

WINKLER COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
LUBBOCK, TEXAS

WINKLER COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

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WINKLER COUNTY, TEXAS

**COUNTY OFFICIALS
DECEMBER 31, 2021**

Charles Wolf	County Judge
Billy Stevens	Commissioner Precinct 1
Robbie Wolf	Commissioner Precinct 2
Victor Berzoza	Commissioner Precinct 3
Billy Ray Thompson	Commissioner Precinct 4
Pam Greene	County Clerk
Jeanna Willhelm	County Auditor
Susan Willhelm	County Treasurer
Minerva Soltero	Tax-Assessor-Collector
Keri Jones	Justice of Peace Precinct 1
Glenda Mixon	Justice of the Peace Precinct 2
Thomas Duckworth, Jr.	County Attorney
Darin Mitchell	Sheriff
Leon Stroud	Constable Precinct 1 & 3
Carl Garrett	Constable Precinct 2 & 4
Elvia Hernandez	Chief Adult Probation Officer
Christi Gonzales	Chief Juvenile Probation Officer
John L. Pool	District Judge
Geneva Baker	District Clerk
Amanda Navarette	District Attorney

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

To the Honorable Judge and
Members of the Commissioners' Court of
Winkler County, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 Winkler County, as of December 31, 2021, 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 (GAAS). 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 Winkler County, Texas (the County) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions, schedule of changes in total OPEB liability and related ratios, and budgetary comparison information 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 opinion on the financial statements that collectively comprise Winkler County, Texas' basic financial statements. The combining and individual Nonmajor fund financial statements 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 related 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 combining and individual Nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Winkler County's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

July 15, 2022

WINKLER COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)

This section of Winkler County, Texas' (the County) annual financial report presents our discussion and analysis of the County's financial performance during the year ended December 31, 2021. Please read it in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

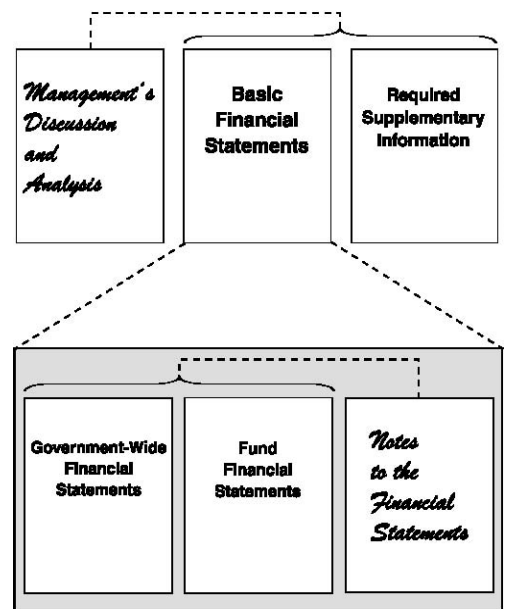
- The County's total combined net position was \$81,012,592 at December 31, 2021. Of this amount, \$48,039,037 (unrestricted net position) may be used to meet the County's ongoing obligations.
- The General Fund reported a fund balance this year of \$39,476,439, of which \$151,668 is non-spendable because it represents prepaid expenses and \$5,935,838 is committed for various improvements, equipment purchases and hospital support payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are Fund Financial Statements that focus on individual parts of the government, reporting the County's operations in more detail than the government-wide statements.
- The Governmental Funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- The Proprietary Fund statements offer short and long-term financial information about the activities the government operates like businesses.
- Fiduciary Fund statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the County's Annual Financial Report



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

Figure A-2 summarizes the major features of the County’s financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of Management’s Discussion and Analysis explains the structure and contents of each of the statements.

**FIGURE A-2
MAJOR FEATURES OF THE COUNTY’S GOVERNMENT-WIDE AND FUND STATEMENTS**

Type of Statement	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County’s government (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary	Activities the county operates similar to private businesses: self insurance	Instances in which the County is the trustee or agent for someone else’s resources
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in fund net position and Statement of Cash Flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, liabilities, deferred inflows and outflows, that are both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year; regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the County’s finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Position presents information on all of the County’s assets, liabilities, deferred inflows and outflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County’s financial position is improving or deteriorating when examined in conjunction with nonfinancial factors. The Statement of Activities presents information showing how the government’s net position changed during the 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.

Both of these Government-Wide Financial Statements distinguish departments of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other departments that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include general administration, public safety, transportation, health and welfare, culture and recreation, facilities, judicial and legal. These activities are financed primarily by property taxes, intergovernmental revenues, and grants. The County does not have business-type activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the County's most significant funds – not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. The County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes. The County has three types of funds: governmental, proprietary, and fiduciary.

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the 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 government'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. These reconciliations can be found in the basic financial statements section.

The County maintains many individual governmental funds. Information is presented separately in the governmental fund statements for the major fund, the General Fund. The remaining funds are presented as non-major governmental funds.

The County adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided in the required supplementary information section to demonstrate compliance with this budget.

- *Proprietary funds* – Services for which the County charges a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The County uses internal services funds to report activities that provide self-funded health insurance services for the County's other programs and activities.
- *Custodial funds*—The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position as listed in the table of contents. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the County cannot use these assets to finance its operations.

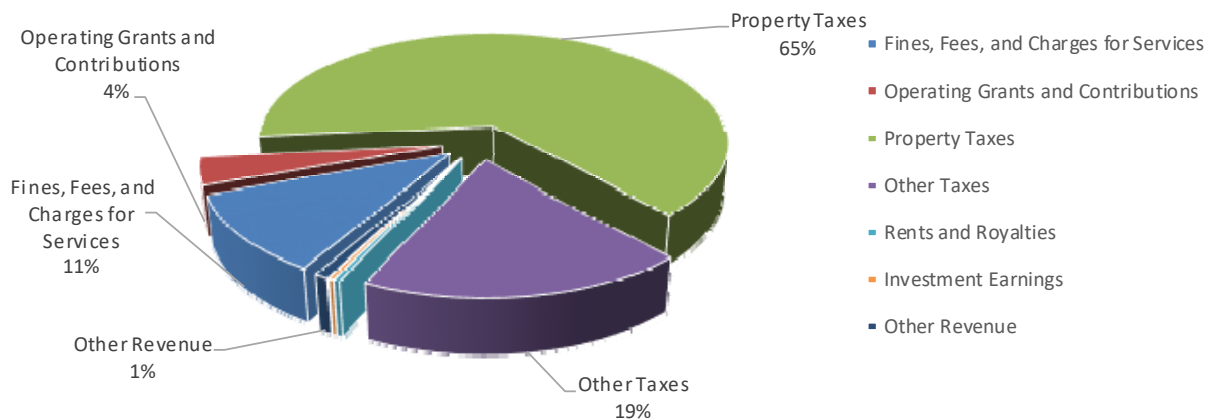
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's total assets were approximately \$89,339,811 at December 31, 2021. The largest portion of the County's total assets (\$41,486,382) reflects its cash and cash equivalents with the remainder (\$47,853,429) reported as capital assets, accounts/notes receivable, and other assets.

**Table A-1
Net Position**

	Governmental Activities	
	2021	2020
Current and Other Assets	\$ 57,381,973	\$ 56,490,394
Capital and Non-Current Assets	31,957,838	30,199,496
Total Assets	\$ 89,339,811	\$ 86,689,890
Deferred Outflows of Resources	\$ 7,627,223	\$ 1,438,466
Current Liabilities	\$ 829,052	\$ 941,391
Long-Term Liabilities	1,716,477	196,703
Total Liabilities	\$ 2,545,529	\$ 1,138,094
Deferred Inflows of Resources	\$ 13,408,913	\$ 1,067,908
Net Investment in Capital Assets	\$ 31,957,838	\$ 30,199,226
Restricted	1,015,717	
Unrestricted	48,039,037	55,722,858
Total Net Position	\$ 81,012,592	\$ 85,922,084

Changes in Net Assets—The County's net position increased by \$6,452,300 during the current fiscal year. This increase in net position is due to the increased amount collected for property taxes and expenses increasing slightly.



Governmental Activities—Total revenues for the fiscal year ending December 31, 2021 were \$23,055,073. Approximately 11% of the County’s revenue comes from charges for services, while 65% comes from property taxes. Operating grants and contributions, sale of property, rents and royalties, other taxes, and other revenue account for the remaining 24% of total revenues.

**Table A-2
Changes in Net Position**

	Governmental Activities	
	2021	2020
Revenues:		
Program Revenues		
Fines, Fees, and Charges for Services	\$ 2,591,011	\$ 2,313,041
Operating Grants and Contributions	891,383	338,460
General Revenues		
Property Taxes	14,948,025	18,567,301
Other Taxes	4,302,983	4,814,760
Rents and Royalties	81,825	0
Investment Earnings	62,338	295,530
Other Revenue	177,508	41,744
Total Revenues	<u>\$ 23,055,073</u>	<u>\$ 26,370,836</u>
Expenses:		
General Administration	5,236,425	4,269,791
Public Safety	3,457,054	4,083,493
Transportation	1,696,672	1,263,324
Health and Welfare	2,804,214	2,888,394
Culture and Recreation	2,003,673	1,875,951
Facilities	278,883	329,881
Judicial	588,469	632,284
Legal	537,383	640,148
Total Expenses	<u>\$ 16,602,773</u>	<u>\$ 15,983,266</u>
Change in Net Position	\$ 6,452,300	\$ 10,387,570
Beginning Net Position	85,922,084	75,534,514
Prior Period Adjustment	(11,361,792)	0
Ending Net Position	<u>\$ 81,012,592</u>	<u>\$ 85,922,084</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

At the end of the year, the County's General Fund reported a fund balance of \$39,476,439, decreasing \$10,939,785 from 2021. The unassigned fund balance is \$33,388,933 and is available for spending at the government's discretion.

