net Position of Governmental Activities</b>	<u>\$ 37,439,352</u>

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 25,592,628	\$ 11,080,122	\$ 710,354
5800 State Program Revenues	1,121,369	12,396	-
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	26,713,997	11,092,518	710,354
EXPENDITURES:			
Current:			
0011 Instruction	5,898,455	-	-
0012 Instructional Resources and Media Services	17,697	-	-
0013 Curriculum and Instructional Staff Development	73,744	-	-
0021 Instructional Leadership	224,025	-	-
0023 School Leadership	473,123	-	-
0031 Guidance, Counseling, and Evaluation Services	346,160	-	-
0033 Health Services	84,563	-	-
0034 Student (Pupil) Transportation	345,911	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	598,946	-	-
0041 General Administration	1,190,075	-	-
0051 Facilities Maintenance and Operations	2,559,989	-	-
0052 Security and Monitoring Services	305,171	-	-
0053 Data Processing Services	230,966	-	-
0061 Community Services	853	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	11,180,000	-
0072 Interest on Long-Term Liabilities	-	1,633,736	-
0073 Bond Issuance Cost and Fees	-	30,444	473,483
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,367,055	-	12,852,513
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	11,614,099	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	171,398	-	-
6030 Total Expenditures	25,502,230	12,844,180	13,325,996
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,211,767	(1,751,662)	(12,615,642)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	29,340,000
7915 Transfers In	-	-	1,755,339
7916 Premium or Discount on Issuance of Bonds	-	-	1,110,681
8911 Transfers Out (Use)	(2,000,186)	-	-
7080 Total Other Financing Sources (Uses)	(2,000,186)	-	32,206,020
1200 Net Change in Fund Balances	(788,419)	(1,751,662)	19,590,378
0100 Fund Balance - September 1 (Beginning)	6,269,525	1,804,755	1,671,635
1300 Increase (Decrease) in Fund Balance	56,278	-	-
3000 Fund Balance - August 31 (Ending)	\$ 5,537,384	\$ 53,093	\$ 21,262,013

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

Other		Total	
Funds		Governmental	
		Funds	
\$	127,188	\$	37,510,292
	9,447		1,143,212
	1,056,772		1,056,772
	1,193,407		39,710,276
	721,373		6,619,828
	32,508		50,205
	-		73,744
	-		224,025
	10,781		483,904
	-		346,160
	219		84,782
	-		345,911
	551,296		551,296
	15,500		614,446
	-		1,190,075
	95,160		2,655,149
	7,323		312,494
	-		230,966
	-		853
	-		11,180,000
	-		1,633,736
	-		503,927
	12,000		14,231,568
	-		11,614,099
	-		171,398
	1,446,160		53,118,566
	(252,753)		(13,408,290)
	-		29,340,000
	244,847		2,000,186
	-		1,110,681
	-		(2,000,186)
	244,847		30,450,681
	(7,906)		17,042,391
	16,545		9,762,460
	-		56,278
\$	8,639	\$	26,861,129

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 17,042,391
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing capital outlays and debt principal payments is to increase net position.	25,004,834
Issuance of debt is shown as other resources in governmental funds but is shown as an increase in long-term debt in the government-wide financial statements.	(30,450,681)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,006,747)
Current year changes due to GASB 68 include adjustments to net pension liability, deferred resources outflows, deferred resources inflows, and the corresponding effect on pension expense. The net effect of these adjustments is to decrease net position.	(27,106)
Current year changes due to GASB 75 include adjustments to the net other postemployment benefits liability, deferred resources outflows, deferred resources inflows, and the corresponding effect on other postemployment benefits expense. The net effect of these adjustments is to increase net position.	379,188
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds as an increase in debt payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(806,185)
<b>Change in Net Position of Governmental Activities</b>	\$ 9,135,694

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2023

	Private Purpose Trust Fund	Custodial Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 78,429
Restricted Assets	<u>10,740</u>	<u>-</u>
Total Assets	<u>10,740</u>	<u>\$ 78,429</u>
<b>NET POSITION</b>		
Restricted for Scholarships	10,740	-
Restricted for Student Organizations	<u>-</u>	<u>78,429</u>
Total Net Position	<u>\$ 10,740</u>	<u>\$ 78,429</u>

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

	Private Purpose Trust Fund	Custodial Fund
<b>ADDITIONS:</b>		
Miscellaneous Revenue - Student Organizations	\$ -	\$ 118,653
Earnings from Temporary Deposits	423	-
Total Additions	<u>423</u>	<u>118,653</u>
<b>DEDUCTIONS:</b>		
Student Organizations	-	117,288
Total Deductions	<u>-</u>	<u>117,288</u>
Change in Fiduciary Net Position	423	1,365
Total Net Position - September 1 (Beginning)	<u>10,317</u>	<u>77,064</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 10,740</u></u>	<u><u>\$ 78,429</u></u>

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements  
August 31, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Crockett County Consolidated Common School District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Additionally, the District complies with the requirements of the Texas Education Agency's Financial Accountability System Resource Guide (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

**A. Reporting Entity**

The District is governed by the Board of Trustees, a seven-member group, which is elected by the public and has governance responsibilities, including fiscal accountability, over all activities related to public elementary and secondary education within the jurisdiction of the Crockett County Consolidated Common School District (the primary government). There are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included in the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, revenues received from the state, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 unearned revenue until related and authorized expenditures have been made.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The Capital Projects Fund accounts for financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the government reports the following fund types:

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

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

The District has the following Fiduciary Funds:

Private Purpose Trust Fund - This Fund accounts for resources used to provide scholarships for former students.

Custodial Fund - This Fund reports resources that are held by the District for other parties. This Fund is used to account for the District's student activity funds.

**D. Interfund Receivables and Payables**

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Receivables and Payables**

Receivables are stated at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year.

**F. Capital Assets**

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-40
Vehicles	5-10
Furniture and Equipment	5-15

**G. Restricted Assets**

Restricted assets for the Private Purpose Trust Fund consist of a certificate of deposit held to provide scholarships.

**H. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, 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.

**I. Pensions**

In accordance with accounting guidance prescribed by GASB Statement No. 68, the fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**I. Pensions - Continued**

accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**J. Other Postemployment Benefits (OPEB)**

In accordance with accounting guidance prescribed by GASB Statement No. 75, the fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan, and all cash is held in a cash account.

