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**BORDEN COUNTY TEXAS
COMPREHENSIVE ANNUAL REPORT
YEAR ENDED DECEMBER 31, 2018**

AUDITED BY DON H. STEPHENS CPA, P.C.

**BORDEN COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018**

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**INTRODUCTORY
SECTION**

COUNTY ORGANIZATION

TEXAS COUNTIES

**Other Elected
Officials**

County Clerk
County Sheriff
County Tax Assessor/Collector
County Treasurer
District Attorney
District Clerk
Constables

Commissioners Court*
County Judge
County Commissioners (4)

Judiciary

District Judges Justices of the
Peace

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**BORDEN COUNTY
YEAR ENDED DECEMBER 31, 2018
DIRECTORY OF OFFICIALS**

BORDEN COUNTY

DIRECTORY OF OFFICIALS 2018

DISTRICT COURT

**ERNIE B. ARMSTRONG
TERRY HANSHEW
JANA UNDERWOOD
BEN SMITH**

**DISTRICT JUDGE
COURT REPORTER
CO. & DISTRICT CLERK
DISTRICT ATTORNEY**

BORDEN COUNTY

**ROSS SHARP
MONTE SMITH
RANDY ADCOCK
ERNEST REYES
JOE BELEW
MARLOW HOLBROOKS
BENNY ALLISON
SHAWNA GASS
JANE JONES
SARAH SHARP**

**COUNTY JUDGE
COMMISSIONER PREC. 1
COMMISSIONER PREC. 2
COMMISSIONER PREC. 3
COMMISSIONER PREC 4
COUNTY ATTORNEY
SHERIFF & TAX
COUNTY TREASURER
JUSTICE OF THE PEACE
COURTHOUSE**

**DON H. STEPHENS CPA, P.C.
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LAMESA, TEXAS 79331**

Member AICPA
Deann Freeman, Tax Mgr
806-872-3233 voice
Don Stephens, Audlt Mgr

Member TSCPA
Arnold Freeman, Tech
fax 806-872-5898
dons@pics.net

REPORT OF INDEPENDENT AUDITORS

Hon Judge & Commissioners Court
Borden County
Gail, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and aggregate remaining fund information of the County of Borden, Texas, as of and for the year ended December 31, 2018 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 U.S. generally accepted accounting principles; 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. general accepted auditing standards.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the 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 reasonableness of significant accounting estimates made by the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Borden County as of December 31, 2018, and the results of their operations and their cash flows for the years ended in accordance with U.S. generally accepted accounting principles.

Report of Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. Other information is Net Pension Benefit, county part.

We have issued our report dated 7-31-2019 on our opinion of the County's Internal Control & tests of County's compliance with regulations and laws.


Don H. Stephens CPA, P.C.

Lamesa, Texas

July 31, 2019

FINANCIAL SECTION

GOVERNMENT WIDE FINANCIAL STATEMENTS

BORDEN COUNTY TEXAS
STATEMENT OF NET ASSETS

DECEMBER 31, 2018

GOVERNMENT ACTIVITIES

ASSETS

CASH IN BANK AND CERTIFICATES OF DEPOSIT	\$11,518,149
ACCOUNTS RECEIVABLE	
TAXES RECEIVABLE NET ON OCTOBER 31	661,279
OTHER ASSETS	
NET PENSION ASSET-TCDRS	161,134
CAPITAL ASSETS-WATER RIGHTS	2,006,975
BUILDINGS AND EQUIPMENT	1,309,722
EVENT CENTER	2,376,054
ROADS	6,800,000
MACHINERY AND EQUIPMENT	3,586,028
LAND	10,200
WATER IMPROVEMENTS	444.186
Total Capital Assets	16,694,299
TOTAL ASSETS	\$28,873,727