As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 148% of total General Fund expenditures.

General Fund Budgetary Highlights — At the end of the year, actual expenditures were \$1,487,861 under final budgeted amounts. Revenues came in over the budget by \$4,126,699 due to an increase in the property taxes and sales taxes for the general fund that was not reflected in the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets — As of December 31, 2021, the County has invested \$31,957,838 in a broad range of capital assets net of depreciation, including land, buildings, roads, equipment, county jail, infrastructure, and other improvements to county property.

More detailed information about the County's capital assets can be found in the notes to the financial statements.

	Governmental Activities	
	2021	2020
Construction Work in Progress	\$ 2,647,245	\$ 1,895,459
Land	217,697	217,697
Buildings and Improvements	35,452,204	33,126,714
Furniture and Equipment	15,695,084	15,591,835
Infrastructure	6,713,446	6,713,446
Total	\$ 60,725,676	\$ 57,545,151
Total Accumulated Depreciation	\$ 28,767,838	\$ 27,345,926
Net Capital Assets	\$ 31,957,838	\$ 30,199,225

Long-Term Debt — As of December 31, 2021, the County has no long-term debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The tax rate established for 2022 is \$0.50, which was the same as the tax rate for 2021.

This factor and others were taken into consideration when preparing the General Fund budget for the 2022 calendar year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Winkler County Judge's Office, 100 East Winkler, Kermit, Texas 79745 (432-586-6658).

BASIC FINANCIAL STATEMENTS

WINKLER COUNTY, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Primary Government Governmental Activities</u>
ASSETS:	
Cash and Cash Equivalents	\$ 41,486,382
Taxes Receivable - Delinquent (Net of Allowance)	371,543
Taxes Receivable - Current	11,851,958
Fines, Fees and Court Costs (Net of Allowance)	2,252,565
Intergovernmental Receivables	1,267,857
Prepaid Items	151,668
Capital Assets (Net of Accumulated Depreciation):	
Construction Work in Progress	2,647,245
Land	217,697
Buildings and Improvements	21,017,474
Furniture and Equipment	5,950,353
Infrastructure	2,125,069
Total Assets	<u>\$ 89,339,811</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Plan - Employer Contributions Made After Measurement Period	\$ 6,155,268
Pension Plan - Changes in Assumptions and Experience Differences	1,455,902
OPEB Plan - Changes in Assumptions	16,053
Total Deferred Outflows of Resources	<u>\$ 7,627,223</u>
LIABILITIES:	
Accounts Payable	\$ 509,232
Accrued Wages	121,934
Retainage Payable	105,442
Deposits	15,900
Other Current Liabilities	76,544
Noncurrent Liabilities	
Net Pension Liability	1,521,024
Other Post Employment Benefits Obligation	195,453
Total Liabilities	<u>\$ 2,545,529</u>
DEFERRED INFLOWS OF RESOURCES:	
Pension Plan - Experience and Investment Earnings Differences	\$ 1,544,516
OPEB Plan - Experience Differences	12,439
Unavailable Revenue - Current Taxes	11,851,958
Total Deferred Inflows of Resources	<u>\$ 13,408,913</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 31,957,838
Restricted For:	
Enabling Legislation	1,015,717
Unrestricted	48,039,037
Total Net Position	<u>\$ 81,012,592</u>

The accompanying notes are an integral part of this statement.

WINKLER COUNTY, TEXAS

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		Net Revenue (Expense) and Changes in Net Position
		<u>Fines, Fees & Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Primary Gov. Governmental Activities</u>
Departments/Programs				
PRIMARY GOVERNMENT:				
Governmental Activities				
General Administration	\$ 5,236,425	\$ 499,258	\$ 149,004	\$ (4,588,163)
Public Safety	3,457,054	1,122,587	174,149	(2,160,318)
Transportation	1,696,672	129,199	385,811	(1,181,662)
Health and Welfare	2,804,214	202,535	115,922	(2,485,757)
Culture and Recreation	2,003,673	96,532	2,500	(1,904,641)
Facilities	278,883			(278,883)
Judicial	588,469	430,780	25,497	(132,192)
Legal	537,383	110,120	38,500	(388,763)
Total Governmental Activities	<u>\$ 16,602,773</u>	<u>\$ 2,591,011</u>	<u>\$ 891,383</u>	<u>\$ (13,120,379)</u>
General Revenues:				
Property Taxes				\$ 14,948,025
Other Taxes				4,302,983
Rents and Royalties				81,825
Other Revenue				177,508
Investment Earnings				62,338
Total General Revenues				<u>\$ 19,572,679</u>
Change in Net Position				\$ 6,452,300
Net Position - Beginning				85,922,084
Prior Period Adjustment				(11,361,792)
Net Position - Ending				<u>\$ 81,012,592</u>

The accompanying notes are an integral part of this statement.

WINKLER COUNTY, TEXAS

Exhibit A-3

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 38,800,700	\$ 1,012,756	\$ 39,813,456
Taxes Receivable - Delinquent (Net of Allowance)	371,543		371,543
Taxes Receivable - Current	11,851,958		11,851,958
Intergovernmental Receivables	1,262,352	5,505	1,267,857
Prepaid Items	151,668		151,668
Total Assets	<u>\$ 52,438,221</u>	<u>\$ 1,018,261</u>	<u>\$ 53,456,482</u>
LIABILITIES:			
Accounts Payable	\$ 421,005	\$	\$ 421,005
Accrued Wages	119,390	2,544	121,934
Retainage Payable	105,442		105,442
Deposits	15,900		15,900
Other Current Liabilities	76,544		76,544
Total Liabilities	<u>\$ 738,281</u>	<u>\$ 2,544</u>	<u>\$ 740,825</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Delinquent Taxes	\$ 371,543	\$	\$ 371,543
Unavailable Revenue - Current Taxes	11,851,958		11,851,958
Total Deferred Inflows of Resources	<u>\$ 12,223,501</u>	<u>\$ 0</u>	<u>\$ 12,223,501</u>
FUND BALANCES:			
Non-Spendable - Prepaid Items	\$ 151,668	\$	\$ 151,668
Restricted - Enabling Legislation		1,015,717	1,015,717
Committed	5,935,838		5,935,838
Unassigned	33,388,933		33,388,933
Total Fund Balances	<u>\$ 39,476,439</u>	<u>\$ 1,015,717</u>	<u>\$ 40,492,156</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 52,438,221</u>	<u>\$ 1,018,261</u>	<u>\$ 53,456,482</u>

The accompanying notes are an integral part of this statement.

WINKLER COUNTY, TEXAS

Exhibit A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total Fund Balances - Governmental Funds Balance Sheet	\$ 40,492,156
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Capital assets net of depreciation used in governmental activities are not reported in the funds.	31,957,838
Revenues unavailable to pay for current period expenditures are deferred in the funds.	371,543
Net Pension Liability and related Deferred Inflows and Outflows are not reported in the funds.	4,545,630
Total OPEB Liability and related Deferred Inflows and Outflows are not reported in the funds.	(191,839)
The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	1,584,699
To record the Justice of Peace and County/Dist. Clerk fines receivable.	<u>2,252,565</u>
Net Position of Governmental Activities - Statement of Net Position	\$ <u><u>81,012,592</u></u>

The accompanying notes are an integral part of this statement.

WINKLER COUNTY, TEXAS

Exhibit A-5

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Taxes:			
Property Taxes	\$ 15,514,291	\$	\$ 15,514,291
Other Taxes	4,302,983		4,302,983
License and Permits	260,053		260,053
Intergovernmental Revenue and Grants	723,928	174,149	898,077
Charges for Services	136,415		136,415
Fines and Fees	636,661	169,793	806,454
Investment Earnings	62,098	240	62,338
Rents and Royalties	81,825		81,825
Jail Revenues	1,041,101		1,041,101
Other Revenue	179,648		179,648
Total Revenues	<u>\$ 22,939,003</u>	<u>\$ 344,182</u>	<u>\$ 23,283,185</u>
Expenditures:			
Current:			
General Administration	\$ 9,200,198	\$	\$ 9,200,198
Public Safety	2,981,043	272,839	3,253,882
Transportation	1,319,174		1,319,174
Health and Welfare	2,815,067		2,815,067
Culture and Recreation	1,380,868		1,380,868
Facilities	180,930		180,930
Judicial	609,447		609,447
Legal	522,622	2,177	524,799
Capital Outlay	3,507,647	107,153	3,614,800
Total Expenditures	<u>\$ 22,516,996</u>	<u>\$ 382,169</u>	<u>\$ 22,899,165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 422,007</u>	<u>\$ (37,987)</u>	<u>\$ 384,020</u>
Net Change in Fund Balances	\$ 422,007	\$ (37,987)	\$ 384,020
Fund Balances - Beginning	50,416,224	1,053,704	51,469,928
Prior Period Adjustment	<u>(11,361,792)</u>	<u> </u>	<u>(11,361,792)</u>
Fund Balances - Ending	<u>\$ 39,476,439</u>	<u>\$ 1,015,717</u>	<u>\$ 40,492,156</u>

The accompanying notes are an integral part of this statement.

WINKLER COUNTY, TEXAS

Exhibit A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	384,020
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:		
Capital assets are not reported as expenses in the SOA.		3,614,800
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,854,049)
Proceeds from the Sale of Real and Personal Property are recorded in the funds and converted to full accrual and reported as gains and losses for the SOA.		(2,140)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(566,266)
Change in net pension liability and related deferred inflows and outflows are not recorded in the funds.		4,343,665
Change in total OPEB liability and related deferred inflows and outflows are not recorded in the funds.		(20,888)
The net revenue of internal service funds is reported with governmental activities.		355,704
Certain prepaid expenses were only reported in the governmental activities in the prior year. The effect of the change is to decrease net position		(142,840)
To record the change in the Justice of the Peace and County/Dist. Clerk fines receivable.		<u>340,294</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$	<u><u>6,452,300</u></u>

The accompanying notes are an integral part of this statement.

