

CITY OF CROCKETT, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2019

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
City Council
City of Crockett
Crockett, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crockett, as of and For the Year Ended September 30, 2019, which collectively comprise the City'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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors consider internal control relevant to the entity'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 entity'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 financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crockett, as of September 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The component unit financial statements and other budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The component unit financial statements and other budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other budgetary schedules and component unit are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2020, on our consideration of the City'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 those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
June 15, 2020

**CITY OF CROCKETT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Crockett's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2019. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total combined net position was \$9,790,807 at September 30, 2019.
- During the year, the City's expenses were \$744,319 more than the \$8,952,667 generated in revenues for the primary government.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

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

Figure A-1, Required Components of the City's Annual Financial Report

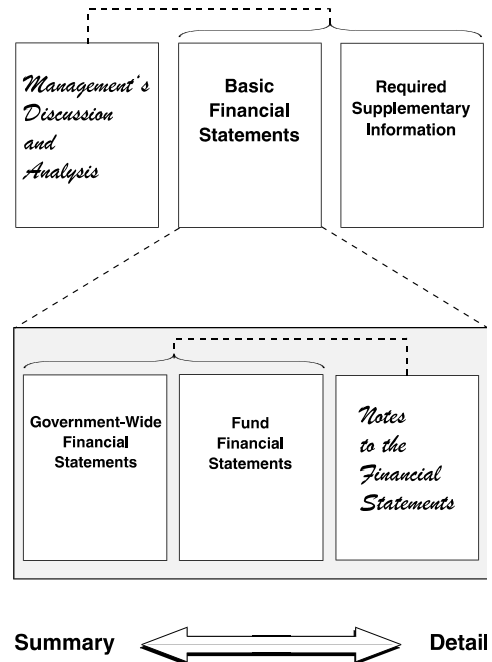


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred inflows/outflows, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position - the difference between the City's assets, liabilities and deferred inflows/outflows - is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's property tax base, sales tax collection, and franchise tax fees.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds* - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the city that are not proprietary or fiduciary	Activities the city operates similar to private businesses: self insurance
Required financial statements	♦ Statement of net position	♦ Balance sheet	♦ Statement of net position
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in fund net position ♦ Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities deferred inflows/outflows both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's combined net position was \$9,790,807 (See Table A-1).

Table A-1
City's Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2019	2018	2019	2018	2019	2018
Current Assets:						
Cash and cash equivalents	\$ 2 179 931	\$ 1 952 068	\$ 1 006 749	\$ 777 980	\$ 3 186 680	\$ 2 730 048
Other assets	657 316	672 788	511 725	515 730	1 169 041	1 188 518
TOTAL CURRENT ASSETS	2 837 247	2 624 856	1 518 474	1 293 710	4 355 721	3 918 566
Noncurrent Assets:						
Cash and cash equivalents	-	-	1 905 992	1 300 580	1 905 992	1 300 508
Capital assets (net)	2 910 958	2 932 765	4 825 487	4 775 650	7 736 445	7 708 415
TOTAL NONCURRENT ASSETS	2 910 958	2 932 765	6 731 479	6 076 158	9 642 437	9 008 923
TOTAL ASSETS	5 748 205	5 557 621	7 996 125	7 369 868	13 744 330	12 927 489
Deferred Outflows:						
Pension	879 120	378 869	247 084	96 761	1 126 204	475 630
OPEB	25 851	14 679	7 266	3 749	33 117	18 428
TOTAL ASSETS AND DEFERRED OUTFLOWS	6 653 176	5 951 169	8 250 475	7 470 378	14 903 651	13 421 547
Current Liabilities:						
Accounts payable and accrued liabilities	91 106	102 528	60 815	98 105	151 921	200 633
Customer deposits	-	-	293 054	289 895	293 054	289 895
TOTAL CURRENT LIABILITIES	91 106	102 528	353 869	388 000	444 975	490 528
Noncurrent Liabilities:						
Due within one year	435 894	413 172	36 665	11 609	472 559	424 781
Due in more than one year	2 694 059	2 841 344	1 014 827	100 188	3 708 886	2 941 532
TOTAL LIABILITIES	3 221 059	3 361 972	1 405 361	499 797	4 626 420	3 861 769
Deferred inflows	379 705	504 784	106 719	128 918	486 424	633 702
TOTAL LIABILITIES AND DEFERRED INFLOWS	3 600 764	3 866 756	1 512 080	628 715	5 112 844	4 495 471
Net Position:						
Invested in capital assets	811 128	36 690	4 067 729	4 752 009	4 878 857	4 788 699
Restricted	725 191	710 509	1 905 992	1 300 508	2 631 183	2 011 017
Unrestricted	1 516 093	1 337 214	764 674	789 146	2 280 767	2 126 360
TOTAL NET POSITION	\$ 3 052 412	\$ 2 084 413	\$ 6 738 395	\$ 6 841 663	\$ 9 790 807	\$ 8 926 076

Changes in Net Position. The City's total revenues were \$8,952,667. 16%, of the City's revenue comes from taxes, 52% relates to charges for services.

The total cost of all programs and services was \$8,208,348; of these costs 37% were for business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the City had invested \$7,736,445 (net of depreciation) in a broad range of capital assets, including land, equipment, buildings, and vehicles.

More detailed information about the City's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the City had \$2,942,852 in debt and accrued vacation outstanding as shown in Table A-2. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-2
City's Long Term Debt

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Leases payable	\$ 679 830	\$ 1 206 075	\$ 477 758	\$ 23 641	\$ 1 157 588	\$ 1 229 716
Bonds payable	1 420 000	1 690 000	280 000	-	1 700 000	1 690 000
Accrued vacation	63 271	77 079	21 993	25 472	85 264	102 551
TOTAL	\$ 2 163 101	\$ 2 973 154	\$ 779 751	\$ 49 113	\$ 2 942 852	\$ 3 022 267

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's offices at 200 North 5th Street, Crockett, Texas.

