

COUNTY OF CROCKETT
Annual Financial Report
Year Ended December 31, 2018

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-8
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements	
Statement of Net Position - Modified Cash Basis	9
Statement of Activities - Modified Cash Basis	10
Fund Financial Statements	
Balance Sheet - Modified Cash Basis - Governmental Funds	11-12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Modified Cash Basis	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	14-15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Modified Cash Basis	16
Statement of Fiduciary Net Position - Modified Cash Basis - Fiduciary Funds	17
Notes to the Financial Statements	18-36
<u>Other Information</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - General Fund	37
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - Road and Bridge Fund	38
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Budget and Actual - Care Center Fund	39
Schedule of Changes in Net Pension Liability and Related Ratios - Texas County & District Retirement System	40
Schedule of Employer Contributions - Texas County & District Retirement System	41-42
Notes to the Other Information	43
COMPLIANCE AND INTERNAL CONTROLS SECTION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44-45
Schedule of Findings and Responses	46
Schedule of Status of Prior Findings	47

FINANCIAL SECTION



A Limited Liability Partnership

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INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge
and Commissioners' Court
County of Crockett
P.O. Box 989
Ozona, TX 76943-0989

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Crockett, Texas, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Section I., Note C.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Crockett, Texas, as of December 31, 2018, the respective changes in modified cash-basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Section I., Note C.

Basis of Accounting

We draw attention to Section I., Note C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

The management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information for the Texas County & District Retirement System on pages 3 through 8, 37 through 39, and 40 through 42, respectively, are presented to supplement the basic financial statements. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019, on our consideration of the County of Crockett's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Crockett's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Crockett's internal control over financial reporting and compliance.

Eckert & Company, LLP

June 18, 2019



COUNTY OF CROCKETT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the County of Crockett's financial performance provides an overview of the County's financial activities for the year ended December 31, 2018, within the limitations of the County's modified cash basis of accounting. It should be read in conjunction with the County's basic financial statements and independent auditor's report.

Financial Highlights - Modified Cash Basis of Accounting

The County's assets exceeded its liabilities and deferred inflows of resources at the end of the current year by \$30,206,908 (net position). Of this amount, \$12,801,562 (unrestricted) may be used to meet the County's ongoing obligations.

The County's total net position increased by \$1,084,680 or 4%. This amount consists of a \$1,033,236 increase attributable to current year operations and a \$51,444 increase attributable to prior period adjustments. The County's statement of activities shows total revenues of \$17,297,281 and total expenses of \$16,264,045.

The total fund balance of the General Fund is \$10,777,229 which is a decrease of \$362,101 or 3% compared to the prior year.

Overview of the Financial Statements

The County's financial statements are presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Overview of the Financial Statements - Continued

The statement of activities presents information showing how the County's net position changed during the current year while keeping in mind the limitations of the modified cash basis of accounting.

The governmental activities of the County include public transportation through roads and bridges, judicial, public safety, corrections and rehabilitation, public health and welfare, and culture and recreation, as well as general administrative and support services.

The County has no component units.

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

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

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

Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, the Road and Bridge Fund, the Care Center Fund, the Jail Construction Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The County adopts a budget for its General Fund and Special Revenue Funds.

Fiduciary Funds - Fiduciary funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis

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

NET POSITION - MODIFIED CASH BASIS

	<u>Governmental Activities</u>	
	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 16,550,638	\$ 21,141,618
Capital Assets	<u>23,642,376</u>	<u>20,596,899</u>
Total Assets	<u>\$ 40,193,014</u>	<u>\$ 41,738,517</u>
Other Payables	\$ 113,132	\$ 177,142
Long-Term Liabilities	<u>7,580,000</u>	<u>9,900,000</u>
Total Liabilities	<u>\$ 7,693,132</u>	<u>\$ 10,077,142</u>
Deferred Inflows of Resources	<u>\$ 2,292,974</u>	<u>\$ 2,539,147</u>
Net Position		
Net Investment in Capital Assets	\$ 17,006,661	\$ 12,959,151
Restricted	398,685	361,418
Unrestricted	<u>12,801,562</u>	<u>15,801,659</u>
Total Net Position	<u><u>\$ 30,206,908</u></u>	<u><u>\$ 29,122,228</u></u>

A large portion of the County's net position resulting from modified cash basis transactions (\$17,006,661) reflects the County's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position (\$398,685) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$12,801,562) may be used to meet the County's ongoing obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis - Continued

Governmental Activities - Governmental activities increased the County's net position resulting from modified cash basis transactions by 1,033,236 and \$1,529,349 for the fiscal years ended December 31, 2018 and 2017, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	Year Ended December 31,	
	2018	2017
Revenues		
Program Revenues		
Charges for Services	\$ 3,594,287	\$ 3,491,830
Operating Grants and Contributions	359,055	447,884
Capital Grants and Contributions	0	88,889
General Revenues		
Property Taxes - Maintenance	10,415,501	10,383,505
Property Taxes - Debt Service	2,511,753	2,507,773
Investment Earnings	398,294	292,951
Other Revenues	18,391	47,569
Total Revenues	\$ 17,297,281	\$ 17,260,401
Expenses		
General Government	\$ 2,615,336	\$ 2,358,152
Roads and Bridges	2,449,399	2,225,430
Justice System	1,308,356	1,333,450
Public Safety	1,608,609	1,591,960
Corrections and Rehabilitation	772,076	586,591
Public Health and Welfare	5,923,738	6,102,910
Culture and Recreation	1,423,232	1,246,275
Interest on Long-Term Debt	162,499	285,484
Fees on Long-Term Debt	800	800
Total Expenses	\$ 16,264,045	\$ 15,731,052
Change in Net Position	\$ 1,033,236	\$ 1,529,349
Net Position - Beginning	29,122,228	27,330,062
Prior Period Adjustments	51,444	262,817
Net Position - Ending	\$ 30,206,908	\$ 29,122,228

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Financial Analysis of the County's Funds

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

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

The County's governmental funds reported combined ending fund balances on the modified cash basis of accounting of \$14,144,532, a decrease of \$4,280,797 or 23% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$10,777,229. All of this balance is unassigned.