THE accompanying notes are an integral part of the financial statements

BORDEN COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Primary Government	EXPENSES \$	REVENUES \$	GRANTS \$	NET \$
JUDICIAL	60,705	1,600		
FINANCIAL ADMIN	7,500			
LAW ENFORCEMENT	262,311	86,359		
HEALTH ,SAFETY & CONSERVATION	343,275 25,900			
GEN ADMINISTRATION	4,055,973	171,431	280,489	
NON DEPARTMENTAL	59,080			
PRECINCT EXPENSES	532,670	12,172	34,387	
EVENT CENTER		5,200		
LAND FILL	113,611			
STATE FEES	42,589			
Total Gov't Activities	5,503,614	276,762	314,876	
 Business Type Activities				
WATER	76,346	46,694		
BOND INTEREST	21,247			
Total Primary Government	5,601,207	343,456	314,876	
 GENERAL REVENUES				
PROPERTY TAXES			5,076,283	
AUTO REGISTRATION			44,613	
ABATEMENT			238,320	
INVESTMENT EARNINGS			1,528	
GROSS WEIGHTS-STATE			12,926	
CHANGE IN NET ASSETS			6,111,002	

BORDEN COUNTY TEXAS

BALANCE SHEET

DECEMBER 31, 2018

ASSETS

CASH IN BANK AND CERTIFICATES OF DEPOSIT	\$11,518,149
ACCOUNTS RECEIVABLE	
TAXES RECEIVABLE NET ON OCTOBER 31	661,279
OTHER ASSETS	
NET PENSION ASSET-TCDRS	161,134
CAPITAL ASSETS-WATER RIGHTS	2,006,975
BUILDINGS AND EQUIPMENT	1,309,722
EVENT CENTER	2,376,054
ROADS	6,800,000
MACHINERY AND EQUIPMENT	3,586,028
LAND	10,200
WATER IMPROVEMENTS	444.186
Total Capital Assets	16,694,299
TOTAL ASSETS	\$28,873,727

THE accompanying notes are an integral part of the financial statements

**BORDEN COUNTY TEXAS
Balance Sheet
As of December 31, 2018**

Accrual Basis

Dec 31, 18

Liabilities

Current Liabilities

ACCOUNTS PAYABLE

177,304

Total Accounts Payable

177,304

Other Current Liabilities

TAX NOTE-WATER

323,000

Total Other Current Liabilities

323,000

Total Current Liabilities

Total Liabilities

500,304

Equity

UNRESTRICTED (Deficit) GENERAL

28,373,423

Total Equity

28,373,423

TOTAL LIABILITIES & EQUITY

28,873,727

The accompanying notes are an integral part of these financial statements.

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RECONCILIATION OF THE NET ASSETS TO THE BALANCE SHEET FOR YEAR 2018

Total fund balance – January 1, 2018		\$28,713,593
Net pension liability	+	161,134
Total fund balance December 31, 2018		\$28,873,727

The accompanying notes are an integral part of the financial statements

BORDEN COUNTY

EXCESS OF INCOME OVER EXPENDITURES-YEAR 2018

Primary Government	EXPENSES \$	REVENUES \$	GRANTS \$	NET \$
JUDICIAL	60,705	1,600		
FINANCIAL ADMIN	7,500			
LAW ENFORCEMENT	262,311	86,359		
HEALTH ,SAFETY & CONSERVATION	343,275			
GEN ADMINISTRATION	4,055,973	171,431	280,489	
NON DEPARTMENTAL	59,080			
PRECINCT EXPENSES	532,670	12,172	34,387	
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 Business Type Activities				
WATER	76,346	46,694		
BOND INTEREST	21,247			
Total Primary Government	5,601,207	343,456	314,876	
 GENERAL REVENUES				
PROPERTY TAXES			5,076,283	
AUTO REGISTRATION			44,613	
ABATEMENT			238,320	
INVESTMENT EARNINGS			1,528	
GROSS WEIGHTS-STATE			12,926	
CHANGE IN NET ASSETS			6,111,002	
 EXCESS OF REVENUES OVER EXPENDITURES			1,168,127	