**K. Compensated Absences**

On retirement or death of certain employees, the District pays any accrued sick leave in a lump sum cash payment to such employee or his/her estate. The District pays at a rate of \$30 per day for a maximum of 60 days.

A liability for these amounts is reported in governmental funds only if they are payable as a result of employee retirements.

**L. Net Position on the Statement of Net Position**

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

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

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

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

**M. Fund Balances/Equity**

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

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

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**M. Fund Balances/Equity - Continued**

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

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

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

Restricted net position for the Private Purpose Trust Fund represents funds held to provide scholarships for former students, and restricted net position for the Custodial Fund represents funds held by the District in a custodial capacity for student organizations.

**N. Implementation of New Accounting Standard**

The District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The District determined there was no impact upon its financial position, results of operations, or cash flows upon adoption.

**O. Property Tax Revenues**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the District 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.

The District recognizes as tax revenues those taxes that are measurable and available. Measurable means the amount can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within the current period.

Taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles are based upon historical experience. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**P. Interfund Transfers**

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget**

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued**

**A. Budget - Continued**

The official school budget is prepared for adoption for required governmental fund types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund, and the Food Service Special Revenue Fund. The remaining Special Revenue Funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

**B. Excess Expenditures Over Appropriations**

Expenditures exceeded appropriations as shown on Exhibits E-1, F-2 and F-3.

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

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

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**A. Deposits and Investments - Continued**

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2023, the District was not significantly exposed to credit risk.

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

At August 31, 2023, the District's investments with respective maturities and credit ratings consisted of the following:

	<u>Fair Value</u>	<u>Percent</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
<u>Public Funds Investment Pools</u>				
LOGIC	\$ 32,488	1%	35 Days	AAAm
TexSTAR	<u>6,272,367</u>	<u>99%</u>	27 Days	AAAm
Total Public Funds Investment Pools	<u><u>\$ 6,304,855</u></u>	<u><u>100%</u></u>		

**B. Due from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from other governments are summarized as follows:

	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 0	\$ 45,594	\$ 45,594
Debt Service Fund	0	10,889	10,889
Special Revenue Funds	<u>198,329</u>	<u>0</u>	<u>198,329</u>
Totals	<u><u>\$ 198,329</u></u>	<u><u>\$ 56,483</u></u>	<u><u>\$ 254,812</u></u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**C. Interfund Balances and Transfers**

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

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Capital Project Funds	\$ 2,663,149	\$ 0	Operating Advance
Nonmajor Governmental Funds	<u>138,690</u>	<u>0</u>	Operating Advance
	\$ 2,801,839	\$ 0	
Capital Projects Fund			
General Fund	0	2,663,149	Operating Advance
Nonmajor Governmental Funds			
General Fund	<u>0</u>	<u>138,690</u>	Operating Advance
Totals	<u>\$ 2,801,839</u>	<u>\$ 2,801,839</u>	

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

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Child Nutrition Program	\$ 225,022	Subsidize Food Services
General Fund	Daycare Fund	19,825	Subsidize Operations
General Fund	Capital Project Funds	<u>1,755,339</u>	Subsidize Operations
Totals		<u>\$ 2,000,186</u>	

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**D. Capital Assets**

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital Assets					
Land	\$ 604,310	\$ 0	\$ 0	\$ 0	\$ 604,310
Buildings and Improvements	30,293,056	230,067	0	38,395,065	68,918,188
Furniture and Equipment	3,977,069	163,433	0	0	4,140,502
Construction in Progress	33,911,806	13,431,334	0	(38,395,065)	8,948,075
	<u>68,786,241</u>	<u>13,824,834</u>	<u>0</u>	<u>0</u>	<u>82,611,075</u>
Total Capital Assets	\$ 68,786,241	\$ 13,824,834	\$ 0	\$ 0	\$ 82,611,075
Less Accumulated Depreciation					
Buildings and Improvements	\$ (13,116,025)	\$ (1,709,317)	\$ 0	\$ 0	\$ (14,825,342)
Furniture and Equipment	(2,229,566)	(297,430)	0	0	(2,526,996)
	<u>(15,345,591)</u>	<u>(2,006,747)</u>	<u>0</u>	<u>0</u>	<u>(17,352,338)</u>
Total Accumulated Depreciation	\$ (15,345,591)	\$ (2,006,747)	\$ 0	\$ 0	\$ (17,352,338)
Governmental Activities Capital Assets, Net	<u>\$ 53,440,650</u>	<u>\$ 11,818,087</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,258,737</u>

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 1,228,062
Curriculum and Instructional Staff Development	10,958
Instructional Leadership	48,316
School Leadership	101,593
Guidance, Counseling, and Evaluation Services	73,948
Health Services	15,254
Student (Pupil) Transportation	37,810
Food Services	67,796
Extracurricular Activities	60,380
General Administration	107,711
Facilities Maintenance and Operations	188,731
Security and Monitoring Services	27,317
Data Processing Services	38,871
	<u>38,871</u>
Total	<u>\$ 2,006,747</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**E. Deferred Outflows and Inflows of Resources**

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period.

A deferred inflow of resources is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period.

Deferred outflows and inflows of resources are reported as described below:

Deferred Outflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred outflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred outflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred inflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred inflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Balance Sheet - Governmental Funds)

Unavailable revenue - property taxes.

**F. Due to Other Governments**

Amounts due to other governments are summarized as follows:

	General Fund
	<hr/>
Due to State - Recapture	\$ 2,179,207
Due to Menard Coop	<u>43,603</u>
Total	<u><u>\$ 2,222,810</u></u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**G. Unearned Revenue**

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Funds	Total
Foundation School Program Act Entitlements	\$ 233,293	\$ 0	\$ 233,293
Food Service	0	31,215	31,215
State Grants	0	13,905	13,905
Other Grants	0	468	468
	<u>0</u>	<u>468</u>	<u>468</u>
Totals	<u>\$ 233,293</u>	<u>\$ 45,588</u>	<u>\$ 278,881</u>

**H. Long-Term Debt**

The District's long-term liabilities consist of bonded indebtedness, unamortized bond premium, net pension liability, and net other postemployment benefits liability. The current requirements for general obligation bonds principal and interest are accounted for in the Debt Service Fund. The current requirements for the net pension liability and net other postemployment benefits liability are accounted for in the General and Special Revenue Funds.