BASIC FINANCIAL STATEMENTS

CITY OF CROCKETT, TEXAS
STATEMENTS OF NET POSITION
September 30, 2019

	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	ECONOMIC DEVELOPMENT CORPORATION
ASSETS				
Current Assets:				
Cash and investments	\$ 2 179 931	\$ 752 921	\$ 2 932 852	\$ 963 630
Receivables Net of Allowance for Uncollectibles:				
Taxes	91 839	-	91 839	-
Customer accounts	-	499 345	499 345	-
Other	564 870	12 380	577 250	-
Inventory	607	-	607	-
TOTAL CURRENT ASSETS	2 837 247	1 264 646	4 101 893	963 630
Noncurrent Assets:				
Restricted cash	-	1 905 992	1 905 992	-
Capital Assets:				
Land	133 767	159 440	293 207	284 708
Streets and infrastructure	-	-	-	1 409 408
Buildings and improvements	5 379 075	-	5 379 075	2 765 815
Furniture and equipment	4 564 111	931 883	5 495 994	57 328
Utility systems	-	12 783 364	12 783 364	-
Construction in progress	39 826	339 957	379 783	-
Less: Accumulated depreciation	(7 205 821)	(9 389 157)	(16 594 978)	(1 418 190)
TOTAL CAPITAL ASSETS	2 910 958	4 825 487	7 736 445	3 099 069
TOTAL NONCURRENT ASSETS	2 910 958	6 477 651	9 388 609	3 099 069
TOTAL ASSETS	5 748 205	7 996 125	13 744 330	4 062 699
DEFERRED OUTFLOWS				
Deferred outflow - Pension	879 120	247 084	1 126 204	-
Deferred outflow - OPEB	25 851	7 266	33 117	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 6 653 176	\$ 8 250 475	\$ 14 903 651	\$ 4 062 699
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 4 333	\$ 35 688	\$ 40 021	\$ -
Accrued liabilities	72 396	25 127	97 523	-
Accrued interest payable	14 377	-	14 377	4 896
Current Portion of Long-Term Debt Liabilities:				
Notes payable	-	-	-	110 459
Leases payable	160 894	36 665	197 559	-
Revenue bonds	275 000	-	275 000	-
TOTAL CURRENT LIABILITIES	527 000	97 470	624 480	115 355
Noncurrent Liabilities:				
Bonds payable	1 145 000	280 000	1 425 000	-
Capitalized lease obligations	518 936	441 093	960 029	-
Notes payable	-	-	-	2 941 497
Accrued comp absence	63 271	21 993	85 264	-
Customer deposits	-	293 054	293 054	-
Net pension liability	753 392	211 746	965 138	-
Net OPEB liability	213 460	59 995	273 455	-
TOTAL NONCURRENT LIABILITIES	2 694 059	1 307 881	4 001 940	2 941 497
TOTAL LIABILITIES	3 221 059	1 405 361	4 626 420	3 056 852
DEFERRED INFLOWS				
Deferred inflows - Pension	370 511	104 135	474 646	-
Deferred inflows - OPEB	9 194	2 584	11 778	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 3 600 764	\$ 1 512 080	\$ 5 112 844	\$ 30 56 852
NET POSITION				
Net investment in capital assets	\$ 811 128	\$ 4 067 729	\$ 4 878 857	\$ 566 953
Restricted for:				
Debt service	724 088	1 905 992	2 630 080	-
Grants	1 103	-	1 103	-
Unrestricted	1 516 093	764 674	2 280 767	438 894
TOTAL NET POSITION	\$ 3 052 412	\$ 6 738 395	\$ 9 790 807	\$ 1 005 847

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

CITY OF CROCKETT, TEXAS
 STATEMENTS OF ACTIVITIES
 For the Year Ended September 30, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 592 212	\$ 105 632	\$ 5 921	\$ -
Fire department	431 912	-	50 000	-
Police and courts department	1 300 535	131 349	-	-
Street department	729 338	-	-	-
Parks department	249 404	-	13 292	-
Sanitation department	1 063 376	1 237 630	148 568	-
Economic development department	165 193	-	-	-
Library department	141 243	-	-	-
Fleet maintenance department	149 848	-	-	-
Civic center department	210 726	12 272	-	-
Emergency management department	72 995	-	-	-
Interest expense	31 170	-	-	-
Grant expense	60 215	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>5 198 167</u>	<u>1 486 883</u>	<u>217 781</u>	<u>-</u>
Business-Type Activities:				
Water and sewer	3 010 181	3 166 660	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>3 010 181</u>	<u>3 166 660</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 8 208 348</u>	<u>\$ 4 653 543</u>	<u>\$ 217 781</u>	<u>\$ -</u>
Component Units:				
Economic development corporation	\$ 610 982	\$ -	\$ -	\$ -
TOTAL COMPONENT UNITS	<u>\$ 610 982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property taxes - General

Property taxes - Debt service

Sales taxes

Other tax revenue

Unrestricted investment earnings

Other unrestricted revenue

Loss on sale of assets

Transfers

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

Net position - Beginning

Prior period adjustment

NET POSITION - ENDING

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION

<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
<u>GOVERN- MENTAL ACTIVITIES</u>	<u>BUSINESS -TYPE ACTIVITIES</u>	<u>TOTAL</u>	<u>ECONOMIC DEVELOPMENT CORPORATION</u>
\$ (480 659)	\$ -	\$ (480 659)	\$ -
(381 912)	-	(381 912)	-
(1 169 186)	-	(1 169 186)	-
(729 338)	-	(729 338)	-
(236 112)	-	(236 112)	-
322 822	-	322 822	-
(165 193)	-	(165 193)	-
(141 243)	-	(141 243)	-
(149 848)	-	(149 848)	-
(198 454)	-	(198 454)	-
(72 995)	-	(72 995)	-
(31 170)	-	(31 170)	-
(60 215)	-	(60 215)	-
<u>(3 493 503)</u>	<u>-</u>	<u>(3 493 503)</u>	<u>-</u>
-	156 479	156 479	-
-	156 479	156 479	-
<u>(3 493 503)</u>	<u>156 479</u>	<u>(3 337 024)</u>	<u>-</u>
-	-	-	(610 982)
-	-	-	(610 982)
1 143 920	-	1 143 920	-
306 716	-	306 716	-
1 681 448	-	1 681 448	840 724
562 807	-	562 807	-
20 108	5 769	25 877	-
327 004	33 571	360 575	66 457
-	-	-	(4 321)
(77 419)	77 419	-	-
<u>3 964 584</u>	<u>116 759</u>	<u>4 081 343</u>	<u>902 860</u>
471 081	273 238	744 319	291 878
2 092 087	6 954 401	9 046 488	713 696
489 244	(489 244)	-	-
<u>\$ 3 052 412</u>	<u>\$ 6 738 395</u>	<u>\$ 9 790 807</u>	<u>\$ 1 005 847</u>

