YOUNG COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2018

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TABLE OF CONTENTS

FINANCIAL SECTION

EDGIN, PARKMAN, FLEMING & FLEMING, PC
CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR • P.O. BOX 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 • FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report

To the Honorable County Judge
and County Commissioners
Young County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Young County, Texas, as of and for the year ended September 30, 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 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. 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 the 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 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 accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Basis for Qualified Opinions on Governmental Activities and General Fund

As fully described in Note L to the financial statements, the County has not recorded the receivables from the judicial assessments at September 30, 2018 in the accompanying financial statements of the Governmental Activities and General Fund. Accounting principles generally accepted in the United States of America require that these receivables be recorded, which would increase the assets and fund balance/net position and change the revenues in the Governmental Activities and General Fund. The amount by which this departure would affect the assets, fund balance/net position, and revenues of the Governmental Activities and General Fund has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental Activities and General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and General Fund of the County as of September 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the County as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note A to the financial statements, in 2018, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison information, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas County and District Retirement System, Schedule of Employer Contributions – Texas County and District Retirement System, and Schedule of Changes in Total OPEB Liability and Related Ratios – Young County Retiree Health Care Plan be presented to supplement the basic financial statements. Such information, although not a required 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.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
May 17, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Young County, Texas, we offer readers of the County's Annual Financial Report this narrative overview and analysis of the County's financial performance during the fiscal year ended September 30, 2018. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2018 by $21,951,000 (net position). Of this amount, $6,390,914 is unrestricted and may be used to meet the County's obligations.

- During the year, the County's total net position increased by $1,545,908. The County's expenses, which totaled $11,059,251, were less than the County's program revenues of $2,964,562 and general revenues and special item of $9,640,597.

- The total cost of the County's programs increased $367,137 or 3% from the prior year.

- The governmental funds reported a fund balance at September 30, 2018 of $7,203,212, which is an increase of $1,007,208 in comparison with the prior year amount.

- At the end of the current fiscal year, the unassigned fund balance of the General Fund was $6,119,872, or 45% of the total General Fund expenditures for the year ended September 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

All of the County's services are reported in the government-wide financial statements, including administration, judicial, road and bridge, and public safety. Property taxes, sales taxes, highway taxes, fees and commissions and intergovernmental grants finance most of the activities. Additionally, all capital and debt financing activities are reported here.

The government-wide financial statements are designed to provide readers 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 the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The *statement of activities* details how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes).

Fund Financial Statements

The County uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the County to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the County can be divided into three categories: governmental funds, internal service fund and fiduciary 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 short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financing requirements.

Because the focus on *governmental funds* is narrower than that of 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 short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintained multiple governmental funds in the current fiscal year. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund, which is considered to be the County's major fund. Financial data for the other governmental funds are combined into a single, aggregated presentation.

Internal service fund. The County's health insurance plan is accounted for as an internal service fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. 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 programs. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 is the County's net position summarized for the *governmental activities*.

Table 1 - County's Net Position

	Governmental Activities			
	2018	2017	Change	% Change
Current assets	$ 8,072,317	$ 7,174,806	$ 897,511	13%
Long-term assets	20,080,304	19,227,381	852,923	4%
Total Assets	28,152,621	26,402,187	1,750,434	7%
Deferred Outflows of Resources	427,231	1,456,284	(1,029,053)	-71%
Current liabilities	468,311	572,196	(103,885)	-18%
Noncurrent liabilities	5,779,149	7,101,922	(1,322,773)	-19%
Total Liabilities	6,247,460	7,674,118	(1,426,658)	-19%
Deferred Inflows of Resources	381,392	133,826	247,566	185%
Net position:				
Net investment in capital assets	14,494,488	13,445,246	1,049,242	8%
Restricted	1,065,598	962,923	102,675	11%
Unrestricted	6,390,914	5,642,358	748,556	13%
Total Net Position	$ 21,951,000	$ 20,050,527	$ 1,900,473	9%

The net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is $14,494,488. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in 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 capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, $1,065,598, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of $6,390,914 may be used to meet the County's ongoing obligations.

Changes in Net Position

The County's total revenues, both program and general, were $12,115,830. A significant portion, 65%, of the County's revenue comes from property taxes. Charges for services accounted for 24% of the County's revenue. Exhibited below in Table 2 are the County's revenues for the years ended September 30, 2018 and 2017 for the County's *governmental activities*.

Table 2 - County's Revenues

	Governmental Activities			
	2017	Percent	2017	Percent
Charges for services	$ 2,813,222	24%	$ 2,596,082	23%
Operating grants and contributions	151,340	1%	294,997	3%
Property taxes	7,773,033	65%	7,596,261	64%
Sales taxes	1,099,412	9%	964,635	8%
Occupancy taxes	41,105	0%	-	0%
Mixed beverage taxes	21,878	0%	19,973	0%
Investment earnings	42,872	0%	23,363	0%
Miscellaneous	172,968	1%	187,116	2%
Total Revenues	$ 12,115,830	100%	$ 11,682,427	100%

A brief summary of the significant changes between years are as follows:

- Charges for services increased $217,140. The increase is mostly due to (1) across the board increases in all fee offices for licenses, fines and fees and (2) salary reimbursement increases related to the probation departments.

- Property taxes increased by $176,772. The increase is mostly due to the tax rate increase and improved tax collections.

Exhibited below in Table 3 are the County's expenses for the years ended September 30, 2018 and 2017 for the County's *governmental activities*. The total cost of all programs and services was $11,059,251 and $10,703,596 for the years ended September 30, 2018 and 2017, respectively.

Table 3 - County's Expense

	Governmental Activities			
	2018	Percent	2017	Percent
County Judge	$ 149,722	1%	$ 150,126	1%
County Clerk	215,300	2%	233,158	2%
Veteran service	18,517	0%	18,206	0%
Homeland security	22,560	0%	16,967	0%
Nondepartmental costs	336,107	3%	325,778	3%
Computer department	104,132	1%	108,971	1%
County/District court	473,543	4%	447,160	4%
District Clerk	183,032	2%	184,790	2%
Justices of the Peace	270,872	2%	271,063	3%
District Judge	64,426	1%	62,679	1%
County Attorney	238,416	2%	237,332	2%
District Attorney	281,052	3%	282,741	3%
Elections	148,298	1%	110,984	1%
County Auditor	203,994	2%	200,396	2%
County Treasurer	130,782	1%	112,243	1%
Tax Assessor/Collector	477,691	4%	448,466	4%
Courthouse maintenance	231,154	2%	208,188	2%
Annex maintenance	18,559	0%	17,817	0%
Ambulance	196,500	2%	184,000	2%
Constables	68,891	1%	82,088	1%
Department of Public Safety and Game Warden	6,392	0%	6,032	0%
Sheriff, dispatch and jail	2,843,072	26%	2,808,180	25%
911 mapping	81,658	1%	84,328	1%
Adult probation	470,237	4%	457,695	4%
Juvenile probation	579,862	5%	493,728	5%
Pauper services	9,104	0%	11,400	0%
Fort Belknap	93,293	1%	111,388	1%
Agricultural extension agent	26,656	0%	28,383	0%
Home extension agent	19,028	0%	24,511	0%
TAEX office	64,155	1%	64,989	1%
Employee benefits	81,086	1%	86,557	1%
District court reporter	107,274	1%	103,755	1%
Road and bridge	2,514,672	23%	2,372,486	22%
Library expense	5,803	0%	6,336	0%
Hospital and medical costs	116,138	1%	109,033	1%
Medical administrative costs	58,238	1%	79,816	1%
Preservation of books	13,985	0%	17,833	0%
Debt service - interest	135,050	1%	133,993	2%
Total Expenses	$ 11,059,251	100%	$ 10,703,596	100%

There were no significant variances between years.

