

EASTLAND COUNTY, TEXAS

Report to the Honorable County Judge and
Commissioners Comprising the Commissioners'
Court of Eastland County, Texas

September 30, 2022



June 23, 2023

To the Honorable County Judge and Commissioners
Comprising the Commissioners' Court of
Eastland County, Texas

This letter is to inform the Commissioners' Court of Eastland County (the "County") about significant matters related to the conduct of our audit as of and for the year ended September 30, 2022, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated March 2, 2023. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated March 2, 2023 regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of Eastland County's significant accounting practices, including significant accounting policies, significant unusual transactions, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, that you may wish to monitor for your oversight responsibilities of the financial reporting process:

- The County adopted *GASB Statement No. 87, Leases* during the current audit period.
- Significant accounting estimates during the current audit period included the following:
 1. Pension Plan Status - Management's periodic evaluation of the adequacy of the allowance is based on actuarial valuations as a percentage of the covered payroll of participating employees. Actuarial valuations are performed every three years.

2. Capital Assets / Depreciation – Management estimates useful lives of capital assets based on the type and life expectancy.
 3. Allowance for Doubtful Accounts- Management evaluates outstanding accounts receivable balances and determines which balances are expected to be collected based on collection history.
- There were no unusual transactions or alternative treatments of accounting policies and practices related to material items during the current audit period.

Audit Adjustments and Uncorrected Misstatements

Management corrected the material misstatements that were identified as a result of our audit procedures which are included in **Corrected Misstatements Exhibit**.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

We identified the following misstatements (i.e., omitted, incomplete, and (or) inaccurate disclosures) that management has concluded are immaterial to the financial statements taken as a whole:

- None were noted during the current audit period.

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments or any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultation With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management. Other issues that we did discuss included:

- Business conditions affecting the entity and business plans and strategies that may affect the risk of material misstatement.
- Discussions or correspondence in connection with the initial or recurring engagement of the auditor including, among other matters, any discussions or correspondence regarding accounting practices or the application of auditing standards.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management during the audit.

Management Representations

See the **Management Representation Letter Exhibit** attached for a copy of the management representation letter.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to Eastland County, Texas.

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

Condly and Company, L.L.P.