CITY OF CROCKETT, TEXAS
 COMBINING BALANCE SHEET
 GOVERNMENTAL FUNDS
 September 30, 2019

	GENERAL	NON-MAJOR GOVERNMENTAL	TOTAL
ASSETS			
Cash and investments	\$ 1 454 740	\$ 725 191	\$ 2 179 931
Property tax receivable	-	91 839	91 839
Other receivables	564 870	-	564 870
Inventory	607	-	607
TOTAL ASSETS	\$ 2 020 217	\$ 817 030	\$ 2 837 247
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 4 333	\$ -	\$ 4 333
Accrued liabilities	72 396	-	72 396
TOTAL LIABILITIES	76 729	-	76 729
Deferred Inflows:			
Deferred revenue	565 151	91 839	656 990
TOTAL DEFERRED INFLOWS	565 151	91 839	656 990
Fund Balance:			
Nonspendable	607	-	607
Restricted			
Debt service	-	724 088	724 088
Grant fund	-	1 103	1 103
Unassigned	1 377 730	-	1 377 730
TOTAL FUND BALANCE	\$ 1 378 337	\$ 725 191	2 103 528

Amounts Reported for Governmental Activities in the Statement of Net

Activities are Different Because:

Capital assets used in governmental activities are financial resources and, therefore, are not reported in the funds.	2 910 958
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	656 990
Deferred inflows and outflows, net, used in governmental activity, not recorded in funds.	508 609
Net pension liability used in governmental activities not recorded in funds.	(753 392)
Net OPEB liability used in governmental activities not recorded in funds.	(196 803)
Debt principal and compensated absences used in governmental activity, not recorded in funds.	<u>(2 177 478)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>3 052 412</u>

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

CITY OF CROCKETT, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2019

	GENERAL	NONMAJOR FUNDS	TOTAL
Revenues:			
Property taxes	\$ 1 160 722	\$ 306 716	\$ 1 467 438
Sales tax	1 681 448	-	1 681 448
Other taxes	678 020	-	678 020
Fines and fees	35 910	-	35 910
Municipal court fines	107 711	-	107 711
Sanitation charges	1 237 880	-	1 237 880
Grant and donations	84 932	147 158	232 090
Miscellaneous	309 982	-	309 982
TOTAL REVENUES	5 296 605	453 874	5 750 479
Expenditures:			
General administration	539 428	-	539 428
Fire department	426 413	-	426 413
Police department	1 377 607	-	1 377 607
Street department	960 570	-	960 570
Park department	255 697	-	255 697
Sanitation department	1 003 697	-	1 003 697
Economic development department	162 566	-	162 566
Library department	138 161	-	138 161
Fleet maintenance department	148 213	-	148 213
Civic center department	98 780	-	98 780
Emergency management department	71 412	-	71 412
Debt service	-	301 170	301 170
Grant expense	-	75 442	75 442
TOTAL EXPENDITURES	5 182 544	376 612	5 559 156
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	114 061	77 262	191 323
Other Financing Sources (Uses):			
Proceeds from capital lease	101 892	-	101 892
Interest	10 972	9 136	20 108
Gain on sale of assets	-	-	-
Transfers in (out)	(2 967)	(74 452)	(77 419)
TOTAL OTHER FINANCING SOURCES (USES)	109 897	(65 316)	44 581
NET CHANGE IN FUND BALANCES	223 958	11 946	235 904
Fund balances, beginning	1 154 379	713 245	1 867 624
FUND BALANCE, ENDING	\$ 1 378 337	\$ 725 191	\$ 2 103 528

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

CITY OF CROCKETT, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net change in fund balances - Total governmental funds.	\$ 235 904
Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount capital outlay expenditures exceeded depreciation expense.	(21 807)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	781 418
Governmental funds report debt payments, compensated absences and pension amounts as expenses, however, in the statement of net position they are included in the liability. The amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>(524 434)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 471 081</u>

CITY OF CROCKETT, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 752 921
Accounts receivable (net of allowance for uncollectibles)	499 345
Other receivables	12 380
TOTAL CURRENT ASSETS	1 264 646
Noncurrent Assets:	
Restricted cash	1 905 992
Capital Assets:	
Land	159 440
Furniture and equipment	931 883
Utility systems	12 783 364
Construction in progress	339 957
Accumulated depreciation	(9 389 157)
NET CAPITAL ASSETS	4 825 487
TOTAL NONCURRENT ASSETS	6 477 651
TOTAL ASSETS	7 996 125
Deferred Outflows:	
Deferred outflows - Pension	247 084
Deferred outflows - OPEB	7 266
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 8 250 475
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 35 688
Accrued liabilities	25 127
Current portion of long-term liabilities	36 665
TOTAL CURRENT LIABILITIES	97 480
Noncurrent Liabilities:	
Leases payable	441 093
Revenue bond payable	280 000
Accrued compensated absences	21 993
Customer deposits	293 054
Net pension liability	211 746
Net OPEB liability	59 995
TOTAL NONCURRENT LIABILITIES	1 307 881
TOTAL LIABILITIES	1 405 361
Deferred Inflows:	
Deferred inflows - Pension	104 135
Deferred inflows - OPEB	2 584
TOTAL LIABILITIES AND DEFERRED INFLOWS	1 512 080
NET POSITION	
Net investment in capital assets	4 067 729
Restricted for debt service	1 905 992
Unrestricted	764 674
TOTAL NET POSITION	\$ 6 738 395

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

CITY OF CROCKETT, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended September 30, 2019