Governmental Activities

Table 4 presents the various revenue categories and gross costs of the County for both the current and prior year.

Table 4 - Changes in Net Position

	Governmental Activities			
	2018	2017	Change	% Change
Revenues and special item:				
Program revenues	$ 2,964,562	$ 2,891,079	$ 73,483	3%
General revenues	9,151,268	8,791,348	359,920	4%
Special item - gain on sale of capital assets	489,329	36,261	453,068	1249%
Total revenues and special item	12,605,159	11,718,688	886,471	8%
Expenses	11,059,251	10,703,596	355,655	3%
Change in net position	$ 1,545,908	$ 1,015,092	$ 530,816	52%

Table 5 presents the net cost of the County's most significant governmental departments/functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, other taxes, and other miscellaneous general revenues.

Table 5 - Cost of County Departments/Functions

	Governmental Activities			
	2018	Percent	2017	Percent
County Judge	$ 124,522	2%	$ 124,926	2%
County Clerk	(245,909)	-3%	(165,695)	-2%
District/County court	433,696	5%	399,451	5%
Justices of the Peace	121,451	2%	149,483	2%
County Attorney	203,416	3%	202,332	3%
District Attorney	170,911	2%	165,132	2%
Tax Assessor/Collector	(243,104)	-3%	(276,418)	-4%
Sheriff, dispatch and jail	2,513,637	31%	2,498,949	32%
Road and bridge	2,463,926	30%	2,193,276	28%

Financial Analysis of the County's Funds

As previously stated, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

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

As of September 30, 2018, the County's governmental funds reported a combined ending fund balance of $7,203,212, an increase of $1,007,208 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

Table 6 - Governmental Funds - Fund Balances
September 30, 2018

	General Fund	Other Governmental Funds	Totals
Nonspendable:			
Prepaids	$ 43,462	$ 38	$ 43,500
Restricted:			
Debt service	-	255,651	255,651
Special assessments	-	784,189	784,189
Unassigned	6,119,872	-	6,119,872
Total Fund Balances	$ 6,163,334	$ 1,039,878	$ 7,203,212

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was $6,163,334, of which $43,462 was nonspendable and $6,119,872 was unassigned. The total unassigned fund balance represents 45% of the total General Fund expenditures for the year ended September 30, 2018. The total fund balance increased $902,848 in the current fiscal year.

General Fund revenues totaled $11,068,609, an increase of $556,304 or 5% over the preceding year. Most of the increase relates to the following:

- Property taxes increased $302,670 or 5%. The increase was because the M&O tax rate increased from $.653479 to $.667217 or 2.11% while the taxable values only declined slightly. Also, the overall collection rate improved.

- Sales tax revenues increased $134,777 or 14%. The increase is due to the overall improvement in the economy.

- Licenses, fees and fines increased $113,825 or 18%. Most of the increase relates to the improvements in collections of all of the fee offices due to the improved economy.

- Federal and state grants decreased $143,602 or 49%. The decrease is mostly due to the decrease in FEMA grant funding as the grant was closed in 2017-18.

General Fund expenditures totaled $13,739,087, an increase of $3,437,890 or 33% over the preceding year. The largest fluctuations between years were as follows:

- Capital outlay expenditures increased $2,008,001 or 275%. The increase is because more equipment was acquired in the current year than in the prior year.

- Debt service - principal increased $1,068,228 or 292%. The increase is due to scheduled debt payments and several capital leases paid off early.

Other Governmental Funds

Other governmental funds consist of the various special revenue funds and the debt service fund. The total ending fund balance was $1,039,878, an increase of $104,360 from the previous year.

The Other Governmental Funds' revenues totaled $1,047,920, a decrease of $54,525 or 5%. The only significant decrease relates to property taxes which decreased $57,704 or 6%. The decrease is because the Jury & I&S tax rate decreased from $.08815 to $.084083%, or 5%, while the taxable values only declined slightly.

The Other Governmental Funds' expenditures totaled $929,060, an increase of $453,418 or 5%. The only significant change between years relates to the non-departmental expenditures which increased $42,236 due to increases in County Clerk record archive costs, record management costs, and an evidence room audit.

General Fund Budgetary Highlights

The County revised its budget several times during the year. With these adjustments, total expenditures were $3,716,962 more than the final budget amounts. Most functional areas were below their budget; however, eleven departments had over expended budgets ranging from $1,839 to $2,459,290. The budget areas where expenditures were significantly above or below the final budgeted amount are as follows:

- Capital outlay – over-expended by $2,459,290
- Debt service - principal – over-expended by $1,359,502

On the other hand, revenues were $1,046,484 above the final budgeted amount. All of the revenues fell within normal variance above and below budgeted levels, except as follows:

- Property taxes – favorable budget variance of $948,165
- Sales taxes – favorable budget variance of $99,412
- Auto registration - unfavorable budget variance of $102,547

In all instances, the County failed to amend the budget for changes in the revenues and expenditures based on known facts during the fiscal year.

The budget line items in the original budget were not materially different than in the final adopted budget in any area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2018, the County had invested in a broad range of capital assets totaling $20,080,304, net of accumulated depreciation, including land, buildings, equipment, and infrastructure. See Table 7 below.

Table 7 - Capital Assets, Net

	2018	2017	$ Change	% Change
Land	$ 711,731	$ 726,731	$ (15,000)	-2%
Buildings and improvements	12,535,912	12,845,902	(309,990)	-2%
Machinery and equipment	4,566,937	3,636,099	930,838	26%
Infastructure	2,265,724	2,373,214	(107,490)	-5%
Totals	$ 20,080,304	$ 19,581,946	$ 498,358	3%

Capital assets, net of accumulated depreciation, increased $498,358 or 3% from the previous year. Additional information about the County's capital assets is presented in the notes to the financial statements.

Long-term Obligations

At September 30, 2018, the County had $5,585,816 in long-term obligations outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2018	2017	$ Change	% Change
Bonds payable	$ 3,635,000	$ 4,295,000	$ (660,000)	-15%
Bond premium	142,181	202,805	(60,624)	-30%
Capital lease obligations	1,808,635	1,284,330	524,305	41%
Totals	$ 5,585,816	$ 5,782,135	$ (196,319)	-3%

Total long-term obligations decreased $196,319 or 3%. Additional information about the County's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2018-19 budget preparation is $961,361,008, an increase of $39,389,422, or 4% from the prior year. The overall tax rate adopted is $.758613 per $100 valuation, an increase of $.009734 per $100 valuation.