Special Revenue Funds \$2,377,114. Of this balance \$352,781 is restricted by legislation and \$2,024,333 is committed as follows:

Roads and Bridges	\$ 1,618,862
Health Center Improvement	266,824
Courthouse Renovation	119,468
Library Memorial (deficit)	(836)
Grant Fund	44
Hot Check Funds	16,153
Wind Farm	2,000
DARE Program	<u>1,818</u>
Total	<u><u>\$ 2,024,333</u></u>

Construction Funds \$944,285. All of this balance is restricted for construction as follows:

Jail Project	\$ 690,248
Clinic Project	<u>254,037</u>
Total	<u><u>\$ 944,285</u></u>

Interest and Sinking Funds \$45,904. The net balance of these funds is reported as restricted for debt service.

Jail Project Interest and Sinking	\$ (65,683)
Wellness Center Project Interest and Sinking	(19,285)
Clinic Project Interest and Sinking	<u>130,872</u>
Total	<u><u>\$ 45,904</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

General Fund Budget

The original budget for the General Fund was \$11,028,901, and the final amended budget was \$11,261,687 which represents a \$232,786 increase in appropriations. Variances between the original budget and the final amended budget are shown on page 37 in the other information section of the audit report.

The County has adopted a budget for the General Fund in the amount of \$11,722,948 for the fiscal year 2019, which is an increase of \$461,261 from the fiscal year 2018.

Capital Assets and Debt - Modified Cash Basis

Capital Assets - Financial statement footnote III., D. discloses the County's capital asset activity for the year ended December 31, 2018.

Long-Term Debt - Financial statement footnote III., E. discloses the County's debt activity for the year ended December 31, 2018.

Requests for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Fred M. Deaton, County Judge, County of Crockett, P.O. Box 1857, Ozona, TX 76943-1857.

Basic Financial Statements

COUNTY OF CROCKETT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2018

	Primary Government
	Governmental Activities
ASSETS	
Cash in Bank	\$ 15,009,007
Due from Fiduciary Funds	1,534,139
Due from Others	7,492
Capital Assets:	
Capital Assets Not Being Depreciated	310,000
Land	218,470
Infrastructure, Net	3,408,709
Buildings and Improvements, Net	12,180,629
Machinery and Equipment, Net	1,806,387
Construction in Progress	5,718,181
Total Assets	40,193,014
LIABILITIES	
Payroll Liabilities	59,785
Due to State	53,347
Noncurrent Liabilities:	
Debt Due Within One Year	2,363,000
Debt Due in More Than One Year	5,217,000
Total Liabilities	7,693,132
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	2,292,974
Total Deferred Inflows of Resources	2,292,974
NET POSITION	
Net Investment in Capital Assets	17,006,661
Restricted for:	
Restricted by Legislation	352,781
Restricted for Debt Service	45,904
Unrestricted	12,801,562
Total Net Position	\$ 30,206,908

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

COUNTY OF CROCKETT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Net (Expense)
Revenue and
Changes in Net
Position

Primary Gov.
Governmental
Activities

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions		
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 2,615,336	\$ 287,543	\$ 26,318	\$ (2,301,475)
Roads and Bridges	2,449,399	287,543	77,518	(2,084,338)
Justice System	1,308,356	754,800	23,333	(530,223)
Public Safety	1,608,609	251,600	128,255	(1,228,754)
Corrections and Rehabilitation	772,076	-	-	(772,076)
Public Health and Welfare	5,923,738	2,012,801	103,631	(3,807,306)
Culture and Recreation	1,423,232	-	-	(1,423,232)
Debt Service Interest	162,499	-	-	(162,499)
Debt Service Fees	800	-	-	(800)
TOTAL PRIMARY GOVERNMENT	\$ 16,264,045	\$ 3,594,287	\$ 359,055	(12,310,703)

General Revenues:

Taxes:		
Property Taxes, Levied for General Purposes		10,415,501
Property Taxes, Levied for Debt Service		2,511,753
Miscellaneous Revenue		18,391
Investment Earnings		398,294
Total General Revenues		13,343,939
Change in Net Position		1,033,236
Net Position-- Beginning		29,122,228
Prior Period Adjustment		51,444
Net Position - Ending		\$ 30,206,908

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

COUNTY OF CROCKETT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Road and Bridge Fund	Care Center Fund
ASSETS			
Cash in Bank	\$ 11,133,752	\$ 1,805,027	\$ -
Due from Other Funds	1,255,310	179,294	-
Due from Others	-	-	-
Total Assets	\$ 12,389,062	\$ 1,984,321	\$ -
LIABILITIES			
Payroll Liabilities	\$ 59,785	\$ -	\$ -
Due to Other Funds	-	-	-
Due to State	53,347	-	-
Total Liabilities	113,132	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	1,498,701	365,459	-
Total Deferred Inflows of Resources	1,498,701	365,459	-
FUND BALANCES			
Restricted Fund Balance:			
Restricted by Legislation	-	-	-
Retirement of Long-Term Debt	-	-	-
Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
Other Committed Fund Balance	-	1,618,862	-
Unassigned Fund Balance	10,777,229	-	-
Total Fund Balances	10,777,229	1,618,862	-
Total Liabilities, Deferred Inflows & Fund Balances	\$ 12,389,062	\$ 1,984,321	\$ -