Operating Revenues:	
Charges for service	\$ 3 166 660
Miscellaneous	33 571
TOTAL OPERATING REVENUES	<u>3 200 231</u>
Operating Expenses:	
Purchase of utilities	135 728
Payroll costs	803 305
Supplies and materials	236 247
Repairs and maintenance	195 127
Purchased and contracted services	843 552
Miscellaneous	394 631
Depreciation	340 772
TOTAL OPERATING EXPENSES	<u>2 949 362</u>
OPERATING INCOME	<u>250 869</u>
Nonoperating Revenues (Expenses):	
Interest income	5 769
Interest expense	(60 819)
Transfer in (out)	77 419
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>22 369</u>
CHANGE IN NET POSITION	273 238
Net position - Beginning	6 954 401
Prior period adjustment	<u>(489 244)</u>
NET POSITION - ENDING	<u>\$ 6 738 395</u>

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

CITY OF CROCKETT, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2019

Reconciliation of Operating Income to Net Cash Provided

by Operating Activities:	
Operating income	\$ 250 869
Depreciation	340 772
Adjustments to Reconcile Operating Income to Net Provided by Operating Activities:	
Decrease (increase) in accounts receivable	5 406
Decrease (increase) in other receivables	(1 401)
Increase (decrease) in accounts payable	(42 103)
Increase (decrease) in accrued expenses payable	4 813
Increase (decrease) in compensated absences	(3 479)
Increase (decrease) in customer deposits	3 159
Decrease (increase) in deferred outflows	(153 840)
Increase (decrease) in deferred inflows	(22 199)
Increase (decrease) in net pension liability	200 002
Increase (decrease) in net OPEB liability	9 055
TOTAL ADJUSTMENTS	<u>(587)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>591 054</u>
Cash Flows from Noncapital Financing Activities:	
Operating transfers in (out)	<u>77 419</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>77 419</u>
Cash Flows from Capital and Related Activities:	
Purchase of capital assets	(277 871)
Principal paid on capital debt	(35 127)
Interest paid on capital debt	(60 819)
Draw on revenue bond	<u>280 000</u>
NET CASH (USED) BY CAPITAL AND RELATED ACTIVITIES	<u>(93 817)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>5 769</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>5 769</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	580 425
Cash and cash equivalents, beginning	<u>2 078 488</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2 658 913</u>

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

CITY OF CROCKETT, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2019

	<u>TRUST FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ <u>766 867</u>
TOTAL ASSETS	\$ <u>766 867</u>
 LIABILITIES	
Due to others	\$ <u>766 867</u>
TOTAL LIABILITIES	\$ <u><u>766 867</u></u>

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

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Crockett, Texas, (City) was incorporated under Section 4, Article XI, of the Texas constitution as a home rule city in which the citizens elect the mayor and council members at large.

The financial statements of the City are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies:

A. Reporting Entity:

For financial reporting purposes, the City includes the services of the general government, public safety, municipal court, public works, sanitation, water and sewer, and all other funds, which the City's mayor and council exercise significant influence or are financially accountable. Significant influence or accountability is based on any budget adoption, taxing authority, outstanding debt secured by the City to finance any deficits that may occur, and receipt of significant subsidies from the City.

B. Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental funds:

General Fund (Major) - The general fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Debt Service Fund (Nonmajor) - The debt service fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and other cost.

Grant Fund (Nonmajor) - The grant fund is used to account for the proceeds of specific receivables that are legally restricted to specific expenditures.

The government reports the following proprietary funds:

Water and Sewer Fund (Major) - This fund accounts for the provision of water and sewer services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund is charges to customers for sales and services. The funds also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the systems. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following fiduciary funds:

Trust Fund - The trust fund is used to account for funds held on behalf of other entities.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's investment policies are governed by state statutes and city ordinances. Permissible investments include direct obligations of the U. S. Government, certificates of deposit and savings accounts.

Investments for the government, are reported at fair value. Collateral is required for demand deposits and certificates of deposits of all amounts not covered by federal deposit insurance.

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of allowance for uncollectible. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Property taxes are levied on October 1, attach as an enforceable lien on property on January 1, and become delinquent on June 30 of every fiscal year.

3. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets:

Restricted assets include cash and investments of the proprietary funds that are legally restricted as to their use. The primary restricted assets are related to debt retirement, renewal and replacement, and construction activity of the Water and Sewer enterprise fund.

5. Capital Assets:

All purchased capital assets are valued at cost where historical records are available and estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received or placed into service. Assets contributed by the general government to proprietary funds are valued at the lesser of their fair market value at the date of the transfer or original cost.

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.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Depreciation is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Structures and water and sewer systems	10 to 50 years
Equipment	3 to 15 years

6. Deferred Inflows and Outflows

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balance:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions clearly defines fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance - Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

9. Use of Estimates:

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

10. Discretely Present Component Unit:

The component units' column in the government-wide financial statements includes the financial data of the City's component unit.

CITY OF CROCKETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Crockett Economic and Industrial Development Corporation

The Corporation exists to promote development in the City of Crockett, Texas. The City appoints all board members and approves the annual budget. The corporation is independently audited, but financial statements are included as supplementary information in the City's Annual Financial Report.

11. Subsequent Events:

Management has considered the effect of subsequent events through June 15, 2020, the date the financial statements were available for release.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting:

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

- (1) The City Administrator submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) The budget is legally enacted through passage of an ordinance.

Finance-Related Legal and Contractual Provisions:

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below:

EXPENDITURES EXCEED BUDGET	
DEPARTMENT	AMOUNT
Police department - General Fund	\$ 45 864
Fire department - General Fund	\$ 5 922
Eco. Dev. Department - General Fund	\$ 5 853

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Cash and Investments:

Bank Deposits - At year end, the carrying amount of the City's deposits (demand and certificates) were \$5,605,711 and the bank balances were \$5,697,090. At year end, total deposits were covered by federal depository insurance or by securities held by the pledging financial institution in the City's name.

B. Restricted Assets:

At September 30, the City's restricted assets consisted of the following:

Water and sewer fund	\$ 1 905 992
Trust funds	766 867
TOTAL	\$ 2 672 859

C. Property Taxes:

Property taxes are levied as of January 1 on property values assessed as of the same date. Statements are mailed in October; taxes are considered delinquent as of February 1, and turned over to attorneys contracted for collection as of July 1. Deferred tax revenues are recorded for the taxes receivable in excess of the amount considered available for the current period.