Revenues budgeted in the General Fund's budget are $10,474,026, a decrease of $594,583, or 5% from the final 2017-18 revenues of $11,068,609. Most of the decrease relates to the conservative budgeting for property taxes.

General Fund expenditures in most budget categories are similar to the previous year, with a couple of exceptions, with the total expenditure budget for 2018-19 of $10,474,026, a decrease of $3,265,061 from the final 2017-18 expenditures of $13,739,087. Most of the decrease is due to less capital outlay and debt service expenditures budgeted. The County does not anticipate any new programs or projects being added in 2018-19.

The other sources and uses are budgeted to be less than the prior year amounts as the County is not budgeting any new capital lease proceeds or sales of capital assets in 2018-19.

If these estimates are realized, the County's General Fund's fund balance will not change by September 30, 2019.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office.

BASIC FINANCIAL STATEMENTS

YOUNG COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Governmental Activities
Assets	
Cash	$ 5,256,709
Investments	2,055,642
Receivables:	
Property taxes, net	231,162
Sales taxes	188,788
Accounts	221,378
Due from fiduciary	75,138
Prepaid expenses	43,500
Capital assets, net	20,080,304
Total assets	28,152,621
Deferred Outflows of Resources	
Pension plan related	344,267
Deferred loss on refunding	82,964
Total deferred outflows of resources	427,231
Liabilities	
Accounts payable	174,094
Accrued liabilities	294,217
Long-term liabilities:	
Due within one year	1,291,644
Due in more than one year	4,393,093
Net pension liability	13,254
Net OPEB liability	81,158
Total liabilities	6,247,460
Deferred Inflows of Resources	
Pension plan related	381,392
Net Position	
Net investment in capital assets	14,494,488
Restricted	1,065,598
Unrestricted	6,390,914
Total net position	$ 21,951,000

The accompanying notes are an integral part of this statement.

EXHIBIT A-2

YOUNG COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
County Judge	$ 149,722	$ -	$ 25,200	$ (124,522)
County Clerk	215,300	461,209	-	245,909
Veteran service	18,517	-	-	(18,517)
Homeland security	22,560	-	-	(22,560)
Nondepartmental costs	336,107	9,201	15,221	(311,685)
Computer department	104,132	-	-	(104,132)
County/District court	473,543	39,847	-	(433,696)
District Clerk	183,032	115,879	-	(67,153)
Justices of the Peace	270,872	149,421	-	(121,451)
District Judge	64,426	31,329	-	(33,097)
County Attorney	238,416	-	35,000	(203,416)
District Attorney	281,052	110,141	-	(170,911)
Elections	148,298	22,231	-	(126,067)
County Auditor	203,994	-	-	(203,994)
County Treasurer	130,782	-	-	(130,782)
Tax Assessor/Collector	477,691	720,795	-	243,104
Courthouse maintenance	231,154	-	-	(231,154)
Annex maintenance	18,559	-	-	(18,559)
Ambulance	196,500	-	-	(196,500)
Constables	68,891	9,147	-	(59,744)
Department of Public Safety and Game Warden	6,392	-	-	(6,392)
Sheriff, dispatch and jail	2,843,072	304,262	25,173	(2,513,637)
911 mapping	81,658	-	-	(81,658)
Adult probation	470,237	454,682	-	(15,555)
Juvenile probation	579,862	384,178	-	(195,684)
Pauper services	9,104	-	-	(9,104)
Fort Belknap	93,293	900	-	(92,393)
Agricultural extension agent	26,656	-	-	(26,656)
Home extension agent	19,028	-	-	(19,028)
TAEX office	64,155	-	-	(64,155)
Employee benefits	81,086	-	-	(81,086)
District court reporter	107,274	-	-	(107,274)
Road and bridge	2,514,672	-	50,746	(2,463,926)
Library expense	5,803	-	-	(5,803)
Hospital and medical costs	116,138	-	-	(116,138)
Medical administrative costs	58,238	-	-	(58,238)
Preservation of books	13,985	-	-	(13,985)
Debt service - interest	135,050	-	-	(135,050)
Total governmental activities	$ 11,059,251	$ 2,813,222	$ 151,340	(8,094,689)

General revenues and special item:	
Property taxes, levied for general purposes	6,910,812
Property taxes, levied for debt service purposes	862,221
Sales taxes	1,099,412
Occupancy taxes	41,105
Mixed beverage taxes	21,878
Investment earnings	42,872
Miscellaneous	172,968
Special item - gain on sale of capital assets	489,329
Total general revenues and special item	9,640,597
Change in net position	1,545,908
Net position - beginning, as originally stated	20,050,527
Prior period adjustment	354,565
Net position - beginning, as restated	20,405,092
Net position - ending	$ 21,951,000

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	$ 4,024,330	$ 1,020,625	$ 5,044,955
Investments	2,055,642	-	2,055,642
Receivables, net:			
Property taxes	205,291	25,871	231,162
Sales tax	188,788	-	188,788
Other	214,725	6,653	221,378
Due from other funds	97,143	13,056	110,199
Prepaid expenses	43,462	38	43,500
Total assets	$ 6,829,381	$ 1,066,243	$ 7,895,624
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 173,600	$ 494	$ 174,094
Accrued liabilities	252,095	-	252,095
Due to other funds	35,061	-	35,061
Total liabilities	460,756	494	461,250
Deferred inflows of resources:			
Unavailable property taxes	205,291	25,871	231,162
Fund balances:			
Nonspendable - prepaids	43,462	38	43,500
Restricted	-	1,039,840	1,039,840
Unassigned	6,119,872	-	6,119,872
Total fund balances	6,163,334	1,039,878	7,203,212
Total liabilities, deferred inflows of resources, and fund balances	$ 6,829,381	$ 1,066,243	$ 7,895,624

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2018

Total fund balances - governmental funds (Exhibit A-3)		$ 7,203,212
Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:		
Gross capital assets	29,127,692	
Related accumulated depreciation	9,047,388	20,080,304
Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		231,162
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	3,635,000	
Bond premium	142,181	
Capital lease obligations	1,808,635	
Accrued compensated absences	98,921	(5,684,737)
The losses on refunded debt is not recognized in the governmental funds; however, they are capitalized as deferred losses on refunding and amortized over the life of the refunded debt. The balance of the deferred loss at year-end was:		82,964
The accrued interest on the long-term debt at year-end was:		(42,122)
The County's net pension liability and related deferred outflows and inflows related to its participation in the Texas County & District Retirement System and the OPEB liability related to the County-provided retiree medical coverage do not meet the criteria to be reported in the governmental funds financial statements. These items consist of:		
Net pension liability	(13,254)	
Deferred outflows - pension related items	344,267	
Deferred inflows - pension related items	(381,392)	
Net OPEB liability	(81,158)	(131,537)
The County uses an internal service fund to operate the County's health insurance program for all eligible employees and retirees of the County. The assets and liabilities are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		211,754
Total net position - governmental activities (Exhibit A-1)		$ 21,951,000