WINKLER COUNTY, TEXAS

EXHIBIT A-7

STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2021

	<u>Internal Service Funds</u>
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ 1,672,926
Total Current Assets	<u>\$ 1,672,926</u>
LIABILITIES:	
Current Liabilities	
Accounts Payable	\$ 88,227
Total Current Liabilities	<u>\$ 88,227</u>
NET POSITION:	
Restricted for:	
Health Insurance Claims	\$ 1,584,699
Total Net Position	<u><u>\$ 1,584,699</u></u>

The accompanying notes are an integral part of this statement.

WINKLER COUNTY, TEXAS

EXHIBIT A-8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Internal Service Funds</u>
OPERATING REVENUES:	
Billings to Departments and Employees	\$ 2,839,666
Total Operating Revenues	<u>\$ 2,839,666</u>
OPERATING EXPENSES:	
Claims	\$ 2,485,966
Total Operating Expenses	<u>\$ 2,485,966</u>
Operating Income	<u>\$ 353,700</u>
NON-OPERATING REVENUES:	
Investment Earnings	\$ 2,004
Total Non-Operating Revenues	<u>\$ 2,004</u>
Change in Net Position	\$ 355,704
Total Net Position - Beginning	<u>1,228,995</u>
Total Net Position - Ending	<u><u>\$ 1,584,699</u></u>

The accompanying notes are an integral part of this statement.

WINKLER COUNTY, TEXAS

EXHIBIT A-9

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash Receipts from Interfund Services Provided	\$ 2,839,666
Cash Payments to Suppliers for Goods and Services	<u>(2,466,288)</u>
Net Cash from Operating Activities	<u>\$ 373,378</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	\$ 2,004
Net Cash from Investing Activities	<u>\$ 2,004</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ 375,382
Cash and Cash Equivalents - Beginning of Year	<u>1,297,544</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,672,926</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities:	
Operating Income (Loss)	\$ 353,700
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	\$ 19,678
Total Adjustments	<u>\$ 19,678</u>
Net Cash from Operating Activities	<u><u>\$ 373,378</u></u>

The accompanying notes are an integral part of this statement.

WINKLER COUNTY, TEXAS

Exhibit A-10

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	<u>Custodial Funds</u>
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ <u>6,699,635</u>
Total Current Assets	\$ <u><u>6,699,635</u></u>
NET POSITION:	
Restricted for:	
Individuals, Organizations and Other Governments	\$ <u>6,699,635</u>
Total Net Position	\$ <u><u>6,699,635</u></u>

The accompanying notes are an integral part of this statement.

WINKLER COUNTY, TEXAS

EXHIBIT A-11

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Custodial Funds</u>
ADDITIONS:	
Interest Income	\$ 267
Receipts from County Attorney Fee Office	1,964
Receipts from County Clerk Office	332,631
Receipts from District Clerk Office	1,306,659
Receipts from Property Taxes Collected for Other Governments	4,054,793
Receipts from Sheriff Inmate Trust Funds	231,314
Receipts from Sheriff Commissary Deposits	130,345
Receipts from Sheriff Fee Office	63,922
Total Additions	<u>\$ 6,121,895</u>
DEDUCTIONS:	
County Attorney Fee Payments	\$ 737
County Clerk Fee Payments and Trust Distribution	307,344
District Clerk Fee Payments and Trust Distribution	1,134,578
District Attorney Forfeiture Payments	77,954
Property Taxes Distributed to Other Governments	3,518,221
Vehicle Inventory Tax Paid	5,584
Sheriff Inmate Trust Distribution	240,572
Sheriff Commissary Payments	95,345
Sheriff Fee Payments	63,921
Total Deductions	<u>\$ 5,444,256</u>
Change in Net Position	\$ 677,639
Net Position- Beginning	<u>6,021,996</u>
Net Position - Ending	<u><u>\$ 6,699,635</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

I. SUMMARY OF SIGIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The authority of county governments and their specific functions and responsibilities are created by and are dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statutes (V.A.C.S.).

The County operates under a County Judge/Commissioners' Court type of government as provided by state statute. The financial and reporting policies of the County conform to generally accepted accounting principles (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

The Commissioners' Court has governance responsibilities over all activities related to Winkler County, Texas. The County receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities; however, the County is not included in any other governmental "reporting entity" as defined by GASB, Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*".

The County's major departments include general administration, county clerk, district clerk, county treasurer, tax assessor-collector, courthouse, county auditor, sheriff, county judge, district attorney, county attorney, justice of the peace, jury, county agent, park services, fire services, libraries, airport, emergency ambulance service, community center services, and lateral road.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the County non-fiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines, fees, grants, and other intergovernmental revenues.

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or department and, therefore, are clearly identifiable to a particular department. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

WINKLER COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The fund financial statements provide information about the County's funds, including fiduciary funds. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. All remaining governmental funds are aggregated and reported as non-major governmental funds.

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

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

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

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Property tax revenues and sales tax receipts are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Property tax revenues are considered measurable at the time of levy but are not available until the year they have been budgeted for, therefore the levy is recorded as deferred revenue as of October 1 of each year and recognized as revenue on January 1 of the following year. The delinquent portion of property taxes receivable are recognized as deferred revenue and taxes receivable, net of an allowance for estimated uncollectible taxes, at December 31 of each year. Property tax revenues are considered available if collected within 60 days subsequent to year end. All tax collections expected to be received subsequent to year end are, therefore, reported as deferred revenues. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures or expenses are recorded. If funds are materially unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

D. FUND ACCOUNTING

The County applies GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which the amounts in the funds may be spent. Application of the Statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. From interpretation of the adopted policy the County will spend its fund in the following order: Committed, Assigned, and Unassigned, if more than one classification of fund balance is available.

The County reports the following classifications:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Restrictions are placed on fund balances when legally enforceable legislation establishes the County's right to assess, levy, or charge fees to be used for a specific purpose – such as the County's property tax revenue for debt service requirements, which must be used to repay debt. Legal enforceability means that the County can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Commissioners' Court. Committed amounts cannot be used for any other purposes unless the Commissioners' Court removes those constraints by taking the same type of actions (legislation, resolution, and ordinance). Committed fund balances include non-liquidated encumbrances at year end that are carried forward to the next fiscal year. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Commissioners' Court. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

As of December 31, 2021, the County has committed \$5,935,838 for various improvements, equipment purchases and hospital support payments.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the County Auditor or (b) an appointed body or official to which the Commissioners' Court has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment with the General Fund conveys that the intended use of those amounts is for specific purposes that are narrower than the general purposes of the County itself.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. County funds do not include funds held by County offices, which are not yet remitted to the County Treasurer. County funds are amounts which have been received by the County Treasurer and which are subject to control by the Commissioners' Court. These various County funds, which are reported as Governmental Funds in the financial statements of this report, are grouped into two fund types: General Fund and Special Revenue Funds. The County also maintains an Internal Service Fund that is used to account for revenues and expenses related to services provided to parties inside the

WINKLER COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

County for health insurance. The remaining funds held by other County offices are reported as Fiduciary Funds and are not subject to control by the Commissioners' Court.

The County maintains the following funds:

Major Governmental Funds:

General Fund – This fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Non-Major Governmental Funds:

All Other Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, such as, records management fees imposed by the fee offices of the County. These fees can only be used for records management and not used as general funds of the County.

Internal Service Funds:

These funds are used to account for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the County's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Fiduciary Funds:

Fiduciary Funds, which include funds held by County offices, also are used to account for assets held by organizational activities requiring clearing accounts. These include Custodial Funds. Custodial Funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Formal budgetary accounting is not required for Fiduciary Funds.

E. DEFERRED INFLOWS OF RESOURCES – GOVERNMENTAL FUNDS

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of line item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

F. OTHER ACCOUNTING POLICIES

1. Capital assets include land, buildings and improvements, machinery and equipment, and infrastructure and are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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. Major outlays for capital assets and improvements are capitalized as projects when constructed.

Buildings, vehicles, furniture and equipment, and infrastructure of the County are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	15-40
Furniture and Equipment	3-15
Infrastructure	30

2. The County provides statutory workers' compensation insurance for its employees through Texas Association of Counties (TAC), a joint insurance fund, in which the County is a member. Health insurance is provided to the County's employees through a licensed insurer paid by the County.
3. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.
4. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. PROPERTY TAX

Property taxes are levied by October 1 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 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.

WINKLER COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county wide Appraisal Districts and for the State Property Tax Board which commenced operation in January, 1980.

Winkler County Appraisal District appraises property values in the County. The Winkler County Tax Assessor- Collector assesses and collects the County's property taxes. The County is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the effective tax rates for bonds and other contractual obligations and adjustments for new improvements, exceeds the rate for the previous year by more than eight percent, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than eight percent above the effective tax rate of the previous year.

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. A practical limitation on taxes levied for debt service is \$1.50 per \$100 of assessed valuation as established by the Attorney General of the State of Texas. The tax rate assessed to finance operations of the County for the year ended December 31, 2021 was \$0.50 per \$100 valuation.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

At December 31, 2021, the carrying amount of the County's deposits, including custodial funds, (cash and interest-bearing savings accounts, TexPool, and money market accounts – reported as cash and cash equivalents) were \$48,186,017 and the bank balance was \$48,862,215.

WINKLER COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended December 31, 2021 were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The County does not have any securities and is not exposed to custodial credit risk.