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

Jail Construction Fund	Other Funds	Total Governmental Funds
\$ 690,906	\$ 1,379,322	\$ 15,009,007
-	246,374	1,680,978
-	7,492	7,492
<u>\$ 690,906</u>	<u>\$ 1,633,188</u>	<u>\$ 16,697,477</u>
\$ -	\$ -	\$ 59,785
658	146,181	146,839
-	-	53,347
<u>658</u>	<u>146,181</u>	<u>259,971</u>
-	428,814	2,292,974
-	428,814	2,292,974
-	352,781	352,781
-	45,904	45,904
690,248	254,037	944,285
-	405,471	2,024,333
-	-	10,777,229
<u>690,248</u>	<u>1,058,193</u>	<u>14,144,532</u>
<u>\$ 690,906</u>	<u>\$ 1,633,188</u>	<u>\$ 16,697,477</u>

COUNTY OF CROCKETT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Total Fund Balances - Governmental Funds	\$	14,144,532
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds financial statements. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		10,696,899
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including capital outlays and debt principal payments is to increase (decrease) net position.		6,340,683
Depreciation is not recognized as an expense in the governmental funds financial statements since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(975,206)
Net Position of Governmental Activities	<u>\$</u>	<u>30,206,908</u>

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

COUNTY OF CROCKETT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Road and Bridge Fund	Care Center Fund
REVENUES:			
Property Taxes	\$ 8,343,387	\$ 2,072,114	\$ -
Intergovernmental Revenue and Grants	219,732	77,518	-
Fines and Fees	1,023,756	288,936	1,847,789
Investment Earnings	311,127	35,574	-
Other Revenue	6,341	18	1,473
Total Revenues	9,904,343	2,474,160	1,849,262
EXPENDITURES:			
Current:			
General Government	2,495,070	-	-
Roads and Bridges	-	2,290,347	-
Justice System	1,281,555	-	-
Public Safety	1,529,356	-	-
Corrections and Rehabilitation	1,039,134	-	-
Public Health and Welfare	686,024	-	3,814,304
Culture and Recreation	1,135,901	-	-
Debt Service:			
Debt Service Principal	-	-	-
Debt Service Interest	-	-	-
Debt Service Fees	-	-	-
Total Expenditures	8,167,040	2,290,347	3,814,304
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,737,303	183,813	(1,965,042)
OTHER FINANCING SOURCES (USES):			
Transfers In	719,532	-	1,965,042
Transfers Out	(2,855,036)	-	-
Total Other Financing Sources (Uses)	(2,135,504)	-	1,965,042
Net Change in Fund Balances	(398,201)	183,813	-
Fund Balance - January 1 (Beginning)	11,139,330	1,422,166	-
Prior Period Adjustment	36,100	12,883	-
Fund Balance - December 31 (Ending)	\$ 10,777,229	\$ 1,618,862	\$ -

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

Jail Construction Fund	Other Funds	Total Governmental Funds
\$ -	\$ 2,511,753	\$ 12,927,254
-	61,805	359,055
-	433,806	3,594,287
30,048	21,545	398,294
-	10,559	18,391
<u>30,048</u>	<u>3,039,468</u>	<u>17,297,281</u>
-	61,223	2,556,293
-	-	2,290,347
-	16,087	1,297,642
-	-	1,529,356
2,287,307	-	3,326,441
-	2,496,798	6,997,126
-	13,117	1,149,018
-	2,320,000	2,320,000
-	162,499	162,499
-	800	800
<u>2,287,307</u>	<u>5,070,524</u>	<u>21,629,522</u>
<u>(2,257,259)</u>	<u>(2,031,056)</u>	<u>(4,332,241)</u>
-	889,994	3,574,568
-	(719,532)	(3,574,568)
-	170,462	-
<u>(2,257,259)</u>	<u>(1,860,594)</u>	<u>(4,332,241)</u>
2,947,507	2,916,326	18,425,329
-	2,461	51,444
<u>\$ 690,248</u>	<u>\$ 1,058,193</u>	<u>\$ 14,144,532</u>

COUNTY OF CROCKETT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
& CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Total Net Change in Fund Balances - Governmental Funds	\$ (4,332,241)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing capital outlays and debt principal payments is to increase (decrease) net position.	6,340,683
Depreciation is not recognized as an expense in governmental funds financial statements since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(975,206)
Change in Net Position of Governmental Activities	<u>\$ 1,033,236</u>

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

COUNTY OF CROCKETT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Agency Funds
<hr/>	
ASSETS	
Cash in Bank	\$ 5,106,191
Total Assets	<u>\$ 5,106,191</u>
LIABILITIES	
Due to Other Funds	\$ 1,534,139
Due to Others	<u>3,572,052</u>
Total Liabilities	<u>\$ 5,106,191</u>

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

COUNTY OF CROCKETT
Notes to the Financial Statements
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Crockett, Texas, prepares its basic financial statements on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

A. Reporting Entity

The County of Crockett, Texas, was organized by an Act of the Texas Legislature in 1891. The County is governed by the Commissioners' Court, a five-member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, judicial, public safety, corrections and rehabilitation, public health and welfare, and culture and recreation, as well as general administrative and support services. There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

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

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

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

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

A. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as are the fiduciary fund financial statements.

The fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - Continued

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

Basis of Accounting

The government-wide financial statements and the fund financial statements are presented using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position, fund equity, revenues, expenditures, and expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

The use of the modified cash basis of accounting results in certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable, expenses for goods or services received but not yet paid, and accrued expenses and liabilities) not being recorded in these financial statements.