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	$ 6,905,411	$ 868,640	$ 7,774,051
Sales taxes	1,099,412	-	1,099,412
Occupancy taxes	41,105	-	41,105
Mixed beverage tax	21,878	-	21,878
Licenses, fees and fines	748,682	160,182	908,864
Salary reimbursements	1,218,281	-	1,218,281
Auto registration	447,453	-	447,453
Surtax on auto registration	193,670	-	193,670
Federal and state grants	146,530	4,810	151,340
Wind farm revenues	93,750	-	93,750
Interest earned	39,740	2,813	42,553
Other revenue	112,697	11,475	124,172
Total revenues	11,068,609	1,047,920	12,116,529
Expenditures			
County Judge	146,327	-	146,327
County Clerk	212,246	-	212,246
Veteran service	18,125	-	18,125
Homeland security	22,140	-	22,140
Nondepartmental costs	184,141	115,815	299,956
Computer department	101,873	-	101,873
County/District court	449,122	16,122	465,244
District Clerk	179,448	-	179,448
Justices of the Peace	267,197	-	267,197
District Judge	62,324	-	62,324
County Attorney	234,074	-	234,074
District Attorney	270,696	-	270,696
Elections	114,962	-	114,962
County Auditor	200,394	-	200,394
County Treasurer	128,049	-	128,049
Tax Assessor/Collector	472,823	-	472,823
Courthouse maintenance	218,589	-	218,589
Annex maintenance	18,559	-	18,559
Ambulance	196,500	-	196,500
Constables	55,874	-	55,874
Department of Public Safety and Game Warden	6,392	-	6,392
Sheriff, dispatch and jail	2,501,082	-	2,501,082
911 mapping	80,503	-	80,503
Adult probation	459,471	-	459,471
Juvenile probation	571,187	-	571,187
Pauper services	9,104	-	9,104
Fort Belknap	92,715	-	92,715

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Agricultural extension agent	27,414	-	27,414
Home extension agent	19,028	-	19,028
TAEX office	62,281	-	62,281
Employee benefits	81,086	-	81,086
District court reporter	103,741	-	103,741
Road and bridge	1,802,096	-	1,802,096
Library expense	-	5,803	5,803
Hospital and medical costs	116,138	-	116,138
Medical administrative costs	58,238	-	58,238
Preservation of books	-	11,970	11,970
Capital outlay	2,737,290	-	2,737,290
Debt service - principal	1,434,227	660,000	2,094,227
Debt service - interest	23,631	119,350	142,981
Total expenditures	13,739,087	929,060	14,668,147
Excess of revenues over (under) expenditures	(2,670,478)	118,860	(2,551,618)
Other sources and (uses):			
Proceeds from issuance of capital leases	1,950,426	-	1,950,426
Proceeds from sale of capital assets	1,608,400	-	1,608,400
Transfers in	2,015,541	-	2,015,541
Transfers out	(2,001,041)	(14,500)	(2,015,541)
Total other sources and (uses)	3,573,326	(14,500)	3,558,826
Net change in fund balances	902,848	104,360	1,007,208
Fund balances, beginning of year	5,260,486	935,518	6,196,004
Fund balances, end of year	$ 6,163,334	$ 1,039,878	$ 7,203,212

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, 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, 2018

Net change in fund balances - total governmental funds (Exhibit A-5)		$ 1,007,208
Amounts reported for *governmental activities* in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	$ 2,748,790	
Depreciation expense for the year	1,131,361	1,617,429
Proceeds from the sale of capital assets are recorded as revenues when received in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale.		(1,119,071)
Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources decreased by this amount:		(1,018)
The issuance of long-term debt is recorded as other sources in the governmental funds; however, they are recorded as long-term liabilities in the government-wide financial statements. The County issued capital leases during the year totaling:		(1,950,426)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:		
Bonds payable	660,000	
Capital lease obligations	1,426,121	2,086,121
Included in long-term debt are obligations for accrued vacation leave and the net other post-employment benefit obligation. The changes in these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was:		(89)
The amortization of the bond premiums and deferred loss on refunding were as follows:		
Bond premiums	60,624	
Deferred loss on refunding	(35,374)	25,250
The change in accrued interest on long-term debt was:		(9,213)
The County uses an internal service fund to operate the County health insurance program for the benefit of all eligible employees and retirees. The change in net position of the internal service fund is reported with the governmental activities. The net effect of this consolidation is an increase in net position.		4,419
The net other post-employment benefit obligation is related to the County's retiree health care plan. The increase in this obligation was:		(60,966)
The County participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. The actuarial expense exceeded the plan contributions in the current year.		(53,736)
Change in net position of governmental activities (Exhibit A-2)		$ 1,545,908

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
SEPTEMBER 30, 2018

	Insurance Fund
Assets	
Cash	$ 211,754
Total assets	211,754
Liabilities	
Accounts payable	-
Total liabilities	-
Net Position	
Unrestricted	211,754
Total net position	$ 211,754

The accompanying notes are an integral part of this statement.

EXHIBIT A-8

YOUNG COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Insurance Fund
Operating revenues	
Charges for services	$ 1,039,238
Operating expenses:	
Insurance premiums and claims	1,035,138
Income from operations	4,100
Non-operating income:	
Interest income	319
Change in net position	4,419
Total net position - beginning	207,335
Total net position - ending	$ 211,754

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Insurance Fund
Cash flows from operating activities	
Cash received for health insurance coverage	$ 1,039,238
Cash paid to insurance provider	(1,013,189)
Cash paid to employees for health reimbursements	(24,949)
Net cash provided by operating activities	1,100
Cash flows from investing activities	
Interest earnings	319
Net increase in cash and cash equivalents	1,419
Cash and cash equivalents at beginning of the year	210,335
Cash and cash equivalents at end of the year	$ 211,754
Reconciliation of income from operations to net cash provided by operating activities:	
Operating income	$ 4,100
Effect of change in current assets and liabilities:	
Decrease in accounts payable	(3,000)
Net cash provided by operating activities	$ 1,100

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS
SEPTEMBER 30, 2018

		Agency Funds
Assets		
Cash	$	914,355
Investments		23,004
Due from others		585
Due from other funds		23,620
Total assets	$	961,564
Liabilities		
Due to other funds	$	98,758
Due to others		862,806
Total liabilities	$	961,564

The accompanying notes are an integral part of this statement.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Young County (County), a political subdivision of the State of Texas, is governed by an elected judge and four county commissioners which comprise the Commissioners' Court. The County's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, conservation, and ambulance service.

The accounting policies of the County conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standards setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement Nos. 39 and 61, in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

2. 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 the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements. Governmental activities are predominately supported by taxes and intergovernmental revenues.

The government-wide 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 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 requirements 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus. 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 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, fines, fees and ambulance revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental fund:

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

The County reports the following nonmajor governmental funds reported as 'Other Governmental Funds':

The *Special Revenue Funds* account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt.

The County reports the following internal service fund:

The *Insurance Fund* is used to account for the County's health insurance plan and related health reimbursement arrangement plan.

Additionally, the County reports the following Agency Funds:

Agency Funds are used to report cash and investments and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The assets are held in a trustee or agent capacity and are not available to support County programs; therefore, these funds are not included in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

4. Assets, Liabilities, and Net Position or Equity

a. Deposits and Investments

The County'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.