The following is a summary of changes in long-term debt for the year ended August 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 25,040,000	\$ 29,340,000	\$ 11,180,000	\$ 43,200,000	\$ 2,775,000
Unamortized Bond Premium	3,801,584	1,110,681	400,489	4,511,776	-
	<u>3,801,584</u>	<u>1,110,681</u>	<u>400,489</u>	<u>4,511,776</u>	<u>-</u>
Subtotals	\$ 28,841,584	\$ 30,450,681	\$ 11,580,489	\$ 47,711,776	\$ 2,775,000
Net Pension Liability	1,520,123	1,618,506	537,637	2,600,992	-
Net OPEB Liability	3,351,695	2,796	1,725,138	1,629,353	-
	<u>3,351,695</u>	<u>2,796</u>	<u>1,725,138</u>	<u>1,629,353</u>	<u>-</u>
Totals	<u>\$ 33,713,402</u>	<u>\$ 32,071,983</u>	<u>\$ 13,843,264</u>	<u>\$ 51,942,121</u>	<u>\$ 2,775,000</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**H. Long-Term Debt - Continued**

The District's outstanding bond issues, which are payable from the Debt Service Fund, are as follows:

General Obligation Bonds		Interest Rate	Maturity Date	Original Amount Issued	Amount Outstanding August 31, 2023
Series	Description				
2020	Unlimited Tax School Building Bonds	2%-4%	2038	\$ 29,655,000	\$ 13,860,000
2023	Unlimited Tax School Building Bonds	5%	2038	29,340,000	29,340,000
Total Bonds Payable				<u>\$ 58,995,000</u>	<u>\$ 43,200,000</u>

On November 8, 2022, the District issued Unlimited Tax School Building Bonds, Series 2023. Issued for the construction, upgrading, acquisition, and equipment of school buildings, and athletic and recreational facilities in the District; the purchase of the necessary sites therefor; the purchase of new school buses; and the construction, upgrading, acquisition, and equipment of housing for teachers in the District in the original amount of \$29,340,000. Due in variable installments through August 15, 2038, with an interest rate of 5%.

During each year while bonds are outstanding, the District is required to levy and collect sufficient ad valorem taxes to provide for the payment of principal and interest as it becomes due. In case of default by the District in the payment of principal of and/or interest on the bonds, and in accordance with Texas Education Code 45.061, the Comptroller will withhold the amount paid, plus interest, under guarantee, from the first state money payable to the District in the following order: foundation school fund, available school fund.

The combined annual debt service requirements are as follows:

Year Ending August 31,	General Obligation Bonds		Total
	Principal	Interest	
2024	\$ 2,775,000	\$ 2,636,725	\$ 5,411,725
2025	3,305,000	1,901,150	5,206,150
2026	3,245,000	1,754,450	4,999,450
2027	3,200,000	1,604,200	4,804,200
2028	3,160,000	1,459,500	4,619,500
2029-2033	13,930,000	5,249,300	19,179,300
2034-2038	13,585,000	1,982,500	15,567,500
Totals	<u>\$ 43,200,000</u>	<u>\$ 16,587,825</u>	<u>\$ 59,787,825</u>

On September 22, 2022, the District deposited cash on hand of \$710,122 into an escrow fund to advance refund, through an in-substance defeasance, \$675,000 of the Unlimited Tax School Building Bonds, Series 2020. These funds are invested in U.S. Treasury Securities, and the escrow fund is not authorized to substitute assets that are not essentially risk-free. As a result, this portion of the Series 2020 bonds are considered to be defeased, and the escrow assets and the liability for the bonds have been removed from these financial statements. The District achieved a cash flow benefit of \$227,812 from the reduction in interest. At August 31, 2023, \$675,000 of the defeased bonds remained outstanding. This balance is scheduled to be paid in full on August 15, 2024.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**H. Long-Term Debt - Continued**

On August 29, 2023, the District deposited cash on hand of \$9,368,650 into an escrow fund to advance refund, through an in-substance defeasance, \$8,635,000 of the Unlimited Tax School Building Bonds, Series 2020. These funds are invested in U.S. Treasury Securities, and the escrow fund is not authorized to substitute assets that are not essentially risk-free. As a result, this portion of the Series 2020 bonds are considered to be defeased, and the escrow assets and the liability for the bonds have been removed from these financial statements. The District achieved a cash flow benefit of \$3,644,300 from the reduction in interest. At August 31, 2023, \$8,635,000 of the defeased bonds remained outstanding. This balance is scheduled to be paid in full on August 15, 2028.

**I. Outstanding Encumbrances**

There were no outstanding encumbrances that were provided for in the subsequent year's budget.

**J. Revenues from Local and Intermediate Sources**

Local and intermediate source revenues consist of the following:

	General Fund	Debt Service Fund	Capital Projects Funds	Special Revenue Funds	Total
Property Taxes	\$ 20,609,083	\$ 10,766,230	\$ 0	\$ 0	\$ 31,375,313
Other Local Sources	4,934,878	313,892	710,354	32,745	5,991,869
Cocurricular, Enterprising Services, or Activities	48,667	0	0	94,443	143,110
Totals	<u>\$ 25,592,628</u>	<u>\$ 11,080,122</u>	<u>\$ 710,354</u>	<u>\$ 127,188</u>	<u>\$ 37,510,292</u>

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies** - The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Plan Description** - The Crockett County Consolidated Common School District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The Pension Trust Fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the System.

**Pension Plan Fiduciary Net Position** - Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/pages/about\\_publication.aspx](http://www.trs.texas.gov/pages/about_publication.aspx); by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512)542-6592.

**Benefits Provided** - TRS provides service and disability retirement, as well as death and survivor benefits to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code Section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

**Contributions** - Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the System during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code Section 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

The following table shows contribution rates by type of contributor for the fiscal years 2022 and 2023:

Contribution Rates		
	<u>2022</u>	<u>2023</u>
Member	8.00%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%
District's 2023 Employer Contributions		\$ 254,800
District's 2023 Member Contributions		559,013
District's 2022 NECE On-Behalf Contributions		372,547

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools, and state agencies including TRS. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the Pension Trust Fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public schools, junior colleges, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there is a surcharge an employer is subject to:

- All public schools, charter schools, and regional education service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025. This surcharge amount is 1.80% for fiscal year 2023.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Actuarial Assumptions -**

**Roll Forward** - The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 Rolled Forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate as of August 2022	3.91%. The source for the rate is the Fixed Income Market Data/ Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last Year Ending August 31 in Projection Period (100 Years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the TRS actuarial valuation report dated November 12, 2021.