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Capital Assets:

A summary of capital asset activity at September 30 is as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Land	\$ 134 517	\$ -	\$ (750)	\$ 133 767
Construction in progress	24 600	15 226	-	39 826
Buildings and improvements	5 248 956	130 119	-	5 379 075
Furniture and equipment	4 871 699	247 920	(555 508)	4 564 111
TOTAL COST	<u>10 279 772</u>	<u>393 265</u>	<u>(556 258)</u>	<u>10 116 779</u>
Less Accumulated Depreciation:				
Buildings and improvements	(3 559 611)	(128 626)	-	(3 688 237)
Furniture and equipment	(3 787 396)	(320 610)	590 422	(3 517 584)
TOTAL ACCUMULATED DEPRECIATION	<u>(7 347 007)</u>	<u>(449 236)</u>	<u>590 422</u>	<u>(7 205 821)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 2 932 765</u>	<u>\$ 55 971</u>	<u>\$ 34 164</u>	<u>\$ 2 910 958</u>
Proprietary Fund Activities:				
Land	\$ 159 440	\$ -	\$ -	\$ 159 440
Construction in progress	180 275	159 682	-	339 957
Furniture and equipment	1 020 116	101 060	(189 293)	931 883
Utility systems	12 654 728	129 867	(1 231)	12 783 364
TOTAL COST	<u>14 014 559</u>	<u>390 609</u>	<u>(190 524)</u>	<u>14 214 644</u>
Less Accumulated Depreciation:				
Furniture and equipment	(828 120)	(65 565)	189 293	(704 392)
Utility systems	(8 410 789)	(275 207)	1 231	(8 684 765)
TOTAL ACCUMULATED DEPRECIATION	<u>(9 238 909)</u>	<u>(340 772)</u>	<u>190 524</u>	<u>(9 389 157)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 4 775 651</u>	<u>\$ 49 837</u>	<u>\$ -</u>	<u>\$ 4 825 487</u>
Component Unit:				
Land	\$ 310 879	\$ -	\$ (26 171)	\$ 284 708
Furniture and equipment	57 328	-	-	57 328
Building and improvements	2 765 815	-	-	2 765 815
Streets	969 387	-	-	969 387
Infrastructure - W/S lines	440 021	-	-	440 021
TOTAL COST	<u>4 543 430</u>	<u>-</u>	<u>(26 171)</u>	<u>4 517 259</u>
Less accumulated depreciation	<u>(1 285 158)</u>	<u>(133 032)</u>	<u>-</u>	<u>(1 418 190)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 3 258 272</u>	<u>\$ (133 032)</u>	<u>\$ (26 171)</u>	<u>\$ 3 099 069</u>

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 57 577
Fire department	45 851
Police department	80 561
Street department	79 350
Sanitation department	67 258
Parks department	6 149
Civic center department	112 490
	<u>\$ 449 236</u>

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Changes In Long-Term Liabilities:

Interest rates on note payable and certificates of obligation range from 1.65% to 4.7%. The following is a summary of the debt transactions of the City for the year ended September 30:

	BALANCE 10/01	TRANSFER	ADDITIONS	RETIREMENTS	BALANCE 09/30	CURRENT
General Long-Term Debt:						
Lease payable	\$ 1 206 075	\$ (489 244)	\$ 101 892	\$ (138 893)	\$ 679 830	\$ 160 894
Refunding bonds	1 690 000	-	-	(270 000)	1 420 000	275 000
Accrued compensated absences	77 079	-	-	(13 808)	63 271	-
	<u>\$ 2 973 154</u>	<u>\$ (489 244)</u>	<u>\$ 101 892</u>	<u>\$ (422 701)</u>	<u>\$ 2 163 101</u>	<u>\$ 435 894</u>
Proprietary Fund type:						
Accrued leases payable	\$ 23 641	\$ 489 244	\$ -	\$ (35 127)	\$ 477 758	\$ 36 665
Revenue bonds	-	-	280 000	-	280 000	-
Accrued compensated absences	25 472	-	-	(3 479)	21 993	-
	<u>\$ 49 113</u>	<u>\$ 489 244</u>	<u>\$ 280 000</u>	<u>\$ (38 606)</u>	<u>\$ 779 751</u>	<u>\$ 36 665</u>

Economic Development:

USDA loan for construction of Voc Tech Bldg in Crockett, Texas for \$2,809,900 at 4.25% interest for 40 years.

Loan from Prosperity Bank of \$1,500,000 at 3.95% for ten years, with monthly payments of \$15,191 through 2024, for the renovation and assistance to Cornerstone facility.

OUTSTANDING 10/01	DRAWS	REPAYMENT	OUTSTANDING 09/30
\$ <u>3 158 018</u>	\$ <u>-</u>	\$ <u>(106 060)</u>	\$ <u>3 051 956</u>

The annual debt service requirements for the next five years and thereafter, including interest payments, for the refunding bonds and leases payable as of September 30 are as follows:

YEAR ENDING SEPTEMBER 30,	GENERAL LONG-TERM DEBT		PROPRIETARY		ECONOMIC DEVELOPMENT
	REFUND BOND	LEASES PAYABLE	LEASES PAYABLE	REVENUE BOND	NOTE PAYABLE
2020	\$ 275 000	\$ 160 894	\$ 36 665	\$ -	\$ 110 459
2021	275 000	116 908	25 791	64 000	115 040
2022	285 000	111 126	26 995	54 000	119 812
2023	290 000	62 275	29 226	56 000	124 781
2024	295 000	64 879	31 584	57 000	129 958
Thereafter	-	163 748	360 497	49 000	2 451 906
TOTAL	<u>\$ 1 420 000</u>	<u>\$ 679 830</u>	<u>\$ 477 758</u>	<u>\$ 280 000</u>	<u>\$ 3 051 956</u>

NOTE 4 - OTHER INFORMATION

A. Plan Description

The City of Crockett participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

CITY OF CROCKETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2019

NOTE 4 - OTHER INFORMATION

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees Covered by Benefit Terms:

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	49
Active employees	52
	162
	162

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Crockett were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Crockett were 81% in calendar years 2019 and 2018. The City's contributions to TMRS For the Year Ended September 30, 2019 were \$182,569 and were equal to the required contribution.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 4 - OTHER INFORMATION - CONTINUED