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or secured by obligations that are described above; or (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

All investments are stated at fair value which are based on quoted market prices.

b. 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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables, including those for the County, are shown net of an allowance for uncollectibles.

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Young County Appraisal District. Taxes are due without penalty until January 31 of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

c. 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.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	25 - 50 years
Machinery and equipment	5 - 20 years
Infrastructure	35 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The amounts reported by the County in this category related to the County's participation in the Texas County and District Retirement System (TCDRS) and the deferred loss of debt refunding.

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has items that qualify for reporting in this category. The amounts reported by the County in this category include amounts related to the County's participation in TCDRS as well as property taxes receivable that are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received.

7. Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of $98,921 of accrued vacation and compensated absences at September 30, 2018 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for an unlimited accumulation of earned sick leave. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Premiums and discounts on long-term obligations are deferred and amortized over the life of the debt using the straight-line method which approximates the effective interest method. Long-term obligations payable is reported net of the applicable premium or discount. Issuance costs are expensed in the period the debt is issued.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as 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.

9. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is 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.

10. Transactions Between Funds

Outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or non-routine transfers of equity between funds are accounted for as transfers.

11. 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.

12. New Accounting Standard Adopted

In fiscal year 2018, the County adopted GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

13. Pensions

The fiduciary net position of the TCDRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting, the same basis as is reported by TCDRS in their Comprehensive Annual Financial Report. This includes for purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Other Post-Employment Benefits

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

B. COMPLIANCE AND ACCOUNTABILITY

1. 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 are reported below, along with actions taken to address such violations:

The County had expenditures in excess of budget in eleven departments ranging from $1,839 to $2,459,290 and in total by $3,716,962. In the future, the County will be more diligent in making necessary budget adjustments to avoid unfavorable budget variances.

2. Deficit Fund Balance or Net Position of Individual Funds

The County has no funds with a deficit fund balance or net position.

C. DEPOSITS AND INVESTMENTS

1. Deposits

Deposits, except for those held in trust by the County Clerk, District Clerk and others, were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2018, the carrying amount of the County's deposits was $7,312,351 and the balance per the bank was $7,577,340. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling $2,055,642.

The County Clerk, District Clerk and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2018 were $937,359 and the balance per the bank was $918,648. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling $23,004.

2. Investments

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (Act) to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, maturity and the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (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 County's investments at September 30, 2018 are shown below:

Investment or Investment Type	Weighted Maturity (Months)	Fair Value
Certificates of deposit	5.87	$2,055,642

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County values its certificates of deposit using Level 2 inputs.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. 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 year end, the County was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to a concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

D. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to $.80 per $100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service) for the year ended September 30, 2018 was $0.667584 per $100 valuation. The long-term debt service tax rate for the year ended September 30, 2018 was $0.083716 per $100 valuation. The total combined tax rate was $0.751300 per $100 valuation for the year ended September 30, 2018.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2018, net property taxes receivable is calculated as follows:

	General Fund	Other Governmental Funds	Totals
Gross property taxes receivable	$290,646	$36,007	$326,653
Allowance for uncollectible taxes	(85,355)	(10,136)	(95,491)
Net property taxes receivable	$205,291	$25,871	$231,162

Of the $231,162 of net property taxes receivable at September 30, 2018, the County expects to collect approximately $125,000 within a year. This is similar to the delinquent taxes received in previous years.

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

Governmental Activities:	Balance 10/1/2017 (as restated)	Additions	Retirements	Balance 9/30/2018
Capital assets not being depreciated:				
Land	$ 726,731	$ -	$ 15,000	$ 711,731
Capital assets being depreciated:				
Buildings and improvements	17,135,894	-	187,373	16,948,521
Machinery and equipment	7,291,093	2,748,790	2,334,606	7,705,277
Infrastructure	3,762,163	-	-	3,762,163
Total capital assets being depreciated	28,189,150	2,748,790	2,521,979	28,415,961
Less accumulated depreciation for:				
Buildings and improvements	4,289,992	309,990	187,373	4,412,609
Machinery and equipment	3,654,994	713,881	1,230,535	3,138,340
Infrastructure	1,388,949	107,490	-	1,496,439
Total accumulated depreciation	9,333,935	1,131,361	1,417,908	9,047,388
Total capital assets being depreciated, net	18,855,215	1,617,429	1,104,071	19,368,573
Governmental activities capital assets, net	$19,581,946	$1,617,429	$1,119,071	$20,080,304

At September 30, 2018, the County had $3,361,181 of machinery and equipment acquired under capital lease obligations with accumulated depreciation of $632,201.

Depreciation expense was charged to departments of the County as follows:

Nondepartmental Costs	$ 36,151
Computer Department	2,240
County/District Court	8,156
District Attorney	5,094
Elections	32,630
Courthouse Maintenance	10,713
Constables	12,243
Sheriff, Dispatch and Jail	312,962
Fort Belknap	11,013
Road and Bridge	698,144
Preservation of Books	2,015
Total governmental depreciation	$1,131,361

F. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Balances due to and from other funds at September 30, 2018 were as follows:

Due To Fund	Due From Fund	Amount	Reason
General Fund	General Fund	$ 29,680	Short-term borrowings
General Fund	Agency Funds	67,463	Fee account balances
Other Governmental Funds	General Fund	5,381	Short-term borrowings
Other Governmental Funds	Agency Funds	7,675	Fee account balances
Agency Funds	Agency Funds	23,620	Fee account balances
	Total	$133,819	

All of the above amounts are expected to be repaid within one year.

Interfund transfers during the year ended September 30, 2018 were as follows:

Transfers From	Transfers To	Amount	Reason
General Fund	General Fund	$2,001,041	Supplement other resources
Other Governmental Fund	General Fund	14,500	Supplement other resources
	Total	$2,015,541	

G. LONG-TERM OBLIGATIONS

The County issued bonded debt and capital lease obligations to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

Changes in long-term obligations for the year ended September 30, 2018 were as follows:

Governmental Activities:	Balance 10/1/2017	Additions	Retirements	Balance 9/30/2018	Due Within One Year
Bonds payable	$4,295,000	$ -	$ 660,000	$3,635,000	$ 685,000
Bond premium	202,805	-	60,624	142,181	50,341
Capital lease obligations	1,284,330	1,950,426	1,426,121	1,808,635	457,382
Compensated absences *	98,832	217,373	217,284	98,921	98,921
Totals	$5,880,967	$2,167,799	$2,364,029	$5,684,737	$1,291,644

* Compensated absences are generally liquidated by the General Fund.