Certified Public Accountants

EASTLAND COUNTY, TEXAS

EXHIBIT – Management Representation Letter
September 30, 2022

EASTLAND COUNTY, TEXAS
EXHIBIT – Corrected Misstatements
September 30, 2022

Eastland County
Summary of Audit Adjustments
Year Ended September 30, 2022

Name	Account No	Debit	Credit	Net Income (Loss)	Amount Chg
Net Income (Loss) Before Adjustments				(216,168.59)	
LAND	901-161-000 34-G34	145,000.00			
BUILDINGS & IMPROVEMENTS	901-162-000 34-G34	7,150.00			
EQUIPMENT - GENERAL GOVT	901-164-125 34-G34	471,571.54			
EQUIPMENT-PRECINCT 2	901-164-130 34-G34		(136,795.00)		
EQUIPMENT-PRECINCT 4	901-164-150 34-G34		(294,200.00)		
ACCUM DEPR-BUILDINGS & IMPRO	901-169-110 34-G34		(109,883.79)		
ACCUM DEPR-INFRASTRUCTURE	901-169-200 34-G34		(54,304.87)		
ACCUM DEPR - FURNITURE & EQU	901-169-220 34-G34		(500,702.56)		
ACCUM DEPR - FURNITURE & EQU	901-169-220 34-G34	47,549.88			
INVESTMENT IN FIXED ASSETS	901-190-310 34-G34		(7,150.00)		
INVESTMENT IN FIXED ASSETS	901-190-310 34-G34		(471,571.54)		
INVESTMENT IN FIXED ASSETS	901-190-310 34-G34		(170,881.62)		
DEPRECIATION EXPENSE - FURNITURE & E	901-500-220 34-G34	500,702.56			
DEPRECIATION EXPENSE: BUILDING	901-500-510 34-G34	109,883.79			
DEPRECIATION - PUBLIC TRANSPORTATIO	901-500-600 34-G34	54,304.87			
GAIN/LOSS ON DISPOSAL	901-600-100 34-G34		(145,000.00)		
ASSETS HELD UNDER CAPITAL LEASE	901-164-NEW.1 34-G34	601,876.62			
DEPRECIATION EXPENSE- ROU ASSETS	901-500-NEW.1 34-G34	90,811.84			
ACCUM DEPR- ROU ASSETS	901-169- NEW.1 34-G34		(138,361.72)		
To record current year Equipment balances and depreciation expense.		2,028,851.10	(2,028,851.10)	(826,871.65)	(610,703.06)
CASH IN BANK	045-103-100 SRF11		(575.00)		
SALARIES PAYABLE	045-202-100 SRF11	575.00			
Client Proposed.		575.00	(575.00)	(826,871.65)	-
TAXES RECEIVABLE-DELINQUENT	010-107-000 GF01	85,975.66			
ALLOWANCES FOR UNCOLL ACCTS	010-108-000 GF01		(42,987.83)		
DEFERRED REVENUE	010-223-000 GF01		(42,987.83)		
To adjust taxes receivable and allowance for delinquent taxes.		85,975.66	(85,975.66)	(826,871.65)	-
DUE FROM E.C.A.D.	010-130-300 GF01	16,281.47			
DELINQUENT TAXES	010-310-120 GF01		(15,932.45)		
TAX CERTIFICATES	010-340-406 GF01		(332.39)		
10% RENDITION PENALTY	010-340-418 GF01		(16.63)		
Client proposed entry to record Receivable from Central Appraisal District.		16,281.47	(16,281.47)	(810,590.18)	16,281.47
DEFERRED RECEIVABLE	025-220-000 SRF02		(6,033.48)		
USDA GRANT-2022DCI POLICE VE	025-333-327 SRF02	87,900.00			
TX OOG 43026-01 GRANT	025-333-410 SRF02	24,623.00			
HAVA-ELEC SEC GRANT REVENUE	025-333-601 SRF02		(106,489.52)		
DEFERRED REVENUE	026-223-000 SRF36		(84,565.03)		
ARPA GRANT-US TREAS	026-333-225 SRF36	84,565.03			
To adjust grants revenue to actual.		197,088.03	(197,088.03)	(901,188.69)	(90,598.51)