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPool's investment policy allows the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies' repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC.

B. DISAGGREGATION OF RECEIVABLES

Receivables at December 31, 2021, were as follows:

	General Fund	Nonmajor Governmental Funds	Total Receivables
Governmental Activities			
Property Taxes - Delinquent	\$ 1,111,734	\$	\$ 1,111,734
Property Taxes - Current	11,851,958		11,851,958
Government Wide Office Receivables	4,590,145		4,590,145
Intergovernmental Receivables			
Due from State	894,111		894,111
Due from Other Entities	269,522	5,505	275,027
Due on Detention Center	98,719		98,719
Less: Allowance for Uncollectible - Taxes Delinquent	(740,191)		(740,191)
Less: Allowance for Uncollectible - Office Receivables	<u>(2,337,580)</u>		<u>(2,337,580)</u>
Total - Governmental	<u>\$ 15,738,418</u>	<u>\$ 5,505</u>	<u>\$ 15,743,923</u>

C. CAPITAL ASSET ACTIVITY

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

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
Governmental Activities				
Land	\$ 217,697	\$	\$	\$ 217,697
Construction Work in Progress	1,895,459	2,510,485	(1,758,699)	2,647,245
Buildings and Improvements	33,126,714	566,791	1,758,699	35,452,204
Furniture and Equipment	15,591,835	537,524	(434,275)	15,695,084
Infrastructure	<u>6,713,446</u>			<u>6,713,446</u>
Totals at Historic Cost	<u>\$ 57,545,151</u>	<u>\$ 3,614,800</u>	<u>\$ (434,275)</u>	<u>\$ 60,725,676</u>
Less: Accumulated Depreciation				
Buildings and Improvements	\$ 13,641,183	\$ 793,547	\$	\$ 14,434,730
Furniture and Equipment	9,235,884	940,984	(432,137)	9,744,731
Infrastructure	<u>4,468,859</u>	<u>119,518</u>		<u>4,588,377</u>
Total Accumulated Depreciation	<u>\$ 27,345,926</u>	<u>\$ 1,854,049</u>	<u>\$ (432,137)</u>	<u>\$ 28,767,838</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,199,225</u>	<u>\$ 1,760,751</u>	<u>\$ (2,138)</u>	<u>\$ 31,957,838</u>

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Current year depreciation expense was charged to governmental functions as follows:

General Administration	\$	221,947
Public Safety		333,128
Transportation		405,548
Health and Welfare		74,260
Culture and Recreation		673,197
Facilities		99,616
Legal		46,353
	\$	<u>1,854,049</u>

D. DEFERRED INFLOWS OF RESOURCES – CURRENT TAXES

The County’s year ends December 31, 2021 but the County has already levied taxes as of October 1, 2021 for their budget year ended December 31, 2022. This timing difference makes current tax levy deferred revenue until January 1, 2022. Deferred Inflows of Resources were \$11,851,958 for the year ended December 31, 2021.

E. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the County obtained unemployment, workers’ compensation, property, general liability, public official liability, physical damage, automobile liability, and law enforcement coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Association of Counties Self Insurance Funds (“TAC”). TAC is a self-funded pool operating as a common risk management and insurance program. The County pays an annual premium to TAC for its above insurance coverage. The agreement for the formation of TAC provides that TAC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The risk of loss is transferred to the self-funded pools for all insurance except unemployment insurance.

The self-funded unemployment program provides that the County will maintain a one year reserve based on prior claims and estimated future losses.

The County continues to carry commercial insurance for firefighter liability and accident coverage, public official bonds, and medical liability coverage. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

During the fiscal year ended December 31, 2021 employees of the County were covered by a workers’ compensation plan administered by Texas Association of Counties. The County paid a contribution of \$52,550 for the fiscal year ended December 31, 2021. These figures are subject to change based upon actual payroll figures.

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

F. RETIREMENT PENSION PLAN

Plan Description

The County provides retirement, disability and death benefits for all of its full time employees through a non-traditional defined benefit pension plan in TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 817 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a Comprehensive Annual Financial Report (CAFR) on a calendar basis. The CAFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS. Members can retire at ages 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service.

Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Pension Plan Fiduciary Net Position

Detailed information about the TCDRS fiduciary net position is available in a separately-issued CAFR that includes financial statements and required supplementary information mentioned in the above section.

The information provided by TCDRS shows the following information regarding the Pension Plan fiduciary net position for the County as of December 31, 2021.

<u>Net Pension Asset</u>	<u>Total</u>
Total Pension Liability	\$ 49,168,793
Less: Plan Fiduciary Net Position	<u>(47,647,769)</u>
Net Pension Liability	<u>\$ 1,521,024</u>
Fiduciary Net Position as Percentage of Total Pension Liability	96.91%

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Benefits Provided

TCDRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries). The normal service retirement is at age 60 with 8 years of credited service, when the sum of the member's age and years of credited service equals 75 or more years, or after 20 years of service regardless of age. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

The plan is funded by monthly contributions from employee deposits and from employer contributions based on the covered payroll of employee members. Under the variable rate plan provisions, the contribution rate of the employer is actuarially determined annually. The required contribution was determined as part of the December 31, 2020 actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions at December 31, 2020 included (a) a 7.50% investment rate of return (net of administrative expenses), and (b) a projected salary increase of 4.60%. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The employer contribution rate was 12.92% for 2020. The deposit rate payable by employee members is the rate of 7.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the Texas state statutes governing TCDRS.

	Contribution Rates	
	2019	2020
Member	7.00%	7.00%
Employer	11.59%	12.92%
2020 Employer Contributions	\$	923,681
2020 Member Contributions		443,416

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Actuarial Assumptions

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

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Smoothing Period	Five Years
Recognition Method	Non-Asymptotic
Corridor	None
Remaining Amortization Period	20.0 Years
Discount Rate	7.60%
Long-Term Expected Investment	
Rate of Return*	7.50%
Salary Increases*	4.60%
Payroll Growth Rate	3.00%

**Includes Inflation of 2.50%*

The actuarial methods and assumptions are primarily based on a study of the County's workforce and estimate of benefits it will pay its employees. The economic and demographic assumptions have been established based on the 2021 experience study for TCDRS, details of which can be found in the 2021 Investigation and Experience Report on the TCDRS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. There was a decrease from 8.10% in the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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. The long-term rate of return on pension plan investments is 7.50%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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.

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2020 are summarized below:

Asset Class	Target Allocation**	Long-Term Expected Portfolio Real Rate of Return*
U.S. Equities	11.50%	4.25%
Private Equity	25.00%	7.25%
Global Equities	2.50%	4.55%
International Equities - Developed	5.00%	4.25%
International Equities - Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.00%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Hedge Funds	6.00%	1.85%
Cash Equivalents	2.00%	-0.70%
Total	100.00%	

* - Geometric real rates of return in addition to assumed inflation of 2.00%, per Cliffwater's 2021 capital market assumptions

** - Target asset allocation adopted at the March 2021 TCDRS Board Meeting

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was one percent less than and one percent greater than the discount rate that was used (7.60%) in measuring the 2021 Net Pension Liability.

	1% Decrease in Discount Rate (6.6%)	Discount Rate (7.6%)	1% Increase in Discount Rate (8.6%)
Total Pension Liability	\$ 55,411,228	\$ 49,168,793	\$ 43,957,231
Fiduciary Net Position	(47,647,769)	(47,647,769)	(47,647,769)
Net Pension Liability/(Asset)	\$ 7,763,459	\$ 1,521,024	\$ (3,690,538)

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

At December 31, 2021, the County reported a liability of 1,521,024 for its proportionate share of the TCDRS net pension liability.

The net pension liability was measured as of December 31, 2020 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 pension plan relative to the contributions of all employers to the plan for the period January 1, 2020 through December 31, 2020.

For the plan year ended December 31, 2020, there were changes in assumptions and plan provisions. The plan reflected new annuity purchase rates which was a change to plan provisions and adopted new mortality tables which were changes in assumptions.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

At December 31, 2020, the County reported its proportionate share of the TCDRS deferred outflows of resources related to pensions from the following sources:

	Deferred (Inflows) Outflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 133,840
Changes in Assumptions	1,322,062
Contribution Deferrals	6,155,268
Net Difference Between Projected and Actual Earnings	<u>(1,544,516)</u>
Total	<u>\$ 6,066,654</u>

The net amounts of the employer's balances of deferred (inflows) outflows related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
2021	\$ 7,122,043
2022	(45,459)
2023	(806,381)
2024	<u>(203,549)</u>
	<u>\$ 6,066,654</u>

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

At December 31, 2020, the County reported deferred resource (inflows) outflows for the TCDRS pension plan as follows:

	Deferred (Inflows) Outflows of Resources
Total Net Amounts as of December 31, 2019 Measurement Date	\$ 218,277
Contributions Made Subsequent to the Measurement Date	6,155,268
Contributions Made Prior to the Measurement Date	(938,884)
Experience Differences	(57,438)
Earnings Differences	(572,642)
Amortization of Deferred (Inflows) Outflows	1,262,073
Total Net Amounts as of December 31, 2020	<u>\$ 6,066,654</u>

Pension Expense

Pension expense for the plan for the year ended December 31, 2020 was \$1,796,400 and was calculated as follows:

	Pension Expense
Service Cost	\$ 811,122
Interest on Total Pension Liability	3,544,785
Effect of Plan Changes	95,088
Administrative Expenses	34,865
Member Contributions	(443,416)
Expected Investment Return Net of Investment Expenses	(3,529,807)
Amortization of Deferred Inflows and Outflows of Resources	1,262,073
Other	21,690
Total Net Amounts as of December 31, 2020	<u>\$ 1,796,400</u>

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	131
Inactive Employees Entitled to but not Yet Receiving Benefits	263
Active Employees	<u>122</u>
Total Plan Employees	<u>516</u>

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

G. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The County provides certain health care benefits for retired employees. The Winkler County Retiree Health Care Plan is a single-employer defined benefit postretirement health care plan sponsored and administered by the County.