Bonds Payable

Bonds payable at September 30, 2018 are comprised of the following issues:

	Original Debt	Range of Interest Rates	Final Maturity Date	Balance 9/30/2018
General Obligation Refunding Bonds, Series 2014	$5,080,000	2.00% - 3.00%	2/15/2023	$3,635,000
Related bond premium				142,181
Total				$3,777,181

Debt service requirements on the bonds payable at September 30, 2018 are as follows:

Year Ending September 30,	Principal	Interest	Total
2019	$ 685,000	$ 98,775	$ 783,775
2020	705,000	77,925	782,925
2021	725,000	56,475	781,475
2022	750,000	34,300	784,300
2023	770,000	11,500	781,500
Totals	$3,635,000	$278,975	$3,913,975

Capital Lease Obligations

Capital lease obligations payable at September 30, 2018 are as follows:

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2018

	Original Debt	Interest Rates	Final Maturity Date	Balance 9/30/2018
2017 Chevy Pickup – Sheriff's Department	$ 32,936	2.50%	12/12/2019	$ 17,731
2017 Ford Explorer - Jail	28,743	2.75%	3/13/2021	19,760
2007 International Dump Truck – Precinct #1	53,155	2.99%	04/11/2020	28,479
2017 Chevy Tahoe – Sheriff's Department	40,900	3.15%	07/24/2020	18,961
Election Equipment – Elections	148,896	2.50%	01/09/2022	120,568
2019 Mack Truck – Precinct #3	120,512	2.55%	2/13/2021	60,682
2019 Mack Truck – Precinct #3	120,512	2.55%	2/13/2021	60,738
2017 GMC Sierra 3500HD – Precinct #1	43,332	3.99%	4/23/2021	33,332
2018 Chevy Tahoe – Sheriff's Department	43,990	3.15%	5/29/2021	38,713
2018 Chevy Tahoe – Sheriff's Department	43,990	3.15%	5/29/2021	38,763
2018 Chevy Tahoe – Sheriff's Department	43,990	3.15%	5/29/2021	33,990
John Deere 5090E Utility Tractor – Prec. #2	49,885	4.24%	7/16/2021	25,885
2014 CAT 420F Backhoe – Precinct #2	74,351	2.50%	2/15/2019	15,634
2015 CAT 140M3 Motorgrader – Precinct #4	131,350	2.25%	10/28/2018	91,207
2015 CAT 140M3 Motorgrader – Precinct #4	133,287	2.25%	10/28/2018	93,232
2012 CAT Compactor Roller – Precinct #4	78,100	2.55%	11/14/2021	49,582
2018 Mack Truck – Precinct #4	116,393	2.69%	12/15/2020	96,393
2018 Mack Truck – Precinct #4	116,393	2.69%	12/15/2020	96,393
2018 CAT 12M3 Motorgrader – Precinct #4	265,250	2.99%	2/15/2021	235,745
2018 CAT 140M3 Motorgrader – Precinct #2	277,750	2.99%	2/15/2021	242,281
2018 CAT 140M3 Motorgrader – Precinct #2	277,750	2.99%	3/09/2021	31,750
2018 Kubota Skid Steer – Precinct #2	68,064	3.65%	8/22/2023	53,063
2018 CAT Backhoe – Precinct #4	112,250	3.65%	9/24/2023	77,250
2018 John Deere 672G Motorgrader – Prec. #1	250,364	3.80%	4/19/2021	228,503
Total				$1,808,635

Debt service requirements on the capital lease obligations at September 30, 2018 are as follows:

Year Ending September 30,	Principal	Interest	Total
2019	$ 457,382	$ 55,198	$ 512,580
2020	283,061	41,910	324,971
2021	959,328	33,395	992,723
2022	80,949	3,366	84,315
2023	27,915	1,021	28,936
Totals	$1,808,635	$134,890	$1,943,525

Total Long-Term Debt

Debt service requirements for all long-term debt at September 30, 2018 are as follows:

Year Ending September 30,	Principal	Interest	Total
2019	$1,142,382	$153,973	$1,296,355
2020	988,061	119,835	1,107,896
2021	1,684,328	89,870	1,774,198
2022	830,949	37,666	868,615
2023	797,915	12,521	810,436
Totals	$5,443,635	$413,865	$5,857,500

H. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. During fiscal year 2018, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

I. CONTINGENT LIABILITIES AND COMMITMENTS

Grant Awards

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

Litigation

In the normal course of providing services to the public, the County from time-to-time is subjected to litigation claims. The County defends itself against such claims based on internal assessment of liability and risk. Litigation expenses are recorded as expenditures in the period when litigation services are rendered and damages are accrued as expenditures when determined to be probable and when amounts can reasonably be estimated. No liabilities have been accrued in the financial statements relative to litigation at September 30, 2018.

Trust Funds

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

J. DEFINED BENEFIT PENSION PLAN

1. 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 TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 760 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis that is publicly available at www.tcdrs.org.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

2. Benefits Provided

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

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	84
Inactive employees entitled to but not yet receiving benefits	114
Active employees	113

3. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 8.10% for the months of the accounting year in 2017, and 8.40% for the months of the accounting year in 2018.

The contribution rate payable by the employee members for calendar year 2018 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

4. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability used to calculate the NPL was determined by an actuarial valuation.

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68.

Real rate of return	5.0% per year
Inflation	3.0% per year
Long-term investment return	8.0% per year, net of pension plan investments expenses
Growth in membership	0.0% per year
Payroll growth	3.5% per year

Salary increases were based on a service-related table. The mortality rates for active members were based on the RP2000 Active Employee Mortality Table for males with a two-year set-forward and the RP2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that. The mortality rate for service retirees, beneficiaries, and non-depositing members was based on the RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females. The mortality rates for disabled retirees were based on the RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

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 based on January 2016 information for a 7-10 year time horizon.

The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities – Developed	MSCI World Ex USA (net) Index	11.00%	4.55%
International Equities – Emerging	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 (4)	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate 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 (5)	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

(1) Target asset allocation adopted at the April 2018 TCDRS Board Meeting.
(2) Geometric real rates of return equal the expected return minus the assumed inflation of 1.95%, per Cliffwater's 2018 capital market assumptions
(3) Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.
(4) Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.
(5) Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

Discount Rate

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the discount rate for purposes of calculating the total pension liability and NPL of the employer is equal to the long-term assumed rate of return on investments (8.10%).

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2016	$20,356,549	$19,155,786	$1,200,763
Changes for the year:			
Service cost	504,052	-	504,052
Interest on total pension liability	1,644,083	-	1,644,083
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(59,356)	-	(59,356)
Effect of assumptions changes or inputs	113,088	-	113,088
Refund of contributions	(87,625)	(87,625)	-
Benefit payments	(1,061,292)	(1,061,292)	-
Administrative expense	-	(14,229)	14,229
Member contributions	-	288,885	(288,885)
Net investment income	-	2,787,620	(2,787,620)
Employer contributions	-	334,280	(334,280)
Other	-	(7,180)	7,180
Balances as of December 31, 2017	$21,409,499	$21,396,245	$ 13,254

Sensitivity Analysis

The following presents the net pension liability (asset) of the County, calculated using the discount rate of 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Net pension liability (asset)	$2,379,059	$13,254	($2,017,329)

Pension Expense

	January 1, 2017 to December 31, 2017
Service cost	$ 504,052
Interest on total pension liability [1]	1,644,083
Effect of plan changes	-
Administrative expenses	14,229
Member contributions	(288,885)
Expected investment return net of investment expenses	(1,529,890)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(140,540)
Recognition of assumption changes or inputs	96,541
Recognition of investment gains or losses	97,958
Other [2]	7,180
Pension expense	$ 404,727

[1] *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*
[2] *Relates to allocation of system-wide items.*

Deferred Outflows / Inflows of Resources

As of September 30, 2018, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 52,642
Changes of assumptions	84,816	-
Net difference between projected and actual earnings		328,750
Contributions made subsequent to measurement date	259,451	-
Total	$344,267	$381,392

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:

Year Ended December 31:	
2018	$103,266
2019	67,492
2020	(215,788)
2021	(251,546)

For the year ended December 31, 2017, there were no changes to the Plan relative to assumptions and benefit terms, except for changes to the mortality tables.