The government reports the following major governmental funds:

General Fund - This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Road and Bridge Fund - This Fund is a special revenue fund and is used to account for revenues for the road and bridge precincts.

Care Center Fund - This Fund is a special revenue fund and is used to account for revenues for the Care Center.

Jail Construction Fund - This Fund accounts for proceeds from the issuance of general obligation bonds and other revenues to be used for authorized construction

Additionally, the government reports the following fund type:

Fiduciary Funds - These Funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds.

D. Interfund Receivables and Payables

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

E. Capital Assets

In the government-wide financial statements, capital assets arising from modified cash basis transactions are reported in the statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets - Continued

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	20-30
Buildings and Improvements	30-40
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified cash basis transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

F. Long-Term Debt

Long-term debt arising from modified cash basis transactions to be repaid from governmental resources is reported as liabilities in the government-wide financial statements.

Long-term debt arising from modified cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

G. Compensated Absences

County employees are entitled to paid time off and sick leave based on their length of employment. Paid time off (PTO) can accumulate up to twenty-three to thirty-three days based on their length of employment. PTO does not accumulate or vest. Employees can accumulate up to sixty days of sick leave, but it does not vest. Sick leave earned past the sixty days is converted to PTO at a rate of 2 to 1. Employees are not paid for unused PTO or sick leave upon separation from service.

H. Net Position on the Statement of Net Position

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

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

Restricted by Legislation - This component of net position represents the difference between assets and liabilities of certain Special Revenue Funds that consists of assets with constraints placed on their use by state legislation.

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

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

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Fund Balances

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

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

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

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

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

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

J. Property Tax Revenues

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Property taxes are recognized as revenues when they are collected and available for use.

K. Interfund Transfers

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for the General Fund and Special Revenue Funds are adopted on a modified cash basis and cover a one-year period. Appropriations lapse at year end.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

B. Excess Expenditures Over Appropriations

The County expended more than budgeted as reported on page 37.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the 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.

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

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

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At December 31, 2018, the County was not significantly exposed to credit risk.

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

B. Interfund Receivables, Payables, and Transfers

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

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Major Construction - Jail Fund	\$ 658	\$ 0	Operating Loan
Nonmajor Governmental Funds	145,381	0	Operating Loan
Fiduciary Funds	1,109,271	0	Unremitted Fees and Taxes
	<u>\$ 1,255,310</u>	<u>\$ 0</u>	
Road and Bridge Fund			
Fiduciary Funds	\$ 179,294	\$ 0	Unremitted Fees and Taxes
Major Construction - Jail Fund			
General Fund	\$ 0	\$ 658	Operating Loan
Nonmajor Governmental Funds			
General Fund	\$ 0	\$ 145,381	Operating Loan
Nonmajor Governmental Funds	800	800	Operating Loan
Fiduciary Funds	245,574	0	Unremitted Fees and Taxes
	<u>\$ 246,374</u>	<u>\$ 146,181</u>	
Fiduciary Funds			
General Fund	\$ 0	\$ 1,109,271	Unremitted Fees and Taxes
Road and Bridge Fund	0	179,294	Unremitted Fees and Taxes
Nonmajor Governmental Funds	0	245,574	Unremitted Fees and Taxes
	<u>\$ 0</u>	<u>\$ 1,534,139</u>	
Totals	<u>\$ 1,680,978</u>	<u>\$ 1,680,978</u>	

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

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Care Center Fund	\$ 1,965,042	Current Operations
General Fund	Nonmajor Governmental Funds	889,994	Current Operations
Nonmajor Governmental Funds	General Fund	<u>719,532</u>	Current Operations
Total		<u>\$ 3,574,568</u>	

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications & Adjustments</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 218,470	\$ 0	\$ 0	\$ 0	\$ 218,470
Other	310,000	0	0	0	310,000
Total Capital Assets Not Being Depreciated	<u>\$ 528,470</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 528,470</u>
Capital Assets Being Depreciated					
Buildings and Improvements	\$ 11,796,490	\$ 82,031	\$ 0	\$ 3,535,477	\$ 15,413,998
Infrastructure	5,860,871	0	0	0	5,860,871
Machinery and Equipment	7,727,904	332,169	0	21,102	8,081,175
Software	156,802	0	0	0	156,802
Construction in Progress	5,668,277	3,606,483	0	(3,556,579)	5,718,181
Total Capital Assets Being Depreciated	<u>\$ 31,210,344</u>	<u>\$ 4,020,683</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 35,231,027</u>
Total Capital Assets	<u>\$ 31,738,814</u>	<u>\$ 7,627,166</u>	<u>\$ 0</u>	<u>\$ (3,556,579)</u>	<u>\$ 35,759,497</u>
Less Accumulated Depreciation					
Buildings and Improvements	\$ (2,834,170)	\$ (399,199)	\$ 0	\$ 0	\$ (3,233,369)
Infrastructure	(2,266,855)	(185,307)	0	0	(2,452,162)
Machinery and Equipment	(5,982,230)	(352,292)	0	0	(6,334,522)
Software	(58,660)	(38,408)	0	0	(97,068)
Total Accumulated Depreciation	<u>\$ (11,141,915)</u>	<u>\$ (975,206)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (12,117,121)</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,596,899</u>	<u>\$ 6,651,960</u>	<u>\$ 0</u>	<u>\$ (3,556,579)</u>	<u>\$ 23,642,376</u>

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

C. Capital Assets - Continued

Depreciation expense was charged to governmental activities programs as follows:

General Government	\$ 149,816
Roads and Bridges	322,101
Justice System	10,714
Public Safety	139,909
Corrections and Rehabilitation	3,200
Public Health and Welfare	75,252
Culture and Recreation	<u>274,214</u>
Total	<u>\$ 975,206</u>

D. Deferred Inflows of Resources

The statement of net position and the balance sheet report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, ad valorem taxes, which were collected in the current year but will be used to fund the following year's budget.

E. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds - 2016A	\$ 4,919,000	\$ 0	\$ 1,198,000	\$ 3,721,000	\$ 1,219,000
General Obligation Bonds - 2016B	3,260,000	0	791,000	2,469,000	807,000
Tax Note	<u>1,721,000</u>	<u>0</u>	<u>331,000</u>	<u>1,390,000</u>	<u>337,000</u>
Totals	<u>\$ 9,900,000</u>	<u>\$ 0</u>	<u>\$ 2,320,000</u>	<u>\$ 7,580,000</u>	<u>\$ 2,363,000</u>

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

E. Long-Term Debt - Continued

The County's outstanding bond issues are as follows:

Crockett County, Texas, General Obligation Bonds, Series 2016A. Issued to pay for the construction and equipping of a new County Jail in the original amount of \$6,050,000. Due in variable installments through February 2021, with an interest rate of 1.75%.

\$ 3,721,000

Crockett County, Texas, General Obligation Bonds, Series 2016B. Issued to pay for the construction and equipping of a County Wellness Center in the original amount of \$4,000,000. Due in variable installments through February 2021, with an interest rate of 1.97%.

2,469,000

Total Bonds Payable

\$ 6,190,000

The County's outstanding tax note issue is as follows:

Crockett County, Texas, Tax Note, Series 2015. Issued to construct and equip a new County health clinic and pay costs of issuance related to the Tax Note in the original amount of \$2,045,000. Due in variable installments through February 15, 2022, with an interest rate of 1.97%.

\$ 1,390,000

The combined annual debt service requirements are as follows:

Year Ending December 31,	General Obligation Bonds - 2016A		General Obligation Bonds - 2016B		Tax Note		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 1,219,000	\$ 54,451	\$ 807,000	\$ 40,690	\$ 337,000	\$ 24,064	\$ 2,482,205
2020	1,240,000	32,935	823,000	24,635	344,000	17,356	2,481,926
2021	1,262,000	11,043	839,000	8,264	351,000	10,510	2,481,817
2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>358,000</u>	<u>3,526</u>	<u>361,526</u>
Totals	<u>\$ 3,721,000</u>	<u>\$ 98,429</u>	<u>\$ 2,469,000</u>	<u>\$ 73,589</u>	<u>\$ 1,390,000</u>	<u>\$ 55,456</u>	<u>\$ 7,807,474</u>

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description - The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County & District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 1-800-823-7782.

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits 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 deposits 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 TCDRS Act 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 deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy - The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 9.86% for calendar year 2018.

The deposit rate payable by the employee members for calendar year 2018 is 7% 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 TCDRS Act.

Actuarial Assumptions - All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2017 funding valuation, except as noted below and throughout this report. Please see the County's December 31, 2017 Summary Valuation Report for further details.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Following are the key assumptions and methods used in this GASB analysis:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Asset Valuation Method	
Smoothing Period	5 Years
Recognition Method	Non-Asymptotic
Corridor	None
Inflation	2.75%
Salary Increases	4.85%
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members eligible for service retirement are assumed to retire at various rates based upon age and gender. Deferred members are assumed to retire (100% probability) at the later of age 60 or earliest retirement eligibility. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Mortality rates for depositing members are based on 90% of the gender-distinct RP-2014 Active Employee Mortality Table. Service retirees, beneficiaries, and non-depositing members are based on 130% for males and 110% for females of the RP-2014 Healthy Annuitant Mortality Table. Disabled retirees are based on 130% for males and 115% for females of the RP-2014 Disabled Annuitant Mortality Table. All of the rates are projected with 110% of the MP-2014 Ultimate scale after 2014.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Long-Term Expected Rate of Return - The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 10-year time horizon.

Note the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	16.00%	7.55%
Global Equities	MSCI World (Net) Index	1.50%	4.85%
International Equities - Developed Markets	MSCI World Ex USA (Net) Index	11.00%	4.55%
International Equities - Emerging Markets	MSCI Emerging Markets (Net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (Net) Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Depletion of Plan Assets/GASB Discount Rate - The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in 1, calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefits payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.1%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

Changes in Net Pension Liability (Asset) - The following presents the increases (decreases) in net pension liability (asset):

<u>Changes in Net Pension Liability (Asset)</u>	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance as of December 31, 2016	\$ 26,309,087	\$ 23,234,383	\$ 3,074,704
Changes for the Year:			
Service Cost	\$ 685,673	\$ 0	\$ 685,673
Interest on Total Pension Liability	2,121,385	0	2,121,385
Effect of Plan Changes	0	0	0
Effect of Economic/Demographic Gains or Losses	146,981	0	146,981
Effect of Assumptions Changes or Inputs	205,498	0	205,498
Refund of Contributions	(52,165)	(52,165)	0
Benefit Payments	(1,589,449)	(1,589,449)	0
Administrative Expenses	0	(17,239)	17,239
Member Contributions	0	406,174	(406,174)
Net Investment Income	0	3,380,675	(3,380,675)
Employer Contributions	0	568,062	(568,062)
Other	0	(9,106)	9,106
Net Changes	<u>\$ 1,517,923</u>	<u>\$ 2,686,952</u>	<u>\$ (1,169,029)</u>
Balance as of December 31, 2017	<u>\$ 27,827,010</u>	<u>\$ 25,921,335</u>	<u>\$ 1,905,675</u>