Eastland County
Summary of Audit Adjustments
Year Ended September 30, 2022

Name	Account No	Debit	Credit	Net Income (Loss)	Amount Chg
ACCRUED BENEFITS PAYABLE	010-202-200 GF01		(38,805.46)		
ACCRUED BENEFITS EXPENSE	010-409-200 GF01	38,806.46			
ACCRUED BENEFITS PAYABLE	020-202-200 SRF01		(4,194.66)		
ACCRUED BENEFITS EXPENSE	020-620-200 SRF01	4,194.66			
ACCRUED BENEFITS PAYABLE	039-202-200 SRF05		(8,383.78)		
ACCRUED BENEFITS EXPENSE	039-562-200 SRF05	8,353.78			
ACCRUED BENEFITS PAYABLE	044-202-200 SRF10	9,086.12			
ACCRUED BENEFITS EXPENSE	044-581-200 SRF10		(9,086.12)		
ACCRUED BENEFITS PAYABLE	045-202-200 SRF11		(1,998.01)		
ACCRUED BENEFITS EXPENSE	045-574-200 SRF11	1,998.01			
ACCRUED BENEFITS PAYABLE	054-202-200 SRF19	2,606.19			
ACCRUED BENEFITS EXPENSE	054-565-200 SRF19		(2,606.19)		
To adjust accrued benefits to actual.					
		65,045.22	(65,074.22)	(942,848.29)	(41,659.60)
DEFERRED PENSION OUTFLOWS	901-180-100 34-G34		(639,097.42)		
NET PENSION LIABILITY	901-180-200 34-G34	3,139,686.00			
DEFERRED PENSION INFLOWS	901-210-100 34-G34		(1,484,934.25)		
PENSION EXPENSE	901-250-100 34-G34		(1,015,654.33)		
To adjust net pension liability to actual.					
		3,139,686.00	(3,139,686.00)	72,806.04	1,015,654.33
DEFERRED OPEB OUTFLOW	901-180-100 34-G34		(19,698.72)		
NET OPEB ADJUSTMENT-TCDRS	901-180-200 34-G34	43,948.22			
NET OPEB LIABILITY-TCDRS	901-210-100 34-G34		(27,257.00)		
DEFERRED OPEB INFLOW	901-250-100 34-G34	3,007.50			
To adjust net OPEB liability to actual.					
		46,955.72	(46,955.72)	28,857.82	(43,948.22)
MISC EXPENSE (INCOME)	099.NEW.1 GF01		(60.00)		
FUND BALANCE-LOCAL	044-271-000 SRF10		(12,751.74)		
REFUND DUE TO CJAD	044-345-400 SRF10	12,751.74			
FUND BALANCE ACCOUNTS	099-271-000 GF01	60.00			
To adjust opening balances to actual.					
		12,811.74	(12,811.74)	16,166.08	(12,691.74)
DUE FROM OTHER GOVT AGENCIES	010-130-000 GF01	3,505.31			
VOUCHERS PAYABLE	010-201-000 GF01		(3,505.31)		
Client proposed entry to reverse incorrectly recorded live check 104845.					
		3,505.31	(3,505.31)	16,166.08	-
DEFERRED OPEB OUTFLOW-TAC	901-180-110 34-G34		(4,733.00)		
NET OPEB ADJUSTMENT-TAC	901-180-300 34-G34	9,216.00			
NET OPEB LIABILITY-TAC	901-210-300 34-G34	17,040.00			
DEFERRED OPEB INFLOW-TAC	901-250-110 34-G34		(21,523.00)		
To adjust net OPEB liability to actual.					
		26,256.00	(26,256.00)	6,950.08	(9,216.00)
PROCEEDS SALE OF ASSETS	020- NEW.1 SRF01		(22,876.00)		
SALES INCOME	020-364-100 SRF01	22,876.00			
To reclassify sale of asset.					
		22,876.00	(22,876.00)	6,950.08	-

**Eastland County
Summary of Audit Adjustments
Year Ended September 30, 2022**

Name	Account No	Debit	Credit	Net Income (Loss)	Amount Chg
AMOUNTS TO BE PROVIDED-LEASE	902-100-115 34-G34		(353,614.46)		
ACCRUED INTEREST	902-200-200 34-G34	4,797.66			
CURRENT PORTION DEBT-LEASES	902-200-215 34-G34	71,210.43			
LONG-TERM PORTION DEBT-LEASE	902-200-225 34-G34	282,404.03			
FUND BALANCE	902-271-000 34-G34		(6,597.23)		
INTEREST EXPENSE	902-600-670 34-G34	1,799.57			
To adjust note payable and interest expenses to actual.					
		360,211.69	(360,211.69)	5,150.51	(1,799.57)
Amount to be Provided ROU Lease	902-100-NEW.3 34-G34	377,796.53			
Current Portion ROU Lease	902-200-NEW.1 34-G34		(113,032.22)		
Long Term Portion ROU Lease	902-200-NEW.2 34-G34		(264,764.31)		
To record ROU leases payable.					
		377,796.53	(377,796.53)	5,150.51	-
CD-JZ BISCOE 41316(AMER STAT	877-100-103 AF01		(6,685.41)		
FUNDS HELD FOR OTHERS	877-200-590 AF01	6,685.41			
Client proposed entry to record redemption of CD which had not previously been recorded.					
		6,685.41	(6,685.41)	5,150.51	-
GRANT RECEIVABLE	025-130-600 SRF02	109,313.70			
TXGLO-MIT GRANT	025-333-400 SRF02		(109,313.70)		
To record A/R and revenue related to Texas Glo MIT grant.					
		109,313.70	(109,313.70)	114,464.21	109,313.70
		6,499,914.58	6,499,914.58	114,464.21	330,632.80