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

The County administers the Young County Retiree Health Care Plan for retired employees.

1. *Plan Description*

Any employee who meets the retirement eligibility requirements of the Texas County and District Retirement System, and who leaves the employ of the County may, upon retirement, elect to remain on the County's group medical. The retired employee may continue coverage for dependents as well. Premiums for the retired employee and any dependents are paid by the retired employee. Premiums are determined annually by estimating the amount needed to cover projected claims. The benefit is subject to annual appropriations by the Commissioners' Court.

2. *Demographic Information*

Status	9/30/18
Active – Employee Only	66
Active – Employee and Dependent	26
Retired – Employee Only	2
Retired – Employee and Dependent	4

3. *Actuarial Methods and Assumptions Used for GASB Calculations*

GASB accounting methodology were used to determine the post-retirement medical benefit obligations.

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	4.06% (1.06% real rate of return plus 3.00% inflation)
Average Per Capita Claim Cost	The medical claim cost ranges from $9,026 at age 50 to $12,754 at age 64.
Health Care Cost Trend	Level 5.00%
Effect of ACA	The excess coverage excise tax penalty of the Affordable Care Act has been postponed until the plan year beginning in 2022 and is not included in the projection of benefits in this valuation. This plan has current medical costs well under the limits in current law. Current legislative discussion include both repeal of the excise tax and postponement beyond 2022.
Mortality	RPH-2014 Total Table with Projection MP-2018

Turnover	Rates varying based on gender, age and select and ultimate at 15 years. Rates are based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report. The rates vary by entry age, gender and years. For males the rates range from 2.4% to 33.4% and for females the rates range from 2.7% to 36.2%.
Disability	None assumed
Retirement Rates	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans. The rates are unisex and range from 10% at age 50 to 25% at age 65.
Retiree Contributions	The retiree pays the full contribution rate for the medical and dental coverage.
Salary Scale	3.50%
Data Assumptions - Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage until eligibility for Medicare. 25% of all actives who currently have healthcare coverage will continue with coverage upon retirement. For those with family coverage 25% will elect to continue with coverage including the spouse and the remainder will elect individual coverage. It is assumed that coverage is not continued beyond eligibility for Medicare.
Valuation Date	September 30, 2018
Measurement Date	September 30, 2018

4. *Changes in Total OPEB Liability*

	Changes in Total OPEB Liability
Balances as of September 30, 2017	$79,713
Changes for the year:	
Service cost	5,358
Interest cost	3,307
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Other changes	-
Contributions-employer	-
Net investment income	-
Benefit payments	(7,220)
Administrative expense	-
Balance as of September 30, 2018	$81,158

Sensitivity Analysis of the Discount and Trend Rate

Discount Rate

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.06%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.06%) or 1 percentage point higher (5.06%) than the current rate.

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	$87,398	$81,158	$75,509

Trend Rate

The following presents the total OPEB liability of the County, calculated using the healthcare cost trend rate of 5.00%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate.

	1% Decrease 4.00%	Current Discount Rate 5.00%	1% Increase 6.00%
Total OPEB liability	$73,965	$81,158	$89,711

5. *OPEB Expense*

	October 1, 2017 to September 30, 2018
Service cost at October 1, 2017	$5,358
Interest cost (including interest on Service Cost)	3,307
Changes of benefit terms	-
Current recognized deferred outflows (inflows)	-
Difference between expected and actual experience	-
Changes in assumptions or other inputs	-
Other changes, if significant	-
Difference of projected investment earnings	-
Total OPEB expense as of September 30, 2018	$8,665

6. *Deferred Outflows / Inflows of Resources*

As of September 30, 2018, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions/inputs	-	-
Net difference between projected and actual investments	-	-
Contributions made subsequent to measurement date	-	-
Total	$ -	$ -

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

Year Ended December 31:	
2019	$ -
2020	-
2021	-
2022	-
2023	-

L. JUDICIAL ASSESSMENT RECEIVABLES

At September 30, 2018, the County has not recorded the receivables from judicial assessments in the accompanying financial statements; nor have they been recorded in the prior year. Though these amounts are significant, the County has not determined the allowances for uncollectible amounts for recording them at year end. Consequently, the effects on the financial statements of not including the judicial assessment receivables are not reasonably determinable.

M. TAX ABATEMENT AGREEMENTS

The County has approved two tax abatement agreements. The first agreement is dated December 27, 2010 with Trinity Hills Wind Farm, LLC and the second agreement is with Senate Wind, LLC dated July 11, 2011. Both agreements were issued pursuant to the Property Redevelopment and Tax Abatement Act, as amended, in V.T.C.A Tax Code, Chapter 312.

The Trinity Hills Wind Farm, LLC agreement requires the company to maintain a viable presence for at least twenty years and make improvements within the reinvestment zone of at least $67,000,000. The agreement is a ten-year abatement of qualified facilities or personal property for 100% each of the ten years. This is the sixth year of the agreement and the total value loss was $60,372,660. The reduction in M&O taxes was $403,038 and I&S taxes was $50,542. However, Trinity Hills Wind Farm, LLC has agreed to pay to the County $1,250 per megawatt of the wind farm. For the year ended September 30, 2018, this payment was $93,750.

The Senate Wind, LLC agreement requires the company to maintain a viable presence for at least twenty years and make improvements within the reinvestment zone of at least $14,615,000. The agreement is a six-year abatement of qualified facilities or personal property for 90% in the first two years, 80% in year 3, 70% in year 4, 60% in year 5 and 40% in year 6. This is the fifth year of the agreement and the total value loss was $14,377,788. The reduction in M&O taxes was $95,984 and I&S taxes was $12,037.

All of the agreements have early termination/default clauses that without the consent of the County or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of the agreement or to meet any material obligation under the agreement, then the County shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the agreement within thirty days of notice provided by the County.

N. PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2018, County management discovered that two motorgraders were excluded from the previously-reported capital assets on the Statement of Net Position. Consequently, the cost of the motorgraders of $538,580, less accumulated depreciation of $184,015, was added effective October 1, 2017. The effect of this prior period adjustment was an increase of net position at October 1, 2017 by $354,565.