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RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF ACTIVITIES

Total fund balance – January 1, 2018		\$28,713,593
Net pension liability	+	161,134
Total fund balance December 31, 2018		\$28,873,727

The accompanying notes are an integral part of the financial statements

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BORDEN COUNTY 2018

REVENUES	\$3,481,549
EXPENDITURES	\$3,141,709

BORDEN COUNTY – YEAR 2019

RECONCILIATION OF NET ASSETS – PERMANENT SCHOOL FUND TO NET ASSETS PROPRIETARY FUNDS

JANUARY 1, 2018 balance	\$14,132
DECEMBER 31, 2018 BALANCE	\$77,514

Permanent and Available School Fund January 2018 Monthly Report

PERMANENT SCHOOL FUND

BOOK BALANCE January 1, 2018	\$14,131.55		
Certificate of Deposit	<u>\$2,418,288.78</u>		
TOTAL AVAILABLE FUNDS	\$2,432,420.33		\$2,432,420.33
 <u>RECEIPTS</u>			
OIL PRODUCTION	\$11,456.87		
C.D. MATURED	<u>\$0.00</u>		
TOTAL RECEIPTS	\$11,456.87		\$11,456.87
 <u>DISBURSEMENTS</u>			
TRANSFER TO AVAILABLE	\$0.00		
ADJUSTMENT	\$0.00		
PURCHASE C.D.	<u>\$0.00</u>		
TOTAL DISBURSEMENTS	\$0.00	\$0.00	
BOOK BALANCE January 31, 2018	\$25,588.42		
Certificate of Deposit	<u>\$2,418,288.78</u>		
TOTAL AVAILABLE FUNDS	<u>\$2,443,877.20</u>		<u>\$2,443,877.20</u>

The accompanying notes are an integral part of the financial statements

AVAILABLE SCHOOL FUND

BOOK BALANCE January 1, 2018	\$4,139.80		
<u>RECEIPTS</u>			
	\$0.00		
INTEREST, C.D.	<u>\$1,432.95</u>		
TOTAL RECEIPTS	\$1,432.95		\$1,432.95
<u>DISBURSEMENTS</u>			
DAWSON CO. APPRAISAL	\$0.00		
MARTIN CO. APPRAISAL	\$0.00		
MARTIN CO. TAX ASSESSOR	<u>\$0.00</u>		
TOTAL DISBURSEMENTS	\$0.00	\$0.00	
BOOK BALANCE January 31, 2018	\$5,572.75		<u>\$5,572.75</u>

The accompanying notes are an integral part of the financial statements

BORDEN COUNTY – YEAR 2018
STATEMENTS OF CASH FLOWS-COUNTY AVAILABLE FUND

JANUARY 1, 2018 balance	\$ 4,140
RECEIPTS	17,222
DISBURSEMENTS	8,062
DECEMBER 31, 2018 BALANCE	\$13,300
DECEMBER 31, 2018 BALANCE	\$77,514

The accompanying notes are an integral part of the financial statements

BORDEN COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Basic Financial Statements (BFS) of the Borden County, Texas have been prepared in conformity with Accounting Principles Generally accepted in the United States of America (GAAP) as applied to government units, including specialized industry practices as specified in the American Institute of Certified Public Accountants audit and accounting guide titled *Audits of State and Local Governmental Units* (GASB 34 Edition). The Governmental Accounting Standards Board (GASB) is the acknowledged standard -setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities related to business-type activities and enterprise funds, including component units, the County applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant accounting policies are described below.

GASB 34 REQUIRES THE FOLLOWING DISCLOSURES in addition to the usual disclosures.

List and description of the government wide financial statements which are:
Statement of Net Assets
Statement of Activities

The Statement of Net Assets reports all capital assets including infrastructure, net of accumulated depreciation. It is designed to display a basic accounting relationship: assets minus liabilities equals net assets, as of the last day of the fiscal year.