Winkler County provides other postemployment benefits (OPEB) for all of its employees if the employee is eligible for retirement under TCDRS; begins drawing their TCDRS retirement annuity immediately after retiring from Winkler County' has 10 years of continuous/unbroken services as a full-time employee of Winkler County and at least 60 years of age or an employee with at least 20 years of services and 75 points at the time they retire. No coverage is provided for retirees 65 and older.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Plan Benefits

All employees of the County, who are covered by the County's medical insurance at the time they retire from service with the County through TCDRS and have at least ten years of continuous service and at least 60 years of age or an employee with at least 20 years of service and 75 points at the time they retire, may be eligible to continue to participate in the County's medical insurance program until they attain age 65 but will be required to pay 100% of the medical premiums. No coverage is provided for retirees 65 and older.

Retirees who continue medical insurance coverage with the County may also continue to cover their eligible dependents. The eligible dependents who are covered by the County's medical insurance at the time the employee retires from service with the County through TCDRS and have been covered on the medical insurance for at least 10 years continuous coverage at the time the employee retires, may be eligible to continue to participate in the County's medical insurance program. The retiree will be responsible for 100% of dependent cost.

Dependents will cease to be eligible when they or the retiree attains age 65 and/or discontinues coverage or upon death of the retiree. The dependent may be eligible for continuation of coverage under COBRA guidelines. Dependents acquired after the employee retires are not eligible for coverage.

Plan Membership

As of December 31, 2020, the last actuarial valuation date, the plan had 0 inactive members currently receiving benefits, 0 inactive members entitled to but not yet receiving benefits, and 100 active plan members. Total membership as of December 31, 2020 was 100 members.

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Discount Rate	2.25%
Inflation	3.00%
Health Care Cost Trend Rates	Initial Rate of 9.00% declining to 5.00% after 8 years.
Mortality Rates	RP-2014 Mortality Table projected with MP-2020.

Discount Rate

There was a change in discount rate from 1.93% as of December 31, 2019 to 2.25% as of December 31, 2020. The rate was derived from the 20 year municipal GO AA index.

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

As of December 31, 2021, the County reported a total OPEB liability of \$195,453 measured as of December 31, 2020.

For the year ended December 31, 2021, the County recognized OPEB expense of 20,888.

Changes in the total OPEB liability for the measurement year ended December 31, 2020 are as follows:

Balance as of December 31, 2020	\$	180,391
Changes for the year:		
Service Cost		17,519
Interest on Total OPEB Liability		3,481
Assumptions Changes		(5,938)
Balance as of December 31, 2021	\$	<u>195,453</u>

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.25%, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate.

	1% Decrease in Discount Rate (1.25%)	Discount Rate (2.25%)	1% Increase in Discount Rate (3.25%)
Total OPEB Liability	\$ <u>215,691</u>	\$ <u>195,453</u>	\$ <u>177,979</u>

Health Care Cost Trend Rate 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 one percentage point lower or one percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease in HCT Rate	Current HCT Rate Assumption	1% Increase in HCT Rate
Total OPEB Liability	\$ <u>172,670</u>	\$ <u>195,453</u>	\$ <u>222,865</u>

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

	<u>Deferred (Inflows) Outflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ (12,439)
Changes in Assumptions	<u>16,053</u>
Total	<u>\$ 3,614</u>

WINKLER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

The balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

	Amortization of Deferred Resources
2022	\$ (114)
2023	2,591
2024	1,986
2025	(849)
	<u>\$ 3,614</u>

H. HEALTH CARE COVERAGE

The County maintains a group health insurance internal service fund to account for the County's self-funded plan for benefits for comprehensive major medical care. The fund services all claims for risk of loss of group health to which the County is exposed. All departments of the County participate in the fund. The fund allocates the cost of providing claims servicing, claims payments, and reinsurance costs by charging a premium to each department based on a percentage of each department's estimated current-year payroll. This charge considers recent trends in actual claims experience of the County and makes provision for catastrophic losses. Losses of more than \$70,000 individually are paid by purchase of additional stop-loss coverage. Employees, at their option, authorized payroll withholdings to pay premiums for dependent care and dental. At December 31, 2021, the amount of claims incurred and reported and estimated incurred but not reported was \$88,227.

I. LITIGATION, COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

The County participates in 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 possible adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants; refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

There is no pending litigation against the County at December 31, 2021 that would have a material effect on the financial statements.

J. PRIOR PERIOD ADJUSTMENT

The beginning fund balance of the general fund has been restated on the fund basis financial statements to record a prior period adjustment in the amount of \$11,361,792 to correct prior year balances related to property taxes received.

REQUIRED SUPPLEMENTARY INFORMATION

WINKLER COUNTY, TEXAS

Exhibit B-1

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS FOR THE YEAR ENDED DECEMBER 31, 2021

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
TOTAL PENSION LIABILITY:							
Service Cost	\$ 1,077,342	\$ 1,081,444	\$ 1,262,467	\$ 1,146,197	\$ 1,067,450	\$ 646,448	\$ 811,122
Interest Cost	2,445,238	2,612,407	2,766,361	2,938,735	3,104,540	3,190,215	3,544,785
Effect of Plan Changes		(173,596)			291,224	2,103,313	95,088
Effect of Economic/Demographic losses	(23,689)	(308,027)	(525,254)	(310,701)	(876,756)	472,989	267,680
Effect of Assumptions Changes or Inputs		431,748		369,793			2,644,123
Benefit Payments/Refunds of Contributions	(1,544,790)	(1,583,260)	(1,832,578)	(1,975,725)	(2,062,556)	(2,154,717)	(2,247,560)
Net Change in Total Pension Liability	\$ 1,954,101	\$ 2,060,716	\$ 1,670,996	\$ 2,168,299	\$ 1,523,902	\$ 4,258,248	\$ 5,115,238
Total Pension Liability, Beginning	30,417,293	32,371,394	34,432,110	36,103,106	38,271,405	39,795,307	44,053,555
Total Pension Liability, Ending	\$ 32,371,394	\$ 34,432,110	\$ 36,103,106	\$ 38,271,405	\$ 39,795,307	\$ 44,053,555	\$ 49,168,793
FIDUCIARY NET POSITION:							
Employer Contributions	\$ 849,960	\$ 924,482	\$ 1,186,168	\$ 1,038,682	\$ 850,736	\$ 2,945,923	\$ 923,681
Member Contributions	611,330	558,359	552,129	506,538	332,921	387,801	443,416
Investment Income, Net of Expenses	2,051,462	(322,792)	2,350,887	4,951,582	(726,321)	6,042,526	4,547,544
Benefit Payments/Refunds of Contributions	(1,544,790)	(1,583,260)	(1,832,578)	(1,975,725)	(2,062,556)	(2,154,717)	(2,247,560)
Administrative Expenses	(24,140)	(23,083)	(25,610)	(25,577)	(29,560)	(33,558)	(34,865)
Other	31,332	(24,793)	(118,622)	(6,011)	(22,579)	46,645	(21,690)
Net Change in Fiduciary Net Position	\$ 1,975,154	\$ (471,087)	\$ 2,112,374	\$ 4,489,489	\$ (1,657,359)	\$ 7,234,620	\$ 3,610,526
Fiduciary Net Position, Beginning	30,354,052	32,329,206	31,858,119	33,970,493	38,459,982	36,802,623	44,037,243
Fiduciary Net Position, Ending	\$ 32,329,206	\$ 31,858,119	\$ 33,970,493	\$ 38,459,982	\$ 36,802,623	\$ 44,037,243	\$ 47,647,769
NET PENSION LIABILITY (ASSET):	\$ 42,188	\$ 2,573,991	\$ 2,132,613	\$ (188,577)	\$ 2,992,684	\$ 16,312	\$ 1,521,024
Fiduciary Net Position as a % of Total Pension Liability	99.87%	92.52%	94.09%	100.49%	92.48%	99.96%	96.91%
County's Covered-Employee Payroll	\$ 7,333,561	\$ 7,976,552	\$ 7,887,558	\$ 7,236,231	\$ 4,756,005	\$ 5,539,987	\$ 6,334,521
Net Pension Liability (Asset) as a % of Covered Payroll	0.58%	32.27%	27.04%	-2.61%	62.92%	0.29%	24.01%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the ten year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

See notes to required supplementary information.

WINKLER COUNTY, TEXAS

Exhibit B-2

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Year Ending December 31,	Contractually Required Contribution	Actual Employer Contribution	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 839,931	\$ 924,482	\$ 7,976,552	12%
2016	805,320	1,186,168	7,887,553	15%
2017	742,440	1,038,682	7,236,231	14%
2018	484,162	850,736	4,756,005	18%
2019	561,757	2,945,923	5,540,011	53%
2020	818,420	923,681	6,334,521	15%
2021	836,589	6,136,589	6,475,152	95%

Note: GASB 68, Paragraph 81.2b requires that the data in this schedule be presented as of the County's current fiscal year as opposed to the time period covered by the measurement date of January 1, 2020 - December 31, 2020.

Note: Only seven years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the ten year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement."

See notes to required supplementary information.