**Discount Rate** - A single discount rate of 7% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

The long-term expected rate of return on pension plan investments is 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022, are presented in the following Asset Allocations table:

<u>Asset Class<sup>1</sup></u>	<u>Target Allocation<sup>2</sup> %</u>	<u>Long-Term Expected Geometric Real Rate of Return<sup>3</sup></u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources, and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag <sup>4</sup>			-0.91%
Expected Return	100.0%		8.19%

<sup>1</sup> Absolute Return includes Credit Sensitive Investments.

<sup>2</sup> Target Allocation are based on the FY 2022 policy model.

<sup>3</sup> Capital Market Assumptions come from Aon Hewitt (as of August 31, 2022).

<sup>4</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

**Discount Rate Sensitivity Analysis** - The following table presents the District's net pension liability of the plan using the discount rate of 7%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6%) or 1% higher (8%) than the current rate:

	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
District's Proportionate Share of the Net Pension Liability	<u>\$ 4,046,157</u>	<u>\$ 2,600,992</u>	<u>\$ 1,429,618</u>

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At August 31, 2023, the Crockett County Consolidated Common School District reported a net pension liability of \$2,600,992 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 2,600,992
State's Proportionate Share that is Associated with the District	<u>4,739,762</u>
Total	<u>\$ 7,340,754</u>

The net pension liability was measured as August 31, 2021 and rolled forward to August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0043811768% which was a decrease of 0.0015879412% from its proportion measured as of August 31, 2021.

**Changes of Actuarial Assumptions Since the Prior Actuarial Valuation** - The actuarial assumptions and methods have been modified since the determination of the prior year's net pension liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 % to 7.00 %.

**Changes of Benefit Terms** - There were no changes of benefit terms since the prior measurement date.

For the year ended August 31, 2023, the Crockett County Consolidated Common School District recognized pension expense of \$453,068 and revenue of \$453,068 or support provided by the State in the government-wide statement of activities.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

At August 31, 2023, the Crockett County Consolidated Common School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 37,714	\$ 56,707
Changes in Actuarial Assumptions	484,649	120,788
Net Difference Between Projected and Actual Investment Earnings	256,970	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	512,540	635,813
Contributions Paid to TRS Subsequent to the Measurement Date	<u>254,800</u>	<u>-</u>
Totals	<u>\$ 1,546,673</u>	<u>\$ 813,308</u>

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized by the District in pension expense as follows:

Year Ending August 31,	Pension Expense Amount
2024	\$ 141,766
2025	90,092
2026	15,448
2027	254,466
2028	(23,207)
Thereafter	0

**B. Defined Other Postemployment Benefit Plans**

**Summary of Significant Accounting Policies** - The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

**Plan Description** - The Crockett County Consolidated Common School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other postemployment benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

**OPEB Plan Fiduciary Net Position** - Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/pages/about\\_publication.aspx](http://www.trs.texas.gov/pages/about_publication.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided** - TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic postemployment benefit changes, including automatic COLAs.

The premium rates for retirees are presented in the following table:

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

**Contributions** - Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the State, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

Contribution Rates		
	<u>2022</u>	<u>2023</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2023 Employer Contributions		\$ 62,862
District's 2023 Member Contributions		45,418
District's 2022 NECE On-Behalf Contributions		68,178

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS-Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the non-employer contributing entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray COVID-19-related health care costs during fiscal year 2022.

**Actuarial Assumptions** - The actuarial valuation was performed as of August 31, 2021. Update procedures were used to rolled forward the total OPEB liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographics assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

The active mortality rates were based on 90% of the RP-2014 Employee Mortality tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

The following table discloses the actuarial methods and assumptions that were applied to this measurement period:

Valuation Date	August 31, 2021 Rolled Forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The initial medical trend rates were 8.50% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

**Discount Rate** - A single discount rate of 3.91% was used to measure the total OPEB liability. This was an increase of 1.96% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**Sensitivity of the Net OPEB Liability**

**Discount Rate Sensitivity Analysis** - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's Proportionate Share of the Net OPEB Liability	<u>\$ 1,921,137</u>	<u>\$ 1,629,353</u>	<u>\$ 1,392,971</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

**Healthcare Cost Trend Rates Sensitivity Analysis** - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 1,342,594</u>	<u>\$ 1,629,353</u>	<u>\$ 2,001,099</u>

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs** - At August 31, 2023, the Crockett County Consolidated Common School District reported a liability of \$1,629,353 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net OPEB Liability	\$ 1,629,353
State's Proportionate Share that is Associated with the District	<u>1,987,555</u>
Total	<u>\$ 3,616,908</u>

The net OPEB liability was measured as of August 31, 2021 and rolled forward to August 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net OPEB liability was 0.0068048486% which was a decrease of 0.0018840459% from its proportion measured as of August 31, 2021.

**Changes of Actuarial Assumptions Since the Prior Actuarial Valuation** - The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.

**Changes of Benefit Terms** - There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2023, the Crockett County Consolidated Common School District recognized OPEB expense of \$(282,050) and revenue of \$(282,050) for support provided by the State.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**B. Defined Other Postemployment Benefit Plans - Continued**

At August 31, 2023, the Crockett County Consolidated Common School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 90,586	\$ 1,357,398
Changes in Actuarial Assumptions	248,183	1,131,978
Net Difference Between Projected and Actual Investment Earnings	4,853	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	658,532	1,515,190
Contributions Paid to TRS Subsequent to the Measurement Date	<u>62,862</u>	<u>-</u>
Totals	<u>\$ 1,065,016</u>	<u>\$ 4,004,566</u>

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized by the District in OPEB expense as follows:

Year Ending August 31,	OPEB Expense Amount
2024	\$ (501,947)
2025	(501,929)
2026	(432,833)
2027	(339,289)
2028	(309,916)
Thereafter	(916,498)

**C. Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2023, August 31, 2022, and August 31, 2021, the subsidy payments received by TRS-Care on behalf of the District were \$36,143, \$25,105, and \$26,590, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**D. Health Care Coverage**

The District participates in TRS-Active Care sponsored by the Teacher Retirement System of Texas. TRS-Active Care (the Plan) provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the Plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The Plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

**E. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the District participated in a public entity risk pool. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding coverage for each of the past three fiscal years.