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
TOTAL	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET PENSION LIABILITY (A) - (B)
Balance at December 31, 2017	\$ 10 480 228	\$ 10 422 498	\$ 57 730
Changes for the Year:			
Service cost	251 163	-	251 163
Interest	693 636	-	693 636
Change of benefit terms	-	-	-
Difference between expected and actual experience	(60 178)	-	(60 178)
Changes of assumptions	-	-	-
Contributions - Employer	-	187 178	(187 178)
Contributions - Employee	-	108 447	(108 447)
Net investment income	-	(312 063)	312 063
Benefit payments, including refunds of employee	(659 433)	(659 433)	-
Administrative expense	-	(6 034)	6 034
Other changes	-	(315)	315
NET CHANGES	<u>255 188</u>	<u>(682 220)</u>	<u>907 408</u>
Balance at December 31, 2018	\$ <u>10 705 416</u>	<u>9 740 278</u>	<u>965 138</u>

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 4 - OTHER INFORMATION - CONTINUED

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% DECREASE IN DISCOUNT RATE (5.75%)	DISCOUNT RATE (6.75%)	1% INCREASE IN DISCOUNT RATE (7.75%)
Net pension liability	\$ 2 289 319	\$ 965 138	\$ (130 214)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the Year Ended September 30, 2019, the City recognized pension expense of \$283,910.

At September 30, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 2 533	\$ 66 472
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	941 102	408 174
Contributions subsequent to the measurement date	182 569	-
TOTAL	<u>\$ 1 126 204</u>	<u>\$ 474 646</u>

The \$182,569 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDED DECEMBER 31,	PENSION EXPENSE AMOUNT
2020	\$ 150 670
2021	48 052
2022	67 151
2023	203 116
2024	-
Thereafter	-
TOTAL	<u>\$ 468 989</u>

F. Other Postemployment Benefit (OPEB)

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

CITY OF CROCKETT, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2019

NOTE 4 - OTHER INFORMATION - CONTINUED

The City of Center contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered and other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms

Membership:

Number of:	
Inactive employees currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	6
Active employees	52
TOTAL	104

Covered Payroll	\$ 2 168 934
------------------------	---------------------

Contributions

PLAN/ CALENDAR YEAR	TOTAL SDB CONTRIBUTION (RATE)	RETIREE PORTION OF SDB CONTRIBUTION (RATE)
2018	0.32%	0.11%
2019	0.30%	0.11%

The City's contributions to the SDBF For the Year Ended September 30, 2019 were \$6,764, and were equal to the required contribution.

Summary of Actuarial Assumptions

Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Discount rate*	3.71%
Retirees' share of benefit-related costs	\$-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - Service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - Disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Note: The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

CITY OF CROCKETT, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 4 - OTHER INFORMATION - CONTINUED

Changes in OPEB Liability

Total OPEB liability - Beginning of year	\$ 250 396
Changes for the Year:	
Service cost	8 025
Interest on total OPEB liability	8 381
Changes of benefit terms	-
Differences	24 251
Changes in assumptions or other inputs	(15 212)
Benefit payments	(2 386)
NET CHANGES	<u>23 059</u>
TOTAL OPEB LIABILITY - END OF YEAR	<u>\$ 273 455</u>

Total OPEB Liability as a Percentage of Covered Payroll 13%

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.31%) or 1-percentage point higher (4.31%) than the current rate.

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Total OPEB Liability	\$ 314 194	\$ 273 455	\$ 241 023

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

For the Year Ended September 30, 2019, the City recognized OPEB expense of \$22,357.

As of September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ -
Changes in actuarial assumptions	28 281	11 778
Difference between projected and actual earnings	-	-
Subsequent contributions	4 836	-
TOTAL	<u>\$ 33 117</u>	<u>\$ 11 778</u>

\$4,836 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

YEAR ENDED AUGUST 31,	AMORTIZATION
2020	\$ 5 951
2021	5 951
2022	3 722
2023	879
2024	-
Thereafter	-
TOTAL	<u>\$ 16 503</u>

NOTE 4 - OTHER INFORMATION - CONTINUED

G. Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains workers' compensation and other risks of loss coverage through the Texas Municipal League Intergovernmental Risk Pool, which is a public entity risk pool. The pool is to be self-sustaining through member premiums and obtains reinsurance through commercial insurance companies for claims in excess of dollar amount. City management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims did not exceed the commercial coverage during the current fiscal year.

H. Commitments and Contingencies:

Intergovernmental Grants

Intergovernmental awards received by the City are subject to audit and adjustment by the funding agency or its representatives. If grant revenues are received for expenditures which are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements at September 30.

I. Concentrations:

During 2019, the water and sewer fund spent \$843,552 for water from Houston County Water Control and Improvement District #1 to supply approximately 99% of water for the City.

J. Prior Period Adjustment:

The City transferred a two-thirds portion of a lease to the proprietary fund from the government-wide financials. This resulted in a prior period adjustment between the funds to adjust the beginning balances to show the split and the related lease liability in the proprietary fund. This adjustment resulted in an increase in the government-wide and a decrease in the proprietary fund net position of \$489,244.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CROCKETT, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Property taxes	\$ 1 194 821	\$ 1 194 821	\$ 1 160 722	\$ (34 099)
Sales tax	1 071 059	1 681 448	1 681 448	-
Other taxes	667 431	667 431	678 020	10 589
Fines and fees	55 480	55 480	35 910	(19 570)
Municipal court fines	126 508	126 508	107 711	(18 797)
Sanitation charges	1 193 516	1 248 511	1 237 880	(10 631)
Grants and donations	21 500	21 500	84 932	63 432
Miscellaneous	600 945	613 996	309 982	(304 014)
TOTAL REVENUES	<u>4 931 260</u>	<u>5 609 695</u>	<u>5 296 605</u>	<u>(313 090)</u>
Expenditures:				
General administration	637 765	637 765	539 428	98 337
Fire department	420 491	420 491	426 413	(5 922)
Police department	1 331 743	1 331 743	1 377 607	(45 864)
Street department	739 246	1 002 910	960 570	42 340
Park department	270 415	270 415	255 697	14 718
Sanitation department	938 566	1 005 078	1 003 697	1 381
Economic development department	143 664	156 713	162 566	(5 853)
Library department	146 443	146 443	138 161	8 282
Fleet maintenance department	134 535	148 935	148 213	722
Civic center department	101 002	101 002	98 780	2 222
Emergency management department	73 390	73 390	71 412	1 978
TOTAL EXPENDITURES	<u>4 937 260</u>	<u>5 294 885</u>	<u>5 182 544</u>	<u>112 341</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES				
	<u>(6 000)</u>	<u>314 810</u>	<u>114 061</u>	<u>(200 749)</u>
Other Financing Sources (Uses):				
Proceeds from capital lease	-	-	101 892	101 892
Interest income	1 000	1 000	10 972	9 972
Sale of assets	5 000	5 000	-	(5 000)
Transfers in (out)	-	-	(2 967)	(2 967)
TOTAL OTHER FINANCING SOURCES (USES)	<u>6 000</u>	<u>6 000</u>	<u>109 897</u>	<u>103 897</u>
NET CHANGE IN FUND BALANCES				
	-	320 810	223 958	(96 852)
Fund balances, beginning	<u>1 154 379</u>	<u>1 154 379</u>	<u>1 154 379</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1 154 379</u>	<u>\$ 1 475 189</u>	<u>\$ 1 378 337</u>	<u>\$ (96 852)</u>