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
WINKLER COUNTY RETIREE HEALTH INSURANCE PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2017	12/31/2018	12/31/2019	12/31/2020
	Total OPEB	Total OPEB	Total OPEB	Total OPEB
	Liability	Liability	Liability	Liability
Service Cost	\$ 10,997	\$	\$ 11,476	\$ 17,519
Interest	4,637		4,833	3,481
Differences between Expected and Actual Experience	(14,941)		36,011	
Changes in Assumptions				(5,938)
Net Change	\$ 693	\$ 0	\$ 52,320	\$ 15,062
Beginning Balance	127,378	128,071	128,071	180,391
Ending Balance	\$ 128,071	\$ 128,071	\$ 180,391	\$ 195,453
Total OPEB Liability	\$ 128,071	\$ 128,071	\$ 180,391	\$ 195,453
Covered Payroll *	\$ 0	\$ 0	\$ 0	\$ 0
Total OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

Note: Only four years of GASB 75 data available as of 12/31/2020. The remaining six years of data will be built on a go forward basis.

* The actuarially calculated OPEB liability is comprised of unfunded costs for certain retired employees whose actual covered payroll is not determinable.

Notes to RSI:

1. This plan does not have assets accumulated in a trust that meets the criteria in GASBS No. 75.
2. Changes in Assumptions are due to updating discount rate based on the requirements of GASBS No. 75.

See notes to required supplementary information.

WINKLER COUNTY, TEXAS

Exhibit B-4

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

	(Unaudited)		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Budgeted Amounts			
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 15,130,646	\$ 15,147,883	\$ 16,991,167	\$ 1,843,284
Other Taxes	2,500,000	2,500,000	3,994,551	1,494,551
License and Permits	301,500	301,500	260,178	(41,322)
Intergovernmental Revenue and Grants	105,200	463,551	727,682	264,131
Charges for Services	110,000	110,000	136,386	26,386
Fines and Fees	493,797	493,797	647,723	153,926
Investment Earnings	250,000	250,000	62,098	(187,902)
Rents and Royalties	6,800	6,800	81,825	75,025
Jail Revenue	640,000	640,000	995,516	355,516
Other Revenue	2,550	36,544	179,648	143,104
Total Revenues	<u>\$ 19,540,493</u>	<u>\$ 19,950,075</u>	<u>\$ 24,076,774</u>	<u>\$ 4,126,699</u>
Expenditures:				
Current:				
General Administration				
Agriculture	\$ 107,562	\$ 107,582	\$ 79,500	\$ 28,082
County Auditor	252,946	253,046	250,503	2,543
Courthouse & Substation	262,974	266,805	246,517	20,288
Taxes & Insurance	5,302,483	6,825,879	6,727,678	98,201
Nondesignated Expense	752,100	327,200	172,630	154,570
Airport	198,100	183,225	46,259	136,966
Human Resources	62,806	62,806	33,893	28,913
Data Processing	195,000	210,500	192,086	18,414
Commissioners	411,038	411,038	404,063	6,975
County Clerk	293,465	365,346	362,077	3,269
Tax Assessor/Collector	382,607	399,919	378,280	21,639
Appraisal District	130,000	130,000	121,927	8,073
County Treasurer	85,179	85,514	76,731	8,783
District Clerk	260,234	267,801	257,390	10,411
Total General Administration	<u>\$ 8,696,494</u>	<u>\$ 9,896,661</u>	<u>\$ 9,349,534</u>	<u>\$ 547,127</u>
Public Safety				
Fire Department-Kermit	\$ 66,100	\$ 66,100	\$ 40,985	\$ 25,115
Fire Department- Wink	39,200	57,527	35,007	22,520
Fire Marshal	736	736	0	736
Juvenile Probation	372,148	372,238	291,632	80,606
County Sheriff	2,831,878	2,837,578	2,607,021	230,557
Constables	29,147	29,147	28,893	254
Total Public Safety	<u>\$ 3,339,209</u>	<u>\$ 3,363,326</u>	<u>\$ 3,003,538</u>	<u>\$ 359,788</u>
Transportation				
County Barn- Kermit	\$ 190,793	\$ 190,833	\$ 178,906	\$ 11,927
Area 1 Road Maintenance	296,739	296,739	263,558	33,181
Area 2 Road Maintenance	263,582	265,197	204,657	60,540
Lateral Road	624,374	713,768	664,142	49,626
Total Transportation	<u>\$ 1,375,488</u>	<u>\$ 1,466,537</u>	<u>\$ 1,311,263</u>	<u>\$ 155,274</u>
Health and Welfare				
Meals Department	\$ 156,832	\$ 156,847	\$ 126,363	\$ 30,484
Health & Sanitation	15,600	15,600	12,890	2,710
Veterans Service	7,553	7,553	621	6,932
Emergency Ambulance Service	1,621,191	1,621,491	1,405,611	215,880
Welfare Department	36,000	31,000	9,449	21,551
Memorial Hospital	0	1,277,542	1,277,542	0
Total Health and Welfare	<u>\$ 1,837,176</u>	<u>\$ 3,110,033</u>	<u>\$ 2,832,476</u>	<u>\$ 277,557</u>

See notes to required supplementary information.

WINKLER COUNTY, TEXAS

Exhibit B-4
(Continued)

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

Culture and Recreation				
Community Center- Kermit	\$ 124,831	\$ 55,147	\$ 3,876	\$ 51,271
Westside Community Center	6,500	6,500	3,622	2,878
Community Center- Wink	21,500	21,500	3,692	17,808
Exhibition Building Wink	28,300	28,300	25,893	2,407
Swimming Pool- Kermit	98,799	98,799	71,088	27,711
Kermit Parks- Area 1	304,998	308,748	275,875	32,873
Recreation Center	66,363	66,363	45,297	21,066
Swimming Pool- Wink	29,523	29,533	21,126	8,407
Wink Parks- Area 2	236,321	242,376	213,138	29,238
Golf Course	379,451	379,511	316,320	63,191
Kermit Library	151,869	152,149	140,257	11,892
Wink Library	60,941	78,794	75,419	3,375
Senior Citizen Center	101,648	101,648	80,551	21,097
New Kermit Community Center	113,000	181,087	99,121	81,966
New Wink Community Center	31,000	33,000	6,727	26,273
Total Culture and Recreation	<u>\$ 1,755,044</u>	<u>\$ 1,783,455</u>	<u>\$ 1,382,002</u>	<u>\$ 401,453</u>
Facilities				
Maintenance Engineer	\$ 101,644	\$ 101,675	\$ 100,827	\$ 848
Safety/Loss Control	82,726	89,463	79,046	10,417
Total Facilities	<u>\$ 184,370</u>	<u>\$ 191,138</u>	<u>\$ 179,873</u>	<u>\$ 11,265</u>
Judicial				
District Court	\$ 146,144	\$ 146,174	\$ 130,996	\$ 15,178
District Court Reporter	46,743	46,743	44,006	2,737
Juvenile Court	14,906	14,906	1,722	13,184
County Court	29,700	29,700	6,168	23,532
County Judge	208,427	208,457	205,978	2,479
Justice of the Peace Precinct 1	104,740	104,755	98,216	6,539
Justice of the Peace Precinct 2	75,187	75,187	73,241	1,946
Justice Court	80,000	80,000	44,910	35,090
District Court Jury	21,500	21,500	3,606	17,894
County & Justice Courts	1,400	1,400	0	1,400
Total Judicial	<u>\$ 728,747</u>	<u>\$ 728,822</u>	<u>\$ 608,843</u>	<u>\$ 119,979</u>
Legal				
Law Library	\$ 15,000	\$ 15,000	\$ 14,206	\$ 794
County Attorney	248,174	248,484	245,313	3,171
District Attorney	270,993	271,068	258,163	12,905
Total Legal	<u>\$ 534,167</u>	<u>\$ 534,552</u>	<u>\$ 517,682</u>	<u>\$ 16,870</u>
Capital Outlay	\$ 1,089,798	\$ 3,642,465	\$ 3,642,464	\$ 1
Total Expenditures	<u>\$ 19,540,493</u>	<u>\$ 24,716,989</u>	<u>\$ 22,827,675</u>	<u>\$ 1,487,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ (4,766,914)</u>	<u>\$ 1,249,099</u>	<u>\$ 5,614,560</u>
Net Change in Fund Balances	\$ 0	\$ (4,766,914)	\$ 1,249,099	<u>\$ 5,614,560</u>
Fund Balances - Beginning	<u>35,010,002</u>	<u>35,010,002</u>	<u>35,010,002</u>	
Fund Balances - Ending	<u>\$ 35,010,002</u>	<u>\$ 30,243,088</u>	<u>\$ 36,259,101</u>	

See notes to required supplementary information.

WINKLER COUNTY, TEXAS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

A. PENSION PLAN

CHANGES OF BENEFIT TERMS

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

CHANGES OF ASSUMPTIONS

There were inflation, mortality, and other assumption changes that affected measurement of the total pension liability during the measurement period.

B. OPEB PLAN

CHANGES OF BENEFIT TERMS

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

CHANGES OF ASSUMPTIONS

The discount rate was determined based on a 20-year Municipal Bond Index and changed to 2.25% as of December 31, 2021.

C. BUDGETARY DATA

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

1. The County Judge, as budget officer, prepares a budget to cover all proposed expenditures and the means of financing them, for the succeeding year and delivers the proposed budget to Commissioners' Court.
2. Commissioners' Court holds budget sessions with each department head.
3. Commissioners' Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. Commissioners' Court formally adopts the budget in the open court meeting.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.
6. The formally adopted budget may legally be amended by commissioners in accordance with article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes.

WINKLER COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted on or about January 1. The County maintains its legal level of budgetary control at the department level. Amendments to the 2021 budget were approved by the Commissioners' Court as provided by law.

Budgets are adopted on the cash basis of accounting which is not consistent with generally accepted accounting principles. In general, annual appropriated budgets are adopted for the general and special revenue funds.