**F. Property and Liability Programs**

During the year ended August 31, 2023, the District participated in the TASB Risk Management Fund's (the Fund's) Property and Liability Programs.

The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property and Liability Programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended, August 31, 2023, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available on the TASB Risk Management Fund website.

**G. Unemployment Compensation Coverage**

The District has entered into a contract and interlocal agreement with the Texas Association of School Boards Unemployment Compensation Group Account (the Account) for the purpose of providing unemployment compensation coverage as authorized by the Interlocal Cooperation Act, Article 4413(32c), VATS, as amended. The Account is administered by a Board of Trustees, and all account members must be members of the Texas Association of School Boards. The District pays contributions based on a rating system approved by the Board. The Account reserves the right to require a supplemental contribution in any account year for which the initial contributions and account reserves are inadequate to pay operating costs and claim reimbursements required of the Account during that year. The Account may provide stop-loss coverage at the discretion of the Board. The interlocal agreement expires October 1, 2023; however, it may be terminated by either party with a 90-day written notice preceding the end of any calendar quarter.

**H. Workers' Compensation Insurance**

During the year ended August 31, 2023, the District met its statutory workers' compensation obligations through participation in the Deep East Texas Self Insurance Fund (the Fund), a public entity risk pool, which is self-sustained through member premiums. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act,

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**H. Workers' Compensation Insurance - Continued**

Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, of the Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claim costs through the purchase of stop-loss coverage for any claims in excess of the Fund's self-insured retention of \$1,100,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2023, the Fund carries a discounted reserve of \$9,342,752 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on June 30. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of June 30, 2022, are available at the Fund's offices.

**I. Contingencies**

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

**J. Shared Services Arrangement**

The District participates in a shared services arrangement for special education with six other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Menard Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement.

**K. Commitments**

The District issued bonds during the 2023 fiscal year for the purpose of the construction, upgrading, acquisition, and equipment of school buildings, and athletic and recreational facilities in the original amount of \$29,340,000. As of August 31, 2023, the District has \$21,262,013 remaining to be expended on these projects.

**L. Tax Abatements**

The Crockett County Consolidated Common School District's Board of Trustees approved Agreements with Ranchero Wind Farm, LLC, High Lonesome Wind Power, and White Mesa Wind, LLC, for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code. Value limitation agreements are a part of a state program originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation, and Texas Priority projects. These entities qualified for tax limitation agreements under the Texas Tax Code §313.024(b)(5), as renewable energy electric generation projects.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2023

**IV. OTHER INFORMATION - Continued**

**L. Tax Abatements - Continued**

The applications, the Agreements, and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>. The Agreements and all supporting documentation were assigned Texas Comptroller Application No. 1229, 1239, and 1284, respectively.

The applicants have been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the applications' approval, it was determined by both the District's Board of Trustees and the Texas Comptroller's Office that the projects would meet these standards. After approval, the applicant companies must maintain a viable presence in the District for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that any company terminates its Agreement without the consent of the District, or in the event that the any company or its successor-in-interest fails to comply in any material respect with the terms of the Agreement or to meet any material obligations under the Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the Agreement together with the payment of penalty and interest on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. The Agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

	A	B	C	D	E	F	G
			Amount of	Amount of	Company	Company	Net Benefit
		Project's Value	Applicant's	Applicant's	Revenue Loss	Supplemental	(Loss) to
Project Name	Project	Limitation	M&O Taxes	M&O Taxes	Payment	Payment to	the School
	Value 2022	Amount 2022	Paid 2022	Reduced 2022	to School	School	District 2022
					District 2022	District 2022	(C+E+F)
Ranchero Wind Farm, LLC	\$ 245,652,000	\$ 25,000,000	\$ 216,150	\$ 1,907,757	\$ 0	\$ 68,000	\$ 284,150
High Lonesome Wind Power	156,445,870	25,000,000	216,150	1,136,481	0	76,500	292,650
White Mesa Wind, LLC	495,387,150	63,000,000	544,698	3,738,419	3,738,419	0	4,283,117

**M. Adjustments to Net Position/Fund Balances**

The financial statements reflect the following prior period adjustment:

	Net Position <u>Exhibit B-1</u>	Fund Balances <u>Exhibit C-3</u>
General Fund		
Miscellaneous Adjustments	<u>\$ 56,278</u>	<u>\$ 56,278</u>

**N. Subsequent Events**

The District's management has evaluated subsequent events through January 12, 2024, the date which the financial statements were available for issue.

Required Supplementary Information

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 19,213,989	\$ 19,213,989	\$ 25,592,628	\$ 6,378,639
5800	State Program Revenues	1,011,126	1,011,126	1,121,369	110,243
5900	Federal Program Revenues	50,000	50,000	-	(50,000)
5020	Total Revenues	20,275,115	20,275,115	26,713,997	6,438,882
EXPENDITURES:					
Current:					
0011	Instruction	5,682,313	5,682,313	5,898,455	(216,142)
0012	Instructional Resources and Media Services	23,930	23,930	17,697	6,233
0013	Curriculum and Instructional Staff Development	90,548	90,548	73,744	16,804
0021	Instructional Leadership	271,162	271,162	224,025	47,137
0023	School Leadership	476,164	476,164	473,123	3,041
0031	Guidance, Counseling, and Evaluation Services	355,665	355,665	346,160	9,505
0033	Health Services	88,188	88,188	84,563	3,625
0034	Student (Pupil) Transportation	343,919	343,919	345,911	(1,992)
0035	Food Services	18,161	18,161	-	18,161
0036	Extracurricular Activities	591,790	606,790	598,946	7,844
0041	General Administration	1,186,736	1,186,736	1,190,075	(3,339)
0051	Facilities Maintenance and Operations	2,135,950	2,905,950	2,559,989	345,961
0052	Security and Monitoring Services	276,500	323,500	305,171	18,329
0053	Data Processing Services	227,356	227,356	230,966	(3,610)
0061	Community Services	2,400	2,400	853	1,547
Debt Service:					
0071	Principal on Long-Term Liabilities	54,980	65,380	-	65,380
Capital Outlay:					
0081	Facilities Acquisition and Construction	1,314,899	1,314,899	1,367,055	(52,156)
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	9,957,326	9,434,926	11,614,099	(2,179,173)
0093	Payments to Fiscal Agent/Member Districts of SSA	128,800	128,800	171,398	(42,598)
6030	Total Expenditures	23,226,787	23,546,787	25,502,230	(1,955,443)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,951,672)	(3,271,672)	1,211,767	4,483,439
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(198,000)	(198,000)	(2,000,186)	(1,802,186)
1200	Net Change in Fund Balances	(3,149,672)	(3,469,672)	(788,419)	2,681,253
0100	Fund Balance - September 1 (Beginning)	6,269,525	6,269,525	6,269,525	-
1300	Increase (Decrease) in Fund Balance	-	-	56,278	56,278
3000	Fund Balance - August 31 (Ending)	\$ 3,119,853	\$ 2,799,853	\$ 5,537,384	\$ 2,737,531