The Statement of Activities tracks yearly revenue and expenses as well as other transactions that increase or decrease a governments net assets. The statement also distinguishes between tax and fee supported activities. It shows the net cost of each government program or function. The statement differentiates between governmental and business activities. GASB also allows government to allocate indirect administrative expenses to functions, or to report them under the administrative function. Borden County has chosen to report them under the administrative function.

Borden County is a Phase 3 Government for GASB 34 purposes, with total revenues of less than ten million, and thus must comply on financial statements for periods after June 15, 2003 (this fiscal year ended December 31, 2009, so the County is complying for the fifth year.)

A. REPORTING ENTITY

Borden County is the primary local county government. County government is a part of the State of Texas and a unit of local government. As part of the State, its structure is set out in the Texas Constitution, and its operations prescribed in detail by state statutes. The County Operations are overseen by an elected Commissioners Court consisting of four commissioners, each elected from one of the four precincts, and a County Judge elected on a county-wide basis.

In evaluating how to define the County for financial reporting purposes, management has considered all potential components unites. Generally accepted accounting principles require the presentation of all component unites. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant indication of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. Based on these and other criteria, only the County is included in this report.

B. Basis of Presentation -Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting Entity. The County has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for By a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures/expenses. The Activities in accordance with laws, regulations, or other restrictions.

The funds are grouped into three fund types and four generic funds as described below:

- 1) Governmental Fund Type- These are the funds through which most governmental functions typically are financed. The fund included in this category is the :

General fund-- This fund is established to account for resources devoted to financing the general Services that the County performs for its citizens. General tax revenues and other sources of revenue Used to finance the fundamental operations of the County are included in this fund. The fund is Charged with all cost of operating the government for which a separate fund has not been established.

Debt Service Fund--This fund is established to account for the purpose of accumulating resources for The payment of interest and principal on long-term general obligation debt. There is no debt at this time.

Capital Projects Fund-- This fund is established to account for major capital expenditures. There are No major capital expenditures at this time.

ii) *Proprietary Fund Type*-- These funds account for operations that are organized to be self-supporting through user charges. There are no proprietary fund types at this time.

iii) *Fiduciary Fund Types*-- These funds account for assets held by the
These funds are as follow:

non-expendable Trust Fund-- This fund is used to account for oil and gas royalties and interest earned On the Permanent School Fund. State law requires that the income from royalties be added to the Corpus of the trust and that net earnings from investment income be distributed annually to school Districts within Borden County based upon the previous year's average daily attendance.

Agency Funds -- This fund is used to account for accounts maintained by the various elected officials That collect monies for the county.

In addition to the three broad types of governmental funds, the County also maintains two account Groups as described below:

i) *General Fixed Assets Account Group*-- This is not a fund but rather an account group that is used to Account for general fixed assets acquired principally for general purposes and excludes fixed assets of The Enterprise Funds. All fixed assets are valued at historical cost or estimated historical cost, if actual Historical cost is not available. No depreciation is recorded on fixed assets.

ii) *General Long-Term Debt Account Group* -- This is not a fund but rather an account group that is Used to account for the outstanding principal balances of general obligation bonds and other long-Term debt not reported in proprietary funds. There are no general obligation bonds at this time.

C. *Basis of Accounting* -- Governmental funds and Agency Funds utilize the modified accrual basis Of accounting. Under this method, revenues are measurable. Licenses and permits, charges for Services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in Cash. General property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are measurable and available). Expenditures are recognized in the accounting period in Which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid Expenses, and other long-term obligations which are recognized when paid.

All proprietary funds and nonexpendable trust funds are accounted for using the accrual basis of Accounting. Their revenues are recognized when they are earned, and their expenses are recognized When they are incurred.

Agency Fund assets and liabilities are accounted for on the modified accrual basis.