D. RECONCILIATION OF DIFFERENCES BETWEEN BUDGETARY COMPARISON SCHEDULE AND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Revenues:	General Fund
Actual amount (budgetary basis) "Total Revenues" from the budgetary comparison schedule (Exhibit B-4)	\$ 24,076,774
Differences- Budget to GAAP:	
The County budgets for ad valorem taxes according to the property tax levy calendar October-September. Current tax collections for October-December are not considered current year revenues for budgetary purposes.	1,684,705
Outstanding taxes at fiscal year end are not considered current year revenues for budgetary purposes.	(3,015,421)
The County budgets for licenses and permits, fees, and other revenues on the cash basis, rather than on the modified accrual basis.	192,945
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds (Exhibit A-5)	\$ 22,939,003

WINKLER COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

Expenditures:	General Fund
Actual amount (budgetary basis) "Total Expenditures" from the budgetary comparison schedule (Exhibit B-4)	\$ 22,827,675
Differences- Budget to GAAP:	
The County budgets for supplies, equipment, and services on the cash basis, rather than on the modified accrual basis.	(339,264)
The County budgets for salaries and wages on the cash basis, rather than on the modified accrual basis.	28,585
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds (Exhibit A-5)	<u>\$ 22,516,996</u>

Beginning Fund Balances:	General Fund
Actual amount (budgetary basis) "Fund Balance- Beginning" from the budgetary comparison schedule (Exhibit B-4)	\$ 35,010,022
Differences- Budget to GAAP:	
Outstanding taxes at fiscal year end are not considered current year revenues for budgetary purposes. This amount represents the taxes outstanding at December 31, 2020 less the allowance for uncollectible taxes.	13,810,947
The County budgets for licenses and permits, fees, and other revenues on the cash basis, rather than on the modified accrual basis. This amount represents prior year accounts receivable.	1,069,408
The County budgets for ad valorem taxes according to the property tax levy calendar October-September. Current tax collections for October-December are not considered current year revenues for budgetary purposes. This amount represents the current tax collections for October-December 2020.	1,330,716
The County budgets for supplies, equipment, and services on the cash basis, rather than on the modified accrual basis. This amount represents prior year accounts payable.	(714,044)
The County budgets for salaries and wages on the cash basis, rather than on the modified accrual basis. This amount represents prior year accrued payroll.	(90,805)
Beginning fund balance as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds (Exhibit A-5)	<u>\$ 50,416,244</u>

COMBINING STATEMENTS

WINKLER COUNTY, TEXAS

Exhibit C-1

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Non-Major Special Revenue Funds								Total	
	LEOSE Training Fund	Sheriff's Forfeiture Fund	District Attorney's Forfeiture Fund	Probation Evaluation Fund	Juvenile Probation Fee Fund	County Attorney Hot Check Fund	District Attorney Hot Check Fund	District Attorney Victims Assistance Fund	Non-Major Special Revenue Funds (See Exhibit C-3)	Non-Major Special Revenue Funds (See Exhibit A-3)
ASSETS:										
Cash and Cash Equivalents	\$ 16,349	\$ 96,396	\$ 25,738	\$ 4,516	\$ 7,819	\$ 1,540	\$ 355	\$ 68,728	\$ 791,315	\$ 1,012,756
Intergovernmental Receivables									5,505	5,505
Total Assets	<u>\$ 16,349</u>	<u>\$ 96,396</u>	<u>\$ 25,738</u>	<u>\$ 4,516</u>	<u>\$ 7,819</u>	<u>\$ 1,540</u>	<u>\$ 355</u>	<u>\$ 68,728</u>	<u>\$ 796,820</u>	<u>\$ 1,018,261</u>
LIABILITIES:										
Accrued Wages	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,544	\$ 2,544
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,544</u>	<u>\$ 2,544</u>
FUND BALANCES:										
Restricted for Enabling Legislation	\$ 16,349	\$ 96,396	\$ 25,738	\$ 4,516	\$ 7,819	\$ 1,540	\$ 355	\$ 68,728	\$ 794,276	\$ 1,015,717
Total Fund Balances	<u>\$ 16,349</u>	<u>\$ 96,396</u>	<u>\$ 25,738</u>	<u>\$ 4,516</u>	<u>\$ 7,819</u>	<u>\$ 1,540</u>	<u>\$ 355</u>	<u>\$ 68,728</u>	<u>\$ 794,276</u>	<u>\$ 1,015,717</u>
Total Liabilities and Fund Balances	<u>\$ 16,349</u>	<u>\$ 96,396</u>	<u>\$ 25,738</u>	<u>\$ 4,516</u>	<u>\$ 7,819</u>	<u>\$ 1,540</u>	<u>\$ 355</u>	<u>\$ 68,728</u>	<u>\$ 796,820</u>	<u>\$ 1,018,261</u>

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WINKLER COUNTY, TEXAS

Exhibit C-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Non-Major Special Revenue Funds								Total	
	LEOSE Training Fund	Sheriff's Forfeiture Fund	District Attorney's Forfeiture Fund	Probation Evaluation Fund	Juvenile Probation Fee Fund	County Attorney Hot Check Fund	District Attorney Hot Check Fund	District Attorney Victims Assistance Fund	Non-Major Special Revenue Funds (See Exhibit C-4)	Non-Major Special Revenue Funds (See Exhibit A-5)
Revenue:										
Fines and Fees	\$ 2,736	\$ 5,379	\$ 23,387	\$	\$ 240	\$ 120	\$	\$	\$ 137,931	\$ 169,793
Intergovernmental Revenue and Grants									174,149	174,149
Investment Earnings		138	14						88	240
Total Revenues	<u>\$ 2,736</u>	<u>\$ 5,517</u>	<u>\$ 23,401</u>	<u>\$ 0</u>	<u>\$ 240</u>	<u>\$ 120</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 312,168</u>	<u>\$ 344,182</u>
Expenditures:										
Current:										
Legal	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,177	\$ 2,177
Public Safety	3,647	9,945							259,247	272,839
Capital Outlay									107,153	107,153
Total Expenditures	<u>\$ 3,647</u>	<u>\$ 9,945</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 368,577</u>	<u>\$ 382,169</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (911)</u>	<u>\$ (4,428)</u>	<u>\$ 23,401</u>	<u>\$ 0</u>	<u>\$ 240</u>	<u>\$ 120</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (56,409)</u>	<u>\$ (37,987)</u>
Net Change in Fund Balances	\$ (911)	\$ (4,428)	\$ 23,401	\$ 0	\$ 240	\$ 120	\$ 0	\$ 0	\$ (56,409)	\$ (37,987)
Fund Balances - Beginning	17,260	100,824	2,337	4,516	7,579	1,420	355	68,728	850,685	1,053,704
Fund Balances - Ending	<u>\$ 16,349</u>	<u>\$ 96,396</u>	<u>\$ 25,738</u>	<u>\$ 4,516</u>	<u>\$ 7,819</u>	<u>\$ 1,540</u>	<u>\$ 355</u>	<u>\$ 68,728</u>	<u>\$ 794,276</u>	<u>\$ 1,015,717</u>

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WINKLER COUNTY, TEXAS

Exhibit C-3

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Non-Major Special Revenue Funds								Total	
	CSCD Fund	Records Management Fund	Records Management and Preservation Fund	Courthouse Security Fund	Justice Court Technology Fund	Juvenile Probation Title IV E Fund	County Clerk Records Archive Fund	County Clerk Vital Statistic Fund	Non-Major Special Revenue Funds (See Exhibit C-5)	Non-Major Special Revenue Funds (See Exhibit C-1)
ASSETS:										
Cash and Cash Equivalents	\$ 43,500	\$ 94,827	\$ 61,241	\$ 68,069	\$ 61,913	\$ 12,185	\$ 144,387	\$ 8,773	\$ 296,420	\$ 791,315
Intergovernmental Receivables		2,450	127	324	33		2,400	31	140	5,505
Total Assets	\$ 43,500	\$ 97,277	\$ 61,368	\$ 68,393	\$ 61,946	\$ 12,185	\$ 146,787	\$ 8,804	\$ 296,560	\$ 796,820
LIABILITIES:										
Accrued Wages	\$ 1,824								720	2,544
Total Liabilities	\$ 1,824	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 720	\$ 2,544
FUND BALANCES:										
Restricted for Enabling Legislation	\$ 41,676	\$ 97,277	\$ 61,368	\$ 68,393	\$ 61,946	\$ 12,185	\$ 146,787	\$ 8,804	\$ 295,840	\$ 794,276
Total Fund Balances	\$ 41,676	\$ 97,277	\$ 61,368	\$ 68,393	\$ 61,946	\$ 12,185	\$ 146,787	\$ 8,804	\$ 295,840	\$ 794,276
Total Liabilities and Fund Balances	\$ 43,500	\$ 97,277	\$ 61,368	\$ 68,393	\$ 61,946	\$ 12,185	\$ 146,787	\$ 8,804	\$ 296,560	\$ 796,820