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

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

	<u>1% Decrease in Discount Rate (7.1%)</u>	<u>Current Discount Rate (8.1%)</u>	<u>1% Increase in Discount Rate (9.1%)</u>
Total Pension Liability	\$ 30,863,741	\$ 27,827,010	\$ 25,225,325
Fiduciary Net Position	<u>25,921,335</u>	<u>25,921,335</u>	<u>25,921,335</u>
Net Pension Liability (Asset)	<u>\$ 4,942,406</u>	<u>\$ 1,905,675</u>	<u>\$ (696,010)</u>

Pension Expense (Income) - The following presents the components of pension expense (income):

<u>Pension Expense (Income)</u>	<u>January 1, 2017 to December 31, 2017</u>
Service Cost	\$ 685,673
Interest on Total Pension Liability	2,121,385
Effect of Plan Changes	0
Administrative Expenses	17,239
Member Contributions	(406,174)
Expected Investment Return Net of Investment Expenses	(1,854,436)
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of Economic/Demographic Gains or Losses	(162,647)
Recognition of Assumption Changes or Inputs	157,187
Recognition of Investment Gains or Losses	120,163
Other	<u>9,106</u>
Total Pension Expense (Income)	<u>\$ 687,496</u>

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Deferred Outflows/Deferred Inflows of Resources - As of December 31, 2018, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 110,236	\$ 209,793
Changes in Assumptions	154,124	-
Net Differences Between Projected and Actual Earnings	-	400,370
Contributions Made Subsequent to Measurement Date	<u>576,920</u>	<u>-</u>
Totals	<u>\$ 841,280</u>	<u>\$ 610,163</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Measurement Period Ending December 31,</u>	<u>Pension Expense Amount</u>
2018	\$ (1,511)
2019	154,250
2020	(193,295)
2021	(305,247)
2022	0
Thereafter	0

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Schedule of Deferred Outflows and Inflows of Resources- The following presents the components of deferred outflows and inflows of resources:

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/17 Expense	Balance of Deferred Outflows 12/31/17	Balance of Deferred Inflows 12/31/17
Investment (Gains) or Losses						
	\$ (1,526,238)	12/31/17	5	\$ (305,248)	\$ -	\$ 1,220,991
	119,162	12/31/16	5	23,832	71,497	-
	1,737,728	12/31/15	5	347,546	695,091	-
	270,161	12/31/14	5	54,032	54,032	-
Economic/Demographic (Gains) or Losses						
	146,981	12/31/17	4	36,745	110,236	-
	(629,380)	12/31/16	3	(209,793)	-	209,793
	31,204	12/31/15	3	10,401	-	-
	27,323	12/31/14	3	-	-	-
Assumption Changes or Inputs						
	205,498	12/31/17	4	51,375	154,124	-
	-	12/31/16	3	-	-	-
	317,438	12/31/15	3	105,813	-	-
	-	12/31/14	3	-	-	-
Employer Contributions Made Subsequent to Measurement Date					576,920	

The net pension liability (asset), deferred resource outflows, and deferred resource inflows related to the pension liability (asset) are reported in the notes to the financial statements. Due to the County's reporting on the OCBOA - modified cash basis, these items are not reflected in the financial statements.

B. Self-Insurance

The County has entered into an interlocal participation agreement with the Texas Association of Counties Workers' Compensation Self-Insurance Fund (the Fund). The Fund is an unincorporated association of counties and other county-related political subdivisions of the State of Texas that was created to provide workers' compensation benefits for its members pursuant to the provisions of Article 8309h, Texas Revised Civil Statutes Annotated. The Fund provides for the self-insurance of certain defined risks jointly among the Fund members. The Fund is required to provide stop-loss coverage;

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

IV. OTHER INFORMATION - Continued

B. Self-Insurance - Continued

however, the amount of this coverage may be adjusted at the discretion of the Fund's Board of Trustees. The County's participation in the Fund is on a nonassessable basis. The County has no joint and several liability other than the maximum annual contribution required to be paid into the Fund. The County made contributions to the Fund based upon its standard annual premium which was computed using the Texas State Board of Insurance workers' compensation rates and adjusted by the County's experience modifier. Contributions are adjusted annually based upon the County's experience modifier; however, contributions are subject to adjustments on an interim basis if such adjustments are the result of changes mandated by state law.

The County has entered into an interlocal participation agreement with the Texas Association of Counties County Government Risk Management Pool (the Pool). The Pool is an unincorporated association of counties that was created to provide liability coverage to its members pursuant to the provisions of Article 4413 (32i), Texas Revised Civil Statutes Annotated. The Pool provides for the self-insurance of certain defined risks jointly among the Pool members. The Pool provides stop-loss coverage at the discretion of the Pool's Board of Trustees. The County made contributions to the Pool based upon a rating system approved by the Pool's Board of Trustees. Contributions are adjusted annually based upon the County's loss experience; however, the Pool has the right to impose a surcharge for any year in which the County's loss experience is higher than was projected in the rating system. The County's participation in the Pool provides coverage for public officials' liability, and law enforcement liability.

The County has coverage through Travelers Companies for property, auto damage and liability, crime, and general liability.