See independent auditors' report.

CITY OF CROCKETT, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AND SCHEDULE OF CONTRIBUTIONS*

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	\$ 251 163	\$ 249 956	\$ 251 537	\$ 276 955	\$ 240 012
Interest (on the total pension liability)	693 636	684 516	663 966	672 346	645 247
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(60 178)	(98 220)	12 618	(222 477)	(9 488)
Change of assumptions	-	-	-	47 264	-
Benefit payments, including refunds of employee contributions	(659 433)	(744 045)	(501 737)	(557 839)	(456 396)
NET CHANGE IN TOTAL PENSION LIABILITY	225 188	92 207	426 384	216 249	419 375
Total pension liability - Beginning	10 480 228	10 388 021	9 961 637	9 745 388	9 326 013
TOTAL PENSION LIABILITY - ENDING	10 705 416	10 480 228	10 388 021	9 961 637	9 745 388
Plan Fiduciary Net Position:					
Contributions - Employer	187 178	178 818	174 058	211 642	245 493
Contributions - Employee	108 447	108 113	107 311	124 642	124 743
Net investment income	(312 063)	1 325 241	619 643	13 850	512 844
Benefit payments, including refunds of employee contributions	(659 433)	(744 046)	(501 737)	(557 839)	(456 396)
Administrative	(6 034)	(6 868)	(6 999)	(8 436)	(5 355)
Other	(315)	(347)	(377)	(417)	(440)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(682 220)	860 910	391 899	(216 558)	420 889
Plan fiduciary net position - Beginning	10 422 498	9 561 588	9 169 689	9 386 247	8 965 358
PLAN FIDUCIARY NET POSITION - ENDING	9 740 278	10 422 498	9 561 588	9 169 689	9 386 247
NET PENSION LIABILITY - ENDING	\$ 965 138	\$ 57 730	\$ 826 433	\$ 791 948	\$ 359 141
Plan fiduciary net position as a percentage of total pension liability	90.98%	99.45%	92.04%	92.05%	96.31%
Covered employee payroll	\$ 2 168 934	\$ 2 162 253	\$ 2 146 221	\$ 2 492 845	2 494 853
Net pension liability as a percentage of covered employee payroll	44.50%	2.67%	38.51%	31.77%	14.40%

SCHEDULE OF CONTRIBUTIONS

	2019	2018	2017	2016	2015
Actuarially determine contribution					
Contributions in relation to the actuarially determined contribution	\$ 182 569	\$ 183 614	\$ 177 716	\$ 184 727	\$ 217 127
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 2 214 507	\$ 2 163 617	\$ 2 160 442	\$ 2 245 227	2 453 301
Contributions as a percentage of covered employee payroll	8.24%	8.49%	8.23%	8.23%	8.85%

*This schedule illustrates the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CITY OF CROCKETT, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
AND SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS*

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2018	2017
Total OPEB Liability:		
Service cost	\$ 8 025	\$ 6 919
Interest on total OPEB liability	8 381	8 403
Changes of benefit terms	-	-
Difference between expected and actual experience	24 251	-
Change of assumptions	(15 212)	17 326
Benefit payments, including refunds of employee contributions	(2 386)	(2 162)
NET CHANGE IN TOTAL OPEB LIABILITY	23 059	30 486
Total OPEB liability, beginning	250 396	219 910
TOTAL PENSION LIABILITY, ENDING (a)	273 455	250 396
 Plan Fiduciary Net Position:		
Contributions - Employer	-	-
Contributions - Employee	-	-
Net investment income	-	-
Benefit payments, including refunds of employee contributions	-	-
Administrative expense	-	-
Other	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-
Plan fiduciary net position, beginning	-	-
FIDUCIARY NET POSITION, ENDING (b)	-	-
 NET OPEB LIABILITY ENDING (a) - (b)	\$ 273 455	\$ 250 396
Plan fiduciary net position as a % of total OPEB liability	0.00%	0.00%
Covered employee payroll	\$ 2 168 934	\$ 2 162 253
Net OPEB liability as a % of covered employee payroll	12.61%	11.58%

SCHEDULE OF CONTRIBUTIONS

	2019	2018
Actuarially determined contribution	\$ 6 764	\$ 6 804
Contributions in relation to the actuarially determined contribution	(6 764)	(6 804)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -
 Covered employee payroll	\$ 2 214 507	\$ 2 163 617
Contributions as a percentage of covered employee payroll	0.31%	0.31%

Other Information:

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Details of the plan are included in the notes.