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.004381177%	0.005969118%	0.004979899%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,600,992	\$ 1,520,123	\$ 2,667,132
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	4,739,762	2,115,262	4,483,596
Total	<u>\$ 7,340,754</u>	<u>\$ 3,635,385</u>	<u>\$ 7,150,728</u>
District's Covered Payroll	\$ 6,170,784	\$ 6,669,028	\$ 5,739,244
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	42.15%	22.79%	46.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.004667382%	0.003775766%	0.004351385%	0.004770158%	0.0048258%	0.0026397%
\$ 2,426,251	\$ 2,078,273	\$ 1,391,338	\$ 1,802,572	\$ 1,705,856	\$ 705,100
4,232,027	5,056,754	3,265,381	4,224,568	4,008,522	3,449,999
\$ 6,658,278	\$ 7,135,027	\$ 4,656,719	\$ 6,027,140	\$ 5,714,378	\$ 4,155,099
\$ 5,392,446	\$ 5,625,244	\$ 5,657,785	\$ 5,861,526	\$ 5,747,580	\$ 5,677,326
44.99%	36.95%	24.59%	30.75%	29.68%	12.42%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2023

	2023	2022	2021
Contractually Required Contribution	\$ 254,800	\$ 204,911	\$ 222,984
Contribution in Relation to the Contractually Required Contribution	(254,800)	(204,911)	(222,984)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 6,987,646	\$ 6,170,784	\$ 6,669,028
Contributions as a Percentage of Covered Payroll	3.65%	3.32%	3.34%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

2020	2019	2018	2017	2016	2015
\$ 204,693	\$ 164,289	\$ 130,473	\$ 141,327	\$ 149,689	\$ 142,407
(204,693)	(164,289)	(130,473)	(141,327)	(149,689)	(142,407)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,739,244	\$ 5,392,446	\$ 5,265,244	\$ 5,657,785	\$ 5,861,526	\$ 5,747,580
3.57%	3.05%	2.48%	2.50%	2.55%	2.48%

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.006804849%	0.008688895%	0.009253623%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,629,353	\$ 3,351,695	\$ 3,517,720
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,987,555	4,490,524	4,726,972
Total	<u>\$ 3,616,908</u>	<u>\$ 7,842,219</u>	<u>\$ 8,244,692</u>
District's Covered Payroll	\$ 6,170,784	\$ 6,669,028	\$ 5,739,244
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	26.40%	50.26%	61.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.008303519%		0.007558087%		0.008448337%	
\$	3,926,837	\$	3,773,822	\$	3,673,865
5,217,886		4,600,843		4,531,431	
<u>\$ 9,144,723</u>		<u>\$ 8,374,665</u>		<u>\$ 8,205,296</u>	
5,392,446		5,265,244		5,657,785	
72.82%		71.67%		64.93%	
2.66%		1.57%		0.91%	

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2023

	2023	2022	2021
Contractually Required Contribution	\$ 62,862	\$ 55,891	\$ 61,694
Contribution in Relation to the Contractually Required Contribution	(62,862)	(55,891)	(61,694)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 6,987,646	\$ 6,170,784	\$ 6,669,028
Contributions as a Percentage of Covered Payroll	0.90%	0.91%	0.93%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

2020			2019		
2018					
\$	71,404	\$	58,909	\$	52,330
	(71,404)		(58,909)		(52,330)
\$	-	\$	-	\$	-
\$	5,739,244	\$	5,392,446	\$	5,265,244
	1.24%		1.10%		0.99%

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
August 31, 2023

Note A - TRS Pension Plan

Changes of Benefit Terms

There were no changes of benefit terms since the prior measurement date.

Changes of Assumptions

There was a change in the actuarial assumptions. The primary change was the lowering of the single discount rate from 7.25% to 7.00%.

Note B - TRS OPEB Plan

Changes of Benefit Terms

There were no changes of benefit terms since the prior measurement date.

Changes of Assumptions

The single discount rate changed from 1.95% as of August 31, 2021, to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.

Lower participation rates and updates to health care trend rate assumptions were also factors that decreased the total OPEB liability.

Other Supplementary Information

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.060000	0.000000	2,292,528,850
2016	1.060000	0.036000	1,853,559,905
2017	1.060000	0.054000	1,204,254,210
2018	1.060000	0.054000	1,212,548,110
2019	1.060000	0.144000	1,283,738,010
2020	0.990000	0.144000	1,511,995,718
2021	0.895100	0.269000	2,171,682,918
2022	0.882000	0.322000	2,270,850,210
2023 (School year under audit)	0.864600	0.339400	3,148,292,763
1000 TOTALS			

8000 Total Taxes Refunded Under Section 26.115, Tax Code

The assessed value for maintenance and operations was \$2,363,658,180, and the assessed value for interest and sinking was \$3,148,292,763.