C. Adjustments to Net Position/Fund Balance

The financial statements reflect the following prior period adjustments:

	Net Position Statement of Activities	Fund Balances Governmental Funds
General Fund		
Refund of Prior Year's Expenses	\$ 36,236	\$ 36,236
Adjust Due from Clinic Construction	<u>(136)</u>	<u>(136)</u>
Total General Fund	\$ 36,100	\$ 36,100
Road and Bridge Fund		
Refund of Prior Year's Expenses	12,883	12,883
Emergency Medical Services Fund		
Refund of Prior Year's Expenses	2,325	2,325
Clinic Construction		
Adjust Due to General Fund	<u>136</u>	<u>136</u>
Totals	<u><u>\$ 51,444</u></u>	<u><u>\$ 51,444</u></u>

COUNTY OF CROCKETT
Notes to the Financial Statements - Continued
December 31, 2018

IV. OTHER INFORMATION - Continued

D. Tax Abatements

The County has entered into contractual agreements with various entities in which the County has agreed to reduce the amount of ad valorem taxes payable on certain improvements constructed after the date the agreement was reached in accordance with Chapter 312 of the State of Texas Tax Code. The terms of the agreements are limited by the guidelines and criteria established by the County Commissioners. The agreements are in various stages of negotiation, construction, and completion. The 2017 tax assessment used for the County's 2018 fiscal budget had no assessed values for these agreements on the tax roll or abatements in force.

E. Deficit Fund Equity

The County reports a Restricted for Retirement of Long-Term Debt fund balance of \$45,904. This total is comprised of three funds, with two of the funds having a deficit fund balance. The components of this balance are as follows:

Jail Project Interest and Sinking	\$ (65,683)
Wellness Center Project Interest and Sinking	(19,285)
Clinic Project Interest and Sinking	<u>130,872</u>
Total	<u>\$ 45,904</u>

F. Commitments

The County has entered into multiple contracts for various construction projects. These projects are to be paid from the Construction Funds. The balances to be expended in these funds are \$254,037 for the Wellness Project and 690,248 for the Jail Project.

G. Contingencies

The County participates in medical reimbursement programs for Care Center patients which are governed by various rules and regulations of the administering agencies. These reimbursement programs are subject to audit and adjustment by the administering agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the programs, refunds of any money received may be required. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective programs; therefore, no provision has been recorded in the financial statements for such contingencies.

H. Subsequent Events

The County's management has evaluated subsequent events through June 18, 2019, the date which the financial statements were available for issue.

Other Information

COUNTY OF CROCKETT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Property Taxes	\$ 8,767,840	\$ 8,767,840	\$ 8,343,387	\$ (424,453)
Intergovernmental Revenue and Grants	40,000	40,000	219,732	179,732
Fines and Fees	1,083,100	1,083,100	1,023,756	(59,344)
Investment Earnings	25,000	25,000	311,127	286,127
Other Revenue	20,000	20,000	6,341	(13,659)
Total Revenues	9,935,940	9,935,940	9,904,343	(31,597)
EXPENDITURES:				
Current:				
General Government	2,651,061	2,535,057	2,495,070	39,987
Justice System	1,286,265	1,286,330	1,281,555	4,775
Public Safety	1,378,091	1,508,555	1,529,356	(20,801)
Corrections and Rehabilitation	701,288	972,475	1,039,134	(66,659)
Public Health and Welfare	906,588	839,688	686,024	153,664
Culture and Recreation	1,232,969	1,246,943	1,135,901	111,042
Total Expenditures	8,156,262	8,389,048	8,167,040	222,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,779,678	1,546,892	1,737,303	190,411
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	719,532	719,532
Transfers Out	(2,872,639)	(2,872,639)	(2,855,036)	17,603
Total Other Financing Sources (Uses)	(2,872,639)	(2,872,639)	(2,135,504)	737,135
Net Change	(1,092,961)	(1,325,747)	(398,201)	927,546
Fund Balance - January 1 (Beginning)	11,139,330	11,139,330	11,139,330	-
Prior Period Adjustment	-	-	36,100	36,100
Fund Balance - December 31 (Ending)	\$ 10,046,369	\$ 9,813,583	\$ 10,777,229	\$ 963,646

COUNTY OF CROCKETT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Property Taxes	\$ 2,098,921	\$ 2,098,921	\$ 2,072,114	\$ (26,807)
Intergovernmental Revenue and Grants	24,000	24,000	77,518	53,518
Fines and Fees	320,000	320,000	288,936	(31,064)
Investment Earnings	10,000	10,000	35,574	25,574
Other Revenue	6,000	6,000	18	(5,982)
Total Revenues	2,458,921	2,458,921	2,474,160	15,239
EXPENDITURES:				
Current:				
Roads and Bridges	3,125,491	3,125,491	2,290,347	835,144
Total Expenditures	3,125,491	3,125,491	2,290,347	835,144
Excess (Deficiency) of Revenues Over (Under) Expenditures	(666,570)	(666,570)	183,813	850,383
OTHER FINANCING SOURCES (USES):				
Transfers In	666,657	666,657	-	(666,657)
Total Other Financing Sources (Uses)	666,657	666,657	-	(666,657)
Change in Fund Balance	87	87	183,813	183,726
Fund Balance - January 1 (Beginning)	1,422,166	1,422,166	1,422,166	-
Prior Period Adjustment	-	-	12,883	12,883
Fund Balance - December 31 (Ending)	\$ 1,422,253	\$ 1,422,253	\$ 1,618,862	\$ 196,609

COUNTY OF CROCKETT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - CARE CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Fines and Fees	\$ 1,990,500	\$ 1,990,500	\$ 1,847,789	\$ (142,711)
Other Revenue	2,500	2,500	1,473	(1,027)
Total Revenues	1,993,000	1,993,000	1,849,262	(143,738)
EXPENDITURES:				
Current:				
Public Health and Welfare	4,092,209	4,092,209	3,814,304	277,905
Total Expenditures	4,092,209	4,092,209	3,814,304	277,905
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,099,209)	(2,099,209)	(1,965,042)	134,167
OTHER FINANCING SOURCES (USES):				
Transfers In	2,099,209	2,099,209	1,965,042	(134,167)
Total Other Financing Sources (Uses)	2,099,209	2,099,209	1,965,042	(134,167)
Change in Fund Balance	-	-	-	-
Fund Balance - January 1 (Beginning)	-	-	-	-
Fund Balance - December 31 (Ending)	\$ -	\$ -	\$ -	\$ -