OTHER BUDGETARY SCHEDULES

CITY OF CROCKETT, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - WATER AND SEWER FUND
For the Year Ended September 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)
Operating Revenues:				
Charges for services	\$ 3 632 898	\$ 3 632 898	\$ 3 166 660	\$ (466 238)
Miscellaneous	106 000	306 000	33 571	(272 429)
TOTAL REVENUES	<u>3 738 898</u>	<u>3 938 898</u>	<u>3 200 231</u>	<u>(738 667)</u>
Operating Expenses:				
Purchase of utilities	181 514	181 514	135 728	45 786
Payroll cost	769 249	769 249	803 305	(34 056)
Supplies and materials	252 513	252 513	236 247	16 266
Repairs and maintenance	180 100	180 100	195 127	(15 027)
Purchased and contracted services	870 523	1 047 039	843 552	203 487
Miscellaneous	501 787	501 787	394 631	107 156
Depreciation	325 000	325 000	340 772	(15 772)
TOTAL EXPENSES	<u>3 080 686</u>	<u>3 257 202</u>	<u>2 949 362</u>	<u>307 840</u>
OPERATING INCOME	<u>658 212</u>	<u>681 696</u>	<u>250 869</u>	<u>(430 827)</u>
Non-Operating Revenues (Expense):				
Interest income	346	346	5 769	5 423
Interest expense	(116 262)	(116 262)	(60 819)	55 443
Transfers in (out)	-	-	77 419	77 419
TOTAL NON-OPERATING INCOME	<u>(115 916)</u>	<u>(115 916)</u>	<u>22 369</u>	<u>138 285</u>
NET CHANGE IN NET POSITION	542 296	565 780	273 238	(292 542)
Net position, beginning	6 954 401	6 954 401	6 954 401	-
Prior period adjustment	-	-	(489 244)	-
NET POSITION, ENDING	<u>\$ 7 496 697</u>	<u>\$ 7 520 181</u>	<u>\$ 6 738 395</u>	<u>\$ (292 542)</u>

See independent auditors' report.

CITY OF CROCKETT, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - DEBT SERVICE FUND
For the Year Ended September 30, 2019

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Property taxes	\$ 300 668	\$ 306 716	\$ 6 048
TOTAL REVENUES	<u>300 668</u>	<u>306 716</u>	<u>6 048</u>
Expenditures:			
Debt service expense	<u>301 168</u>	<u>301 170</u>	<u>(2)</u>
TOTAL EXPENDITURES	<u>301 168</u>	<u>301 170</u>	<u>(2)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(500)</u>	<u>5 546</u>	<u>6 046</u>
Other Financing Sources (Uses):			
Interest income	<u>500</u>	<u>9 134</u>	<u>8 634</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>500</u>	<u>9 134</u>	<u>8 634</u>
NET CHANGE IN NET BALANCES	-	14 680	14 680
Fund balances, beginning	<u>709 408</u>	<u>709 408</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u>709 408</u>	\$ <u>724 088</u>	\$ <u>14 680</u>

See independent auditors' report.

COMPONENT UNIT
CROCKETT ECONOMIC AND INDUSTRIAL
DEVELOPMENT CORPORATION

CROCKETT ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
 GOVERNMENTAL FUND BALANCE SHEET /
 STATEMENT OF NET POSITION
 September 30, 2019

	<u>GENERAL FUND</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF NET POSITION</u>
ASSETS			
Cash	\$ 963 630	\$ -	\$ 963 630
Capital assets, net of accumulated depreciation	-	3 099 069	3 099 069
TOTAL ASSETS	<u>\$ 963 630</u>	<u>3 099 069</u>	<u>4 062 699</u>
LIABILITIES			
Current portion of notes payable	\$ -	110 459	110 459
Accrued interest	-	4 896	4 896
Long-term portion of notes payable	-	2 941 497	2 941 497
TOTAL LIABILITIES	<u>-</u>	<u>3 056 852</u>	<u>3 056 852</u>
FUND BALANCE/NET POSITION			
Fund Balance:			
Unrestricted	963 630	(963 630)	-
TOTAL FUND BALANCE	<u>963 630</u>	<u>(963 630)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 963 630</u>		
NET POSITION			
Net investment in capital assets		566 953	566 953
Unrestricted		438 894	438 894
TOTAL NET POSITION		<u>\$ 1 005 847</u>	<u>\$ 1 005 847</u>

See independent auditors' report.

CROCKETT ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BALANCE SHEET/STATEMENT OF NET POSITION
For the Year Ended September 30, 2019

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET POSITION
Revenues:			
Sales tax	\$ 840 724	\$ -	\$ 840 724
Miscellaneous	66 457	-	66 457
TOTAL REVENUES	907 181	-	907 181
Expenditures:			
Advertising expense	4 925	-	4 925
Supplies expense	6 212	-	6 212
Incentive expense	126 457	-	126 457
Dues and subscriptions	26 431	-	26 431
Professional services	16 005	-	16 005
Telephone	1 665	-	1 665
Travel	11 030	-	11 030
Payroll	110 746	-	110 746
Taxes and benefits	36 155	-	36 155
Meals and entertainment	5 597	-	5 597
Utilities	2 469	-	2 469
Industrial park	2 400	-	2 400
Consultants	847	-	847
Miscellaneous	1 182	-	1 182
Debt service	236 546	(110 717)	125 829
Depreciation	-	133 032	133 032
TOTAL EXPENDITURES	588 667	22 315	610 982
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	318 514	(22 315)	296 199
Other Financing Sources:			
Proceeds from sale	21 850	(21 850)	-
Gain (loss) on sale of equipment	-	(4 321)	(4 321)
TOTAL OTHER FINANCING SOURCES	21 850	(26 171)	(4 321)
CHANGE IN FUND BALANCE/ NET POSITION	340 364	(44 165)	291 878
Fund balance - Beginning of year	623 266		713 969
FUND BALANCE - END OF YEAR	\$ 963 630		\$ 1 005 847

See independent auditors' report.

COMPLIANCE AND INTERNAL CONTROL SECTION

INDEPENDENT AUDITORS' 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*

Honorable Mayor and
Members of the City Council
City of Crockett, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Crockett, Texas, as of and For the Year Ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Crockett, Texas' basic financial statements, and have issued our report thereon dated May 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Crockett, Texas' 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 City of Crockett, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Crockett, Texas' internal control.

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

The City has increased efforts to update for prior segregation issues, however, in certain areas, a total segregation of certain accounting functions was not possible at year end. As a result, the City Council should continue to monitor the internal accounting control procedures in use to assure that compensating controls are being utilized to provide assurance that assets are safeguarded and transactions are proper and recorded in a timely manner.

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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crockett, Texas' 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Lufkin, Texas
June 15, 2020


CERTIFIED PUBLIC ACCOUNTANTS