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WINKLER COUNTY, TEXAS

Exhibit C-4

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Non-Major Special Revenue Funds								Total	
	CSCD Fund	Records Management Fund	Records Management and Preservation Fund	Courthouse Security Fund	Justice Court Technology Fund	Juvenile Probation Title IV E Fund	County Clerk Records Archive Fund	County Clerk Vital Statistic Fund	Non-Major Special Revenue Funds (See Exhibit C-6)	Non-Major Special Revenue Funds (See Exhibit C-2)
Revenue:										
Fines and Fees	\$ 63,911	\$ 27,520	\$ 1,656	\$ 7,611	\$ 3,994	\$	\$ 26,951	\$ 288	\$ 6,000	\$ 137,931
Intergovernmental Revenue and Grants	88,949								85,200	174,149
Investment Earnings	72					16				88
Total Revenues	<u>\$ 152,932</u>	<u>\$ 27,520</u>	<u>\$ 1,656</u>	<u>\$ 7,611</u>	<u>\$ 3,994</u>	<u>\$ 16</u>	<u>\$ 26,951</u>	<u>\$ 288</u>	<u>\$ 91,200</u>	<u>\$ 312,168</u>
Expenditures:										
Current:										
Legal	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,177	\$ 2,177
Public Safety	173,472								85,775	259,247
Capital Outlay		97,718					9,435			107,153
Total Expenditures	<u>\$ 173,472</u>	<u>\$ 97,718</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,435</u>	<u>\$ 0</u>	<u>\$ 87,952</u>	<u>\$ 368,577</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (20,540)</u>	<u>\$ (70,198)</u>	<u>\$ 1,656</u>	<u>\$ 7,611</u>	<u>\$ 3,994</u>	<u>\$ 16</u>	<u>\$ 17,516</u>	<u>\$ 288</u>	<u>\$ 3,248</u>	<u>\$ (56,409)</u>
Net Change in Fund Balances	\$ (20,540)	\$ (70,198)	\$ 1,656	\$ 7,611	\$ 3,994	\$ 16	\$ 17,516	\$ 288	\$ 3,248	\$ (56,409)
Fund Balances - Beginning	<u>62,216</u>	<u>167,475</u>	<u>59,712</u>	<u>60,782</u>	<u>57,952</u>	<u>12,169</u>	<u>129,271</u>	<u>8,516</u>	<u>292,592</u>	<u>850,685</u>
Fund Balances - Ending	<u>\$ 41,676</u>	<u>\$ 97,277</u>	<u>\$ 61,368</u>	<u>\$ 68,393</u>	<u>\$ 61,946</u>	<u>\$ 12,185</u>	<u>\$ 146,787</u>	<u>\$ 8,804</u>	<u>\$ 295,840</u>	<u>\$ 794,276</u>

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WINKLER COUNTY, TEXAS

Exhibit C-5

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Non-Major Special Revenue Funds								Total	
	District Clerk Records Management Preservation Fund	Justice Court Building Security Fund	Judicial Efficiency Fund	Child Abuse Prevention Fund	Pretrial Intervention Cty Atty Fund	Pretrial Intervention District Atty Fund	Centennial Fund	District Court Records Fund	Non-Major Special Revenue Funds (See Exhibit C-7)	Non-Major Special Revenue Funds (See Exhibit C-3)
ASSETS:										
Cash and Cash Equivalents	\$ 29,878	\$ 11,763	\$ 1,387	\$ 1,824	\$ 207,019	\$ 3,300	\$ 2,169	\$ 15,417	\$ 23,663	\$ 296,420
Intergovernmental Receivables	140									140
Total Assets	\$ 30,018	\$ 11,763	\$ 1,387	\$ 1,824	\$ 207,019	\$ 3,300	\$ 2,169	\$ 15,417	\$ 23,663	\$ 296,560
LIABILITIES:										
Accrued Wages	\$	\$	\$	\$	\$ 166	\$	\$	\$	\$ 554	\$ 720
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 166	\$ 0	\$ 0	\$ 0	\$ 554	\$ 720
FUND BALANCES:										
Restricted for Enabling Legislation	\$ 30,018	\$ 11,763	\$ 1,387	\$ 1,824	\$ 206,853	\$ 3,300	\$ 2,169	\$ 15,417	\$ 23,109	\$ 295,840
Total Fund Balances	\$ 30,018	\$ 11,763	\$ 1,387	\$ 1,824	\$ 206,853	\$ 3,300	\$ 2,169	\$ 15,417	\$ 23,109	\$ 295,840
Total Liabilities and Fund Balances	\$ 30,018	\$ 11,763	\$ 1,387	\$ 1,824	\$ 207,019	\$ 3,300	\$ 2,169	\$ 15,417	\$ 23,663	\$ 296,560

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Non-Major Special Revenue Funds								Total	
	District Clerk Records Management and Preservation Fund	Justice Court Building Security Fund	Judicial Efficiency Fund	Child Abuse Prevention Fund	Pretrial Intervention Cty Atty Fund	Pretrial Intervention District Atty Fund	Centennial Fund	District Court Records Fund	Non-Major Special Revenue Funds (See Exhibit C-8)	Non-Major Special Revenue Funds (See Exhibit C-4)
Revenue:										
Fines and Fees	\$ 2,405	\$ 43	\$ 1	\$ 139	\$ 1,130	\$	\$	\$ 1,930	\$ 352	\$ 6,000
Intergovernmental Revenue and Grants									85,200	85,200
Total Revenues	<u>\$ 2,405</u>	<u>\$ 43</u>	<u>\$ 1</u>	<u>\$ 139</u>	<u>\$ 1,130</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,930</u>	<u>\$ 85,552</u>	<u>\$ 91,200</u>
Expenditures:										
Current:										
Legal	\$	\$	\$	\$	\$ 2,177	\$	\$	\$	\$	\$ 2,177
Public Safety									85,775	85,775
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,177</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 85,775</u>	<u>\$ 87,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,405	\$ 43	\$ 1	\$ 139	\$ (1,047)	\$ 0	\$ 0	\$ 1,930	\$ (223)	\$ 3,248
Net Change in Fund Balances	\$ 2,405	\$ 43	\$ 1	\$ 139	\$ (1,047)	\$ 0	\$ 0	\$ 1,930	\$ (223)	\$ 3,248
Fund Balances - Beginning	<u>27,613</u>	<u>11,720</u>	<u>1,386</u>	<u>1,685</u>	<u>207,900</u>	<u>3,300</u>	<u>2,169</u>	<u>13,487</u>	<u>23,332</u>	<u>292,592</u>
Fund Balances - Ending	<u>\$ 30,018</u>	<u>\$ 11,763</u>	<u>\$ 1,387</u>	<u>\$ 1,824</u>	<u>\$ 206,853</u>	<u>\$ 3,300</u>	<u>\$ 2,169</u>	<u>\$ 15,417</u>	<u>\$ 23,109</u>	<u>\$ 295,840</u>

WINKLER COUNTY, TEXAS

Exhibit C-7

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Non-Major Special Revenue Funds						Total Non-Major Special Revenue Funds (See Exhibit C-5)
	County & District Court Tech Fund	Drug Dog Fund	Judicial Education Fund	Juvenile Rec Center Fund	Juvenile Probation Grant Fund	Court Reporter Service Fund	
ASSETS:							
Cash and Cash Equivalents	\$ 3,215	\$ 1,000	\$ 1,005	\$ 1,527	\$ 16,886	\$ 30	\$ 23,663
Total Assets	<u>\$ 3,215</u>	<u>\$ 1,000</u>	<u>\$ 1,005</u>	<u>\$ 1,527</u>	<u>\$ 16,886</u>	<u>\$ 30</u>	<u>\$ 23,663</u>
LIABILITIES:							
Accrued Wages	\$				554		554
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 554</u>	<u>\$ 0</u>	<u>\$ 554</u>
FUND BALANCES:							
Restricted for Enabling Legislation	\$ 3,215	\$ 1,000	\$ 1,005	\$ 1,527	\$ 16,332	\$ 30	\$ 23,109
Total Fund Balances	<u>\$ 3,215</u>	<u>\$ 1,000</u>	<u>\$ 1,005</u>	<u>\$ 1,527</u>	<u>\$ 16,332</u>	<u>\$ 30</u>	<u>\$ 23,109</u>
Total Liabilities and Fund Balances	<u>\$ 3,215</u>	<u>\$ 1,000</u>	<u>\$ 1,005</u>	<u>\$ 1,527</u>	<u>\$ 16,886</u>	<u>\$ 30</u>	<u>\$ 23,663</u>

WINKLER COUNTY, TEXAS

Exhibit C-8

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021

	Non-Major Special Revenue Funds						Total Non-Major Special Revenue Funds (See Exhibit C-6)
	County & District Court Tech Fund	Drug Dog Fund	Judicial Education Fund	Juvenile Rec Center Fund	Juvenile Probation Grant Fund	Court Reporter Service Fund	
Revenue:							
Fines and Fees	\$ 125	\$	\$ 175	\$ 22	\$	\$ 30	\$ 352
Intergovernmental Revenue and Grants					85,200		85,200
Total Revenues	<u>\$ 125</u>	<u>\$ 0</u>	<u>\$ 175</u>	<u>\$ 22</u>	<u>\$ 85,200</u>	<u>\$ 30</u>	<u>\$ 85,552</u>
Expenditures:							
Current:							
Public Safety	\$	\$	\$	\$	85,775	\$	85,775
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 85,775</u>	<u>\$ 0</u>	<u>\$ 85,775</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 125	\$ 0	\$ 175	\$ 22	(575)	\$ 30	(223)
Net Change in Fund Balances	<u>\$ 125</u>	<u>\$ 0</u>	<u>\$ 175</u>	<u>\$ 22</u>	<u>\$ (575)</u>	<u>\$ 30</u>	<u>\$ (223)</u>
Fund Balances - Beginning	3,090	1,000	830	1,505	16,907	0	23,332
Fund Balances - Ending	<u>\$ 3,215</u>	<u>\$ 1,000</u>	<u>\$ 1,005</u>	<u>\$ 1,527</u>	<u>\$ 16,332</u>	<u>\$ 30</u>	<u>\$ 23,109</u>

**OTHER INFORMATION REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

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

Independent Auditor's Report

To the Honorable Judge and
Members of the Commissioners' Court of
Winkler County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Winkler County, Texas (the County) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 15, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bolinger, Segars, Gilbert & Moss L.L.P.

Certified Public Accountants

Lubbock, Texas

July 15, 2022