COUNTY OF CROCKETT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
A. Total Pension Liability				
Service Cost	\$ 685,673	\$ 702,876	\$ 626,667	\$ 645,681
Interest (on the Total Pension Liability)	2,121,385	2,057,213	1,964,819	1,867,998
Changes of Benefit Terms	-	-	(82,895)	-
Difference Between Expected and Actual Experience	146,981	(629,380)	317,438	-
Changes of Assumptions	205,498	-	31,204	27,323
Benefit Payments, Including Refunds of Employee Contributions	(1,641,614)	(1,716,031)	(1,564,801)	(1,342,214)
Net Change in Total Pension Liability	\$ 1,517,923	\$ 414,678	\$ 1,292,432	\$ 1,198,788
Total Pension Liability - Beginning	26,309,087	25,894,409	24,601,977	23,403,189
Total Pension Liability - Ending	\$ 27,827,010	\$ 26,309,087	\$ 25,894,409	\$ 24,601,977
B. Total Fiduciary Net Position				
Contributions - Employer	\$ 568,062	\$ 619,546	\$ 575,797	\$ 590,952
Contributions - Employee	406,174	412,638	395,156	390,739
Net Investment Income	3,380,675	1,669,589	116,517	1,493,032
Benefit Payments, Including Refunds of Employee Contributions	(1,641,614)	(1,716,031)	(1,564,801)	(1,342,214)
Administrative Expense	(17,239)	(18,154)	(16,360)	(17,172)
Other	(9,106)	(315,312)	170,093	96,892
Net Change in Plan Fiduciary Net Position	\$ 2,686,952	\$ 652,276	\$ (323,598)	\$ 1,212,229
Plan Fiduciary Net Position - Beginning	23,234,383	22,582,107	22,905,705	21,693,476
Plan Fiduciary Net Position - Ending	\$ 25,921,335	\$ 23,234,383	\$ 22,582,107	\$ 22,905,705
C. Net Pension Liability	\$ 1,905,675	\$ 3,074,704	\$ 3,312,302	\$ 1,696,272
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.15%	88.31%	87.21%	93.11%
E. Covered Payroll	\$ 5,802,481	\$ 5,894,829	\$ 5,645,080	\$ 5,581,985
F. Net Pension Liability as a Percentage of Covered Payroll	32.84%	52.16%	58.68%	30.39%

Note: GASB 68, Paragraph 46, a and b requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

Note: Only four years of data are presented in accordance with GASBS #68, paragraph 138. "The information for all periods for the 10-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."

COUNTY OF CROCKETT
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2018

	2018	2017	2016
Actuarially Determined Contribution	\$ 576,920	\$ 568,062	\$ 619,546
Contributions in Relation to the Actuarially Determined Contributions	(576,920)	(568,062)	(619,546)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 5,851,120	\$ 5,802,481	\$ 5,894,829
Contributions as a Percentage of Covered Employee Payroll	9.86%	9.79%	10.50%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-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."

	2015	2014
\$	575,797	\$ 590,952
	(575,797)	(590,952)
\$	-	\$ -
\$	5,645,080	\$ 5,581,985
	10.20%	10.60%

COUNTY OF CROCKETT
Notes to the Other Information
December 31, 2018

Note A - Net Pension Liability

Changes in 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 no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Amortization Method	
Recognition of Economic/ Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Asset Valuation Method	
Smoothing Period	5 Years
Recognition Method	Non-Asymptotic
Corridor	None
Inflation	3.0%
Salary Increases	4.9%
Investment Rate of Return	8.1%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members eligible for service retirement are assumed to retire at various rates based upon age and gender. Deferred members are assumed to retire (100% probability) at the later of age 60 or earliest retirement eligibility. For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Mortality rates for depositing members are based on the gender-distinct RP-2000 Active Employee Mortality Table with a two-year set-forward for males and a four-year setback for females. Service retirees, beneficiaries, and non-depositing members are based on the RP-2000 Combined Mortality Table with a one-year set-forward for males and no age adjustment for females. Disabled retirees are based on the gender-distinct RP-2000 Disabled Mortality Table with no age adjustment for males and a two-year set-forward for females. The rates are projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.

⁽¹⁾ Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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

The Honorable County Judge
and Commissioners' Court
County of Crockett
P.O. Box 989
Ozona, TX 76943-0989

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Crockett, Texas, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 18, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. 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. Given these limitations, during the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Crockett's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-001.

County's Response to Findings

The County of Crockett's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on the response.

Purpose of This Report

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

Eckert & Company, LLP

June 18, 2019

COUNTY OF CROCKETT
Schedule of Findings and Responses
Year Ended December 31, 2018

Findings -

Reference Number: 2018-001

Criteria:

Section 111.010 of the Texas Local Government Code states that public funds of the County may be spent only in strict compliance with the budget except in an emergency.

Condition:

Expenditures exceeded appropriations in the following functions:

General Fund	
Public Safety	\$ 20,801
Corrections and Rehabilitation	66,659

Cause:

Amendments to the budget were not adequate to ensure that expenditures did not exceed appropriations during the year.

Effect:

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

Auditor's Recommendation:

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

Responses -

Reference Number: 2018-001

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

COUNTY OF CROCKETT
Schedule of Status of Prior Findings
Year Ended December 31, 2018

Prior Year Findings -

Reference Number: 2017-001

Actual expenditures exceeded the budget.

Status of Prior Year Findings -

Reference Number: 2017-001

Expenditures exceeded the budget in the current year.