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 73,184	\$ -	\$ 5,486	\$ -	\$ (12,304)	\$ 55,394
17,951	-	505	-	(4,667)	12,779
14,987	-	1,133	39	(3,082)	10,733
11,661	-	1,154	59	-	10,448
11,841	-	10,024	512	9,432	10,737
29,443	-	28,326	3,848	15,408	12,677
26,022	-	2,787	405	(21)	22,809
304,574	-	199,997	60,104	(24,726)	19,747
315,430	-	185,881	67,931	(25,371)	36,247
-	31,121,486	20,351,918	10,652,231	-	117,337
<u>\$ 805,093</u>	<u>\$ 31,121,486</u>	<u>\$ 20,787,211</u>	<u>\$ 10,785,129</u>	<u>\$ (45,331)</u>	<u>\$ 308,908</u>
	\$	0.00			

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes			Actual Amounts	Variance With
	Budgeted Amounts		(GAAP BASIS)	Final Budget
	Original	Final		Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 31,800	\$ 31,800	\$ 42,527	\$ 10,727
5800 State Program Revenues	3,500	3,500	1,424	(2,076)
5900 Federal Program Revenues	257,500	257,500	282,323	24,823
5020 Total Revenues	292,800	292,800	326,274	33,474
EXPENDITURES:				
Current:				
0035 Food Services	490,800	490,800	551,296	(60,496)
6030 Total Expenditures	490,800	490,800	551,296	(60,496)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(198,000)	(198,000)	(225,022)	(27,022)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	198,000	198,000	225,022	27,022
1200 Net Change in Fund Balances	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 10,467,381	\$ 10,467,381	\$ 11,080,122	\$ 612,741
5800 State Program Revenues	-	-	12,396	12,396
5020 Total Revenues	10,467,381	10,467,381	11,092,518	625,137
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	9,462,381	9,462,381	11,180,000	(1,717,619)
0072 Interest on Long-Term Liabilities	1,000,000	1,000,000	1,633,736	(633,736)
0073 Bond Issuance Cost and Fees	5,000	5,000	30,444	(25,444)
6030 Total Expenditures	10,467,381	10,467,381	12,844,180	(2,376,799)
1200 Net Change in Fund Balances	-	-	(1,751,662)	(1,751,662)
0100 Fund Balance - September 1 (Beginning)	1,804,755	1,804,755	1,804,755	-
3000 Fund Balance - August 31 (Ending)	\$ 1,804,755	\$ 1,804,755	\$ 53,093	\$ (1,751,662)

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS  
 FOR THE YEAR ENDED AUGUST 31, 2023

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**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	647630
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	436553

**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	58810
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	137702

## COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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

Board of Trustees  
Crockett County Consolidated Common School District  
P.O. Box 400  
Ozona, TX 76943-0400

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 12, 2024.

**Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Crockett County Consolidated Common School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-003.

### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Crockett County Consolidated Common School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on the response.

### **Purpose of This Report**

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

*Eckert & Company, LLP*

January 12, 2024



**A Limited Liability Partnership**

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

Board of Trustees  
Crockett County Consolidated Common School District  
P.O. Box 400  
Ozona, TX 76943-0400

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

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

We have audited the Crockett County Consolidated Common School District's 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 Crockett County Consolidated Common School District's major federal programs for the year ended August 31, 2023. The Crockett County Consolidated Common School District'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 Crockett County Consolidated Common School District 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 August 31, 2023.

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

We are required to be independent of the Crockett County Consolidated Common School District 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 Crockett County Consolidated Common School District'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 Crockett County Consolidated Common School District's federal programs.

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

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the 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 Crockett County Consolidated Common School District'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 Crockett County Consolidated Common School District'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 Crockett County Consolidated Common School District'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**

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, and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

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.

#### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Crockett County Consolidated Common School District's response to the internal control over compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly we express no opinion on the response.

#### **Purpose of This Report**

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

*Eckert & Company, LLP*

January 12, 2024

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
Year Ended August 31, 2023

**A. Summary of Auditor's Results**

**Financial Statements**

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

**Federal Awards**

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

**Identification of Major Programs**

Federal Assistance	
<u>Listing No.</u>	<u>Name of Federal Program or Cluster</u>
	Education Stabilization Cluster - COVID-19
84.425D	COVID-19 CRRSA ESSER II
84.425U	COVID-19 ARP ESSER III

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Continued  
Year Ended August 31, 2023

**B. Findings - Financial Statements Audit**

Reference Number: 2023-001

Criteria:

*Government Auditing Standards* require proper internal control over financial reporting for governmental entities. In an effective control environment the District's general ledger should be reviewed at least monthly to determine that all funds are complete and in balance, all bank accounts are reconciled, all transactions are properly recorded and supported by documentation, all accounts and related transactions are reasonable as to amount and balance status and all expenditures are within the budget.

Condition:

The District's books were not maintained and reviewed on a timely basis. The books contained numerous errors, transactions not properly recorded, accounts with incorrect balances and expenditures exceeding the budget.

Cause:

The District's personnel were not performing their duties of maintaining the District's financial records to ensure accuracy and completeness, and a lack of proper oversight by management contributed to this failure.

Effect:

The general ledger contained numerous errors and did not accurately reflect the District's finances. Internal control over financial reporting was not effective.

Auditor's Recommendation:

The general ledger should be reviewed for completeness and accuracy, bank accounts should be reconciled, expenditures should be monitored to assure that they are within the budget and any necessary corrections should be made in a timely manner.

Management's Response:

The District will implement procedures to ensure that the District's personnel review the general ledger, that bank accounts are reconciled, that expenditures are compared the budget and that adjustments are made as needed. Additional staff or outside assistance will be engaged as needed.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

Reference Number: 2023-002

Federal Assistance Listing Numbers 84.425D and 84.425U  
Education Stabilization Fund - COVID-19  
COVID-19 CRRSA ESSER II Grant  
COVID-19 ARP ESSER III Grant

See Section B, Reference Number 2023-001

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Continued  
Year Ended August 31, 2023

**D. Findings - State Compliance**

Reference Number: 2023-003

Criteria:

Section 44.006 of the Texas Education Code states that public funds of the District may not be spent in any manner other than as provided for in the budget, as amended by the Board of Trustees.