REQUIRED SUPPLEMENTARY INFORMATION

YOUNG COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance With Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues				
Property taxes	$ 5,957,246	$ 5,957,246	$ 6,905,411	$ 948,165
Sales taxes	1,000,000	1,000,000	1,099,412	99,412
Occupancy taxes	-	-	41,105	41,105
Mixed beverage tax	25,250	25,250	21,878	(3,372)
Licenses, fees and fines	729,450	729,450	748,682	19,232
Salary reimbursements	1,162,679	1,162,679	1,218,281	55,602
Auto registration	550,000	550,000	447,453	(102,547)
Surtax on auto registration	190,000	190,000	193,670	3,670
Federal and state grants	196,950	196,950	146,530	(50,420)
Wind farm revenue	93,750	93,750	93,750	-
Interest earned	15,700	15,700	39,740	24,040
Other revenue	101,100	101,100	112,697	11,597
Total revenues	10,022,125	10,022,125	11,068,609	1,046,484
Expenditures				
County judge	148,854	148,854	146,327	2,527
County clerk	234,209	234,209	212,246	21,963
Veteran service	18,327	18,327	18,125	202
Homeland security	36,523	36,523	22,140	14,383
Nondepartmental costs	253,385	205,386	184,141	21,245
Computer department	120,770	120,770	101,873	18,897
County/District court	417,297	417,297	449,122	(31,825)
District clerk	190,042	190,042	179,448	10,594
Justices of the peace	290,277	290,277	267,197	23,080
District judge	65,850	65,850	62,324	3,526
County attorney	242,914	242,914	234,074	8,840
District attorney	280,391	280,391	270,696	9,695
Elections	158,211	158,211	114,962	43,249
County auditor	202,061	202,061	200,394	1,667
County treasurer	130,149	130,149	128,049	2,100
Tax assessor/collector	477,729	477,729	472,823	4,906
Courthouse maintenance	211,274	211,274	218,589	(7,315)
Annex maintenance	20,850	20,850	18,559	2,291
Ambulance	184,000	196,500	196,500	-
Constables	76,745	76,745	55,874	20,871
Department of public safety and game warden	6,500	6,500	6,392	108
Sheriff, dispatch and jail	2,549,089	2,561,589	2,501,082	60,507
911 mapping	86,682	86,682	80,503	6,179
Adult probation	432,351	432,351	459,471	(27,120)
Juvenile probation	547,063	547,063	571,187	(24,124)
Pauper services	10,000	10,000	9,104	896
Fort Belknap	88,104	88,104	92,715	(4,611)
Agricultural extension agent	28,242	28,242	27,414	828
Home economics agent	27,582	27,582	19,028	8,554
TAEX office	63,221	63,221	62,281	940
Employee benefits	74,035	74,035	81,086	(7,051)
District court reporter	101,902	101,902	103,741	(1,839)
Road and bridge	1,731,496	1,731,496	1,802,096	(70,600)
Hospital and medical costs	126,000	126,000	116,138	9,862
Medical administrative costs	60,000	60,000	58,238	1,762

YOUNG COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance With Final Budget - Positive
	Original	Final	Actual	(Negative)
Capital outlay	278,000	278,000	2,737,290	(2,459,290)
Debt service - principal	52,000	74,725	1,434,227	(1,359,502)
Debt service - interest	-	274	23,631	(23,357)
Total expenditures	10,022,125	10,022,125	13,739,087	(3,716,962)
Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)	-	-	(2,670,478)	(2,670,478)
Other sources and (uses):				
Proceeds from issuance of capital leases	-	-	1,950,426	1,950,426
Proceeds from sale of capital assets	-	-	1,608,400	1,608,400
Transfers in	2,001,041	2,001,041	2,015,541	14,500
Transfers out	(2,001,041)	(2,001,041)	(2,001,041)	-
Total other sources and (uses)	-	-	3,573,326	3,573,326
Net change in fund balances	-	-	902,848	902,848
Fund balances, beginning of year	5,260,486	5,260,486	5,260,486	-
Fund balances, end of year	$ 5,260,486	$ 5,260,486	$ 6,163,334	$ 902,848

YOUNG COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service cost	$ 504,052	$ 518,903	$ 509,318	$ 481,281	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	1,644,083	1,550,621	1,500,140	1,419,896	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	(48,149)	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes or inputs	113,088	-	204,806	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(59,356)	(24,375)	(345,621)	(9,477)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,148,917)	(1,133,284)	(1,117,345)	(870,631)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	1,052,950	911,865	703,149	1,021,069	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	20,356,549	19,444,684	18,741,535	17,720,466	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	$ 21,409,499	$ 20,356,549	$ 19,444,684	$ 18,741,535	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	$ 334,280	$ 380,529	$ 385,358	$ 387,237	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	288,885	292,072	288,813	276,598	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	2,787,620	1,348,459	84,601	1,211,550	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,148,917)	(1,133,284)	(1,117,346)	(870,631)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(14,229)	(14,652)	(13,228)	(13,929)	N/A	N/A	N/A	N/A	N/A	N/A
Other	(7,180)	46,876	31,954	(36,635)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	2,240,459	920,000	(339,848)	954,190	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	19,155,786	18,235,786	18,575,634	17,621,444	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	$ 21,396,245	$ 19,155,786	$ 18,235,786	$ 18,575,634	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	$ 13,254	$ 1,200,763	$ 1,208,898	$ 165,901	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	99.94%	94.10%	93.78%	99.11%	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	$ 4,126,934	$ 4,172,463	$ 4,125,904	$ 3,951,400	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	0.32%	28.78%	29.30%	4.20%	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

YOUNG COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2008	$ 249,597	$ 249,597	$ -	$ 3,081,445	8.1%
2009	278,858	373,858	(95,000)	3,417,377	10.9%
2010	328,336	428,336	(100,000)	3,511,610	12.2%
2011	304,920	304,920	-	3,496,804	8.7%
2012	339,411	339,411	-	3,750,393	9.1%
2013	348,456	348,456	-	3,726,814	9.3%
2014	387,237	387,237	-	3,951,400	9.8%
2015	385,358	385,358	-	4,125,904	9.3%
2016	380,529	380,529	-	4,172,463	9.1%
2017	334,280	334,280	-	4,126,934	8.1%

(1) Payroll is calculated based on contributions as reported to TCDRS.

YOUNG COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
YOUNG COUNTY RETIREE HEALTH CARE PLAN

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability										
Service cost	$ 5,358	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest cost	3,307	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Change of benefit terms	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Difference between expected and actual experience	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes in assumptions	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other changes	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions-employer	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(7,220)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expense	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	1,445	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	79,713	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending	$ 81,158	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	$ 3,073,162	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll	2.64%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

YOUNG COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018

A. BUDGETARY INFORMATION

Annual budgets are adopted on the GAAP basis of accounting for all governmental funds except capital project funds. Project-length budgets were adopted for all capital projects funds. All annual appropriations lapse at fiscal year end.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Treasurer is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. No supplemental appropriations were required during the year.

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2018, expenditures exceeded appropriations in the General Fund in total by $3,716,962 and by functional categories as follows:

County/District Court	$ 31,825
Courthouse maintenance	7,315
Adult probation	27,120
Juvenile probation	24,124
Fort Belknap	4,611
Employee benefits	7,051
District court reporter	1,839
Road and bridge	70,600
Capital outlay	2,459,290
Debt service – principal	1,359,502
Debt service – interest	23,357

These over-expenditures were funded by available fund balance.

C. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.3 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

D. YOUNG COUNTY RETIREE HEALTH CARE PLAN

There were no changes to benefit terms or assumptions during the year.