D. Budgetary Data -- Formal budgetary accounting is employed as a management control for all funds Of the County. Annual operating budgets are adopted each fiscal year through passage of an annual Budget ordinance and amended as required for the General Fund. The same basis of accounting is Used to reflect for the General Fund. The same basis of accounting is used to reflect actual revenues Expenditures/expenses recognized on a generally accepted accounting principles basis. Budgetary Control is exercised at the departmental level.

E. Assets, Liabilities, and Fund Equity

I) Cash -- Cash applicable to a particular fund is readily identifiable. Certificates of Deposit are used To earn interest until funds are needed. The Depository Bank pledges securities in an adequate Amount to cover deposits in excess of FDIC coverage.

ii) Investments -- The commissioners court may direct the county treasurer to invest funds that are not Immediately required to pay obligations of the county. The funds may be invested in the following Per state law:

1. Direct debt securities of the United States
2. Fully collateralized security repurchase agreements under specified conditions
3. Certificates of Deposit issued by state or federal savings and loan associations domiciled In this state, the payment of which is fully insured by the Federal Deposit Insurance Corporation of the Federal Savings and Loan Insurance Corporation

iii) Receivables -- All receivables are reported at their gross value and, where appropriate, are reduced By the estimated portion that is expected to be uncollectible.

iv) Due to and due from other funds -- Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

v) Inventories -- The County records purchases of supplies as expenditures.

vi) Other assets--Other assets held are recorded and accounted for at cost.

vii) Property, plant, and equipment -- Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized. Property, plant and equipments acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost into the General Fixed Assets Account Group. Capital Assets are defined as those with cost of \$ 5,000 or more. Property, plant, and equipment acquired for proprietary funds is capitalized in the respective funds to which it applies.

Property, plant, and equipment is stated at cost. Where cost could no be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

viii) Long-term debt--Long-term obligations of the County are reported in the General Long-Term Debt Account Group. Long-term liabilities for certain general obligation bonds, revenue bonds, and mortgage bonds are reported in the appropriate Enterprise Fund. There is no long-term debt at this time.

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ix) Fund Equity---The unreserved fund balances for governmental funds represent the amount

available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

F. Revenues, Expenditures, and Expenses

- i) Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expense of proprietary funds are recognized in essentially the same manner as in commercial accounting.

- ii) Property tax revenues -- Property taxes are levied on October 1 based on the assessed value of property as listed on the previous January 1.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated un-collectible accounts and delinquent accounts.

- iii) Vacation, sick leave, and other compensated absences -- County employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

2. ACCOUNTABILITY AND COMPLIANCE

- A. Total Columns -- The Combined Financial Statements include total columns that are described as memoranda only. Data in the columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.
- B. Statement of Cash Flows -- For the purposes of the Statement of Cash Flows, investments are considered to be cash equivalents if they are highly liquid with maturity within one year or less.
- C. Deposits with Financial Institutions -- The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank, deposits for safekeeping and trust, approved pledged securities in an amount sufficient to protect county funds on a day-to-day basis during the period of the contract.

The County's cash deposits at December 31 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank. Deposits were properly secured at all times.

3. NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Assets

- i) Cash -- All Bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the County or by its agent in the County's name.
- ii) Property Taxes -- The County collects its property taxes as well as for other taxing entities in the County.

DON H STEPHENS, CPA, PC

Milliman GASB 68 Report

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Borden County

Texas County & District Retirement System

GASB 68 Report

For Measurement Date: December 31, 2017

Based on Actuarial Valuation Date: December 31, 2017

For Fiscal Year Ending: December 31, 2018

Prepared by:

Mark Olleman
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ASA, EA, MAAA

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Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service cost	\$111,427	\$116,758	\$94,624	\$91,017	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	398,359	373,549	355,855	341,075	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	(6,021)	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	42,460	0	57,123	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(5,565)	38,642	(18,407)	(17,126)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(305,307)</u>	<u>(249,437)</u>	<u>(251,569)</u>	<u>(266,773)</u>	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	241,375	279,511	231,606	148,192	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>4,956,273</u>	<u>4,676,762</u>	<u>4,445,156</u>	<u>4,296,964</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$5,197,648</u>	<u>\$4,956,273</u>	<u>\$4,676,762</u>	<u>\$4,445,156</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position										
Employer contributions	\$105,322	\$122,637	\$132,947	\$119,612	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	55,101	56,103	59,596	53,161	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	658,196	310,814	32,402	277,412	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(305,307)	(249,437)	(251,569)	(266,773)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(3,347)	(3,376)	(3,025)	(3,163)	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>(1,973)</u>	<u>87,188</u>	<u>17,945</u>	<u>28,424</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in fiduciary net position	507,991	323,930	(11,704)	208,673	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>4,525,234</u>	<u>4,201,304</u>	<u>4,213,009</u>	<u>4,004,336</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$5,033,225</u>	<u>\$4,525,234</u>	<u>\$4,201,304</u>	<u>\$4,213,009</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$164,423</u>	<u>\$431,039</u>	<u>\$475,458</u>	<u>\$232,148</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	96.84%	91.30%	89.83%	94.78%	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$787,161	\$801,478	\$830,914	\$759,450	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as % of covered payroll	20.89%	53.76%	57.22%	30.57%	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 implemented.

GASB 68 Disclosure for Measurement Date December 31, 2017
 Borden County
 Texas County & District Retirement System

This work product was prepared solely for TCDRS for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

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EXHIBIT A - FORM OF BOND

The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bond initially issued and delivered pursuant to this Order, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Order.

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS	PRINCIPAL AMOUNT \$2,161,000
	BORDEN COUNTY, TEXAS LIMITED TAX REFUNDING BOND SERIES 2014	

<u>Interest Rate</u>	<u>Delivery Date</u>
1.890%	April 29, 2014

REGISTERED OWNER: TIB—THE INDEPENDENT BANKERSBANK

PRINCIPAL AMOUNT: TWO MILLION ONE HUNDRED SIXTY ONE THOUSAND DOLLARS

BORDEN COUNTY, TEXAS (the "Issuer"), being a political subdivision of the State of Texas, for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assign (the "Registered Owner"), the principal amount specified above, and to pay interest thereon, from the Delivery Date set forth above, on the balance of said principal amount from time to time remaining unpaid, at the rate per annum set forth above, calculated on the basis of a 360-day year of twelve 30-day months. The Bond shall finally mature on October 15, 2020, but principal of said Bond shall mature and be payable in installments to the Registered Owner thereof, on the dates and in the amounts set forth below:

<i>Principal Installment Payment Date</i>	<i>Principal Installment Amount</i>
10/15/2014	\$312,000.00
10/15/2015	\$294,000.00
10/15/2016	\$299,000.00
10/15/2017	\$305,000.00
10/15/2018	\$311,000.00
10/15/2019	\$317,000.00
10/15/2020	\$323,000.00

THE PRINCIPAL OF AND INTEREST ON THIS BOND are payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on this

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

To the Honorable County Judge, Commissioners' Court
Borden County, Texas

We have audited the accompanying financial statements of the governmental activities, and each major fund and the Aggregate remaining fund information of Borden County, as of and for the year ended, December 31, 2018, which collectively comprise Borden County's basic financial statements and have issued our report thereon dated 7-31-2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Borden County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of Borden County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Borden County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies, that adversely affects Borden County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood misstatement of Borden County's financial statements is more than inconsequential will not be prevented detected by Borden County's internal control.

2019.07.30 08:45

Freeman

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A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial Statements will not be prevented or detected by the Borden County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended for the information and use of management, Commissioners' Court, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is no limited.

Don Stephens CPA PC
Don Stephens CPA, P.C.
July 31, 2019