Condition:

Expenditures exceeded appropriations in the following functions:

General Fund	
11 Instruction	\$ 216,142
34 Student (Pupil) Transportation	1,992
41 General Administration	3,339
53 Data Processing Services	3,610
81 Facilities Acquisition and Construction	52,156
91 Contracted Instructional Services Between Schools	2,179,173
93 Payments to Fiscal Agent/Member Districts of SSA	42,598
Other Uses - Transfers Out	1,802,186
Food Service Special Revenue Fund	
35 Food Services	60,496
Debt Service Fund	
71 Principal on Long-Term Liabilities	1,717,619
72 Interest on Long-Term Liabilities	633,736
73 Bond Issuance Cost and Fees	25,444

Cause:

The general ledger was not reviewed to see that budgeted amounts were adequate to cover expenditures throughout the year. This resulted in the budget not being amended as needed.

Effect:

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

Auditor's Recommendation:

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

Management's Response:

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

**PRINCIPALS**

Ozona High School  
Laurie Norrell  
Ozona Middle School  
Chaslyn Feaster  
Ozona Elementary School  
Erica Cruz  
Director of Federal Programs  
Janina Savala



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**Raul Chavarria, Superintendent**  
**Tamara McWilliams, Assistant Superintendent**  
**Crockett County Consolidated Common School District**

**BOARD OF EDUCATION**

Travis Davidson, President  
Mario Mendoza, Vice President  
Victoria Ramos, Secretary  
Dean Fierro  
Connie Crenwelge  
Quay Oglesby  
Jared Shaffer

**Corrective Action Plan**  
**Year Ended August 31, 2023**

(Prepared by the District's Management)

The Crockett County Consolidated Common School District submits the following corrective action plan for the year ended August 31, 2023:

**Findings - Financial Statements Audit**

2023-001

**Recommendation:**

The general ledger should be reviewed for completeness and accuracy, bank accounts should be reconciled, expenditures should be monitored to assure that they are within the budget and any necessary corrections should be made in a timely manner.

**Action Taken:**

The District will implement procedures to ensure that the District's personnel review the general ledger and make necessary adjustments when needed. Additional staff or outside assistance will be engaged as needed.

Anticipated Completion Date: Throughout Fiscal Year Ending August 31, 2024

**Findings - Major Federal Award Programs Audit**

2023-002

See Corrective Action for Reference Number 2023-001 above.

**Findings - State Compliance**

2023-003

**Recommendation:**

The District should monitor the budget closely to see that amendments are made as necessary.

Corrective Action Plan - Continued  
Year Ended August 31, 2023

(Prepared by the District's Management)

**Findings - State Compliance - Continued**

2023-003 - Continued

Action Taken:

The District will place more emphasis on assuring expenditures are within the budget and that budget amendments are properly prepared.

Anticipated Completion Date: Throughout Fiscal Year Ending August 31, 2024

**Contact Person**

Raul Chavarria, Superintendent  
325/392-550

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Small, Rural School Achievement Program	84.358A	S358A223608	\$ 7,180
Total Direct Programs			7,180
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101053001	142,968
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101053001	11,874
ESEA, Title I, 1003 (A) - School Improvement Grant	84.010A	23610141053001	24,134
Total Assistance Listing Number 84.010			178,976
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	23694501053001	27,643
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	24694501053001	2,583
Total Assistance Listing Number 84.367			30,226
ESEA, Title IV, Part A, Subpart 1	84.424A	23680101053001	8,737
ESF: COVID-19 CRRSA ESSER II Grant	84.425D	21521001053001	220,758
ESF: COVID-19 ARP ESSER III Grant	84.425U	21528001053001	328,353
Total Assistance Listing Number 84.425			549,111
Total Passed Through Texas Education Agency			767,050
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			774,230
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Education Agency</u>			
COVID-19 School Health Support Grant	93.323	02748210	219
Total Passed Through Texas Education Agency			219
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			219
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program (Cash)	10.553	23-053001	62,701
*National School Lunch Program (Cash)	10.555	23-053001	193,110
*National School Lunch Program (Non-Cash)	10.555	23-053001	26,512
Total Assistance Listing Number 10.555			219,622
Total Child Nutrition Cluster			282,323
Total Passed Through the Texas Department of Agriculture			282,323
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			282,323
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 1,056,772
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Schedule of Expenditures of Federal Awards  
August 31, 2023

Note A - Summary of Significant Accounting Policies

The District utilizes the fund types specified in the Texas Education Agency's *Financial Accountability System Resource Guide*.

Federal and state awards generally are accounted for in a Special Revenue Fund, a component of the governmental fund types. A Special Revenue Fund is used to account for resources restricted to, or committed for, specific purposes by a grantor.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds represent increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District has a negotiated indirect cost rate and is not eligible to utilize the de minimis indirect cost rate.

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

Note B - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2023. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## SCHOOLS FIRST QUESTIONNAIRE

EXHIBIT L-1

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT

Fiscal Year 2023

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SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	Yes
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	Yes
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0

# Eckert & Company

**CERTIFIED PUBLIC ACCOUNTANTS**

**A Limited Liability Partnership**

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Members of  
American Institute of CPAs  
Texas Society of CPAs

January 12, 2024

Board of Trustees and  
Raul Chavarria, Superintendent  
Crockett County Consolidated Common School District  
P.O. Box 400  
Ozona, TX 76943-0400

In planning and performing our audit of the basic financial statements of the Crockett County Consolidated Common School District for the year ended August 31, 2023, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we noted the following items which we feel should be brought to your attention:

#### Internal Control

The District's books contained numerous errors, transactions not properly recorded, accounts with incorrect balances, bank accounts were not reconciled in a timely manner, and expenditures exceeding the budget. The general ledger should be reviewed for completeness and accuracy, bank accounts should be reconciled, expenditures should be monitored to assure that they are within the budget and any necessary corrections should be made in a timely manner.

#### Budget

Actual expenditures exceeded budgeted amounts in the General Fund in seven functions and Other Uses - Transfers Out, in the Child Nutrition Program in one function, and in the Debt Service Fund in three functions during the year. The budget should be carefully monitored throughout the year by comparing year-to-date expenditures with budgeted amounts. Budget amendments should be approved prior to expending the funds.

This letter does not affect our report dated January 12, 2024, on the basic financial statements of Crockett County Consolidated Common School District.

We appreciate the cooperation and assistance provided to us during the audit. Please contact us if you have any questions concerning the audit report or this letter or if you need our assistance during the year.

*Eckert & Company, LLP*