

COUNTY OF GLASSCOCK  
 Annual Financial Report  
 Year Ended September 30, 2018

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FINANCIAL SECTION



A Limited Liability Partnership

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## INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge  
and Commissioners' Court  
County of Glasscock  
P.O. Box 67  
Garden City, TX 79739-0067

### **Report on the Financial Statements**

We have audited the accompanying modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Glasscock, 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 the modified cash basis of accounting described in Section I., Note C.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Glasscock, Texas, as of September 30, 2018, the respective changes in modified cash-basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Section I., Note C.

***Basis of Accounting***

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

***Other Matters***

***Other Information***

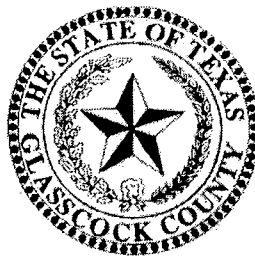
The management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information and total OPEB liability information for the Texas County & District Retirement System on pages 3 through 7, 41, and 42 through 45, respectively, are presented to supplement the basic financial statements. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2019, on our consideration of the County of Glasscock's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Glasscock's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Glasscock's internal control over financial reporting and compliance.

***Eckert & Company, LLP***

February 12, 2019



*Kim Halfmann*  
*Glasscock County Judge*

*Pct. 1 Commissioner Charles Gully*  
*Pct. 3 Commissioner Gary Jones*

*Pct. 2 Commissioner Mark Halfmann*  
*Pct. 4 Commissioner John Seidenberger*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the County of Glasscock's financial performance provides an overview of the County's financial activities for the year ended September 30, 2018, within the limitations of the County's modified cash basis of accounting. It should be read in conjunction with the County's basic financial statements and independent auditor's report.

### **Financial Highlights - Modified Cash Basis of Accounting**

The County's assets exceeded its liabilities at the end of the current year by \$45,711,557 (net position). Of this amount, \$26,610,736 (unrestricted) may be used to meet the County's ongoing obligations.

The County's total net position increased by \$4,022,627 or 10%. This amount consists of a \$4,049,959 increase attributable to current year operations, and a \$27,332 decrease attributable to a prior period adjustment described in Note IV, F. to the financial statements. The County's statement of activities shows total revenues of \$12,526,448 and total expenses of \$8,476,489.

The total fund balance of the General Fund is \$26,394,884 which is an increase of \$3,948,983 or 18% compared to the prior year.

### **Overview of the Financial Statements**

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Overview of the Financial Statements - Continued

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

The governmental activities of the County include public transportation through roads and bridges, justice system, public safety, public health and welfare, culture and education, and community and economic development, as well as general administrative and support services. Business-type activities consist of a water system.

The County has no component units.

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

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

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

Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund which is a major fund. Data from other governmental funds are combined into a single, aggregated presentation.

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

**Proprietary Funds** - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its water system.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis**

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

**NET POSITION - MODIFIED CASH BASIS**

	Governmental Activities		Business-Type Activities		Totals	
	September 30,					
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 27,052,514	\$ 23,009,759	\$ 209,447	\$ 172,622	\$ 27,261,961	\$ 23,182,381
Capital Assets	17,606,401	17,600,502	901,549	948,893	18,507,950	18,549,395
<b>Total Assets</b>	<b>\$ 44,658,915</b>	<b>\$ 40,610,261</b>	<b>\$ 1,110,996</b>	<b>\$ 1,121,515</b>	<b>\$ 45,769,911</b>	<b>\$ 41,731,776</b>
Liabilities	\$ 58,354	\$ 42,846	\$ 0	\$ 0	\$ 58,354	\$ 42,846
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 17,606,401	\$ 17,600,502	\$ 901,549	\$ 948,893	\$ 18,507,950	\$ 18,549,395
Restricted	592,871	512,294	0	0	592,871	512,294
Unrestricted	26,401,289	22,454,619	209,447	172,622	26,610,736	22,627,241
<b>Total Net Position</b>	<b>\$ 44,600,561</b>	<b>\$ 40,567,415</b>	<b>\$ 1,110,996</b>	<b>\$ 1,121,515</b>	<b>\$ 45,711,557</b>	<b>\$ 41,688,930</b>

A large portion of the County's net position resulting from modified cash basis transactions (\$18,507,950) reflects the County's investment in capital assets. These assets are not available for future spending. An additional portion of the City's net position (\$592,871) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$26,610,736) may be used to meet the County's ongoing obligations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis - Continued**

**Governmental Activities** - Governmental activities increased the County's net position resulting from modified cash basis transactions by \$4,060,478 and \$6,176,957 for the fiscal years ended September 30, 2018 and 2017, respectively. Business-type activities decreased the County's net position by \$10,519 and \$32,447 for the fiscal years ended September 30, 2018 and 2017, respectively. Key elements of these increases (decreases) are as follows:

**CHANGES IN NET POSITION - MODIFIED CASH BASIS**

	Governmental Activities		Business-Type Activities		Totals	
	Year Ended September 30,					
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,137,994	\$ 1,037,632	\$ 107,473	\$ 95,729	\$ 1,245,467	\$ 1,133,361
Operating and Capital Grants	48,146	743,430	0	0	48,146	743,430
General Revenues						
Maintenance and Operations Taxes	10,670,808	9,877,481	0	0	10,670,808	9,877,481
Investment Earnings	406,868	154,065	2,592	945	409,460	155,010
Other	145,867	30,661	6,700	6,000	152,567	36,661
<b>Total Revenues</b>	<b>\$ 12,409,683</b>	<b>\$ 11,843,269</b>	<b>\$ 116,765</b>	<b>\$ 102,674</b>	<b>\$ 12,526,448</b>	<b>\$ 11,945,943</b>
<b>Expenses</b>						
General Government	\$ 2,357,551	\$ 1,926,021	\$ 0	\$ 0	\$ 2,357,551	\$ 1,926,021
Roads and Bridges	4,445,049	2,194,166	0	0	4,445,049	2,194,166
Justice System	314,663	359,426	0	0	314,663	359,426
Public Safety	973,935	893,996	0	0	973,935	893,996
Public Health and Welfare	102,450	121,246	0	0	102,450	121,246
Culture and Education	101,670	112,011	0	0	101,670	112,011
Community and Economic Development	53,887	59,446	0	0	53,887	59,446
Water	0	0	127,284	135,121	127,284	135,121
<b>Total Expenses</b>	<b>\$ 8,349,205</b>	<b>\$ 5,666,312</b>	<b>\$ 127,284</b>	<b>\$ 135,121</b>	<b>\$ 8,476,489</b>	<b>\$ 5,801,433</b>
<b>Change in Net Position</b>	<b>\$ 4,060,478</b>	<b>\$ 6,176,957</b>	<b>\$ (10,519)</b>	<b>\$ (32,447)</b>	<b>\$ 4,049,959</b>	<b>\$ 6,144,510</b>
<b>Net Position - Beginning</b>	<b>40,567,415</b>	<b>34,484,223</b>	<b>1,121,515</b>	<b>1,153,962</b>	<b>41,688,930</b>	<b>35,638,185</b>
<b>Prior Period Adjustment</b>	<b>(27,332)</b>	<b>(93,765)</b>	<b>0</b>	<b>0</b>	<b>(27,332)</b>	<b>(93,765)</b>
<b>Net Position - Ending</b>	<b>\$ 44,600,561</b>	<b>\$ 40,567,415</b>	<b>\$ 1,110,996</b>	<b>\$ 1,121,515</b>	<b>\$ 45,711,557</b>	<b>\$ 41,688,930</b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Financial Analysis of the County's Funds

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

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

The County's governmental funds reported combined ending fund balances of \$26,994,160, an increase of \$4,027,247 or 18% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$26,394,884. All of this balance is unassigned.

Special Revenue Funds \$599,276. Of these balances \$592,871 is restricted by legislation and \$6,405 is committed to special programs.

**Proprietary Funds** - The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The County's Enterprise Fund reported unrestricted net position of \$209,447, an increase of \$36,825 or 21% in comparison with the prior year.

### General Fund Budget

The original and final amended budget for the General Fund was \$11,652,698. Variances between the original budget and the final amended budget are shown on page 41 in the other information section of the audit report.

The County has adopted a budget for the General Fund in the amount of \$11,976,711 for the fiscal year 2019, which is an increase of \$324,013 from the fiscal year 2018.

### Capital Assets and Debt - Modified Cash Basis

**Capital Assets** - Financial statement footnote III. C. discloses the County's capital asset activity for the year ended September 30, 2018.

**Long-Term Debt** - The County had no long-term debt outstanding.

### Requests for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Kim Halfmann, County Judge, County of Glasscock, P.O. Box 67, Garden City, TX 79739-0067.

Basic Financial Statements

COUNTY OF GLASSCOCK  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 26,802,896	\$ 209,447	\$ 27,012,343
Due from Fiduciary Funds	243,541	-	243,541
Other Receivable	6,077	-	6,077
Capital Assets:			
Land	229,331	20,000	249,331
Infrastructure, Net	6,901,224	-	6,901,224
Buildings and Improvements, Net	8,864,487	-	8,864,487
Machinery and Equipment, Net	1,611,359	2,246	1,613,605
Water System, Net	-	879,303	879,303
Total Assets	<u>44,658,915</u>	<u>1,110,996</u>	<u>45,769,911</u>
<b>LIABILITIES</b>			
Collection Fees Payable	5,273	-	5,273
Due to Other Governments	52,501	-	52,501
Due to Fiduciary Funds	580	-	580
Total Liabilities	<u>58,354</u>	<u>-</u>	<u>58,354</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	17,606,401	901,549	18,507,950
Restricted by Legislation	592,871	-	592,871
Unrestricted	26,401,289	209,447	26,610,736
Total Net Position	<u>\$ 44,600,561</u>	<u>\$ 1,110,996</u>	<u>\$ 45,711,557</u>

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

COUNTY OF GLASSCOCK  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 2,357,551	\$ 535,700	\$ 25,200
Roads and Bridges	4,445,049	181,447	10,105
Justice System	314,663	317,163	7,063
Public Safety	973,935	95,044	5,778
Culture and Education	101,670	-	-
Public Health and Welfare	102,450	-	-
Community and Economic Development	53,887	8,640	-
Total Governmental Activities	8,349,205	1,137,994	48,146
BUSINESS-TYPE ACTIVITIES:			
Water System	127,284	107,473	-
Total Business-Type Activities	127,284	107,473	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 8,476,489</b>	<b>\$ 1,245,467</b>	<b>\$ 48,146</b>

General Revenues:

Property Taxes, Levied for General Purposes  
Miscellaneous Revenue  
Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning  
Prior Period Adjustment  
Net Position - Ending

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

Net (Expense) Revenue and  
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,796,651)	\$ -	\$ (1,796,651)
(4,253,497)	-	(4,253,497)
9,563	-	9,563
(873,113)	-	(873,113)
(101,670)	-	(101,670)
(102,450)	-	(102,450)
(45,247)	-	(45,247)
(7,163,065)	-	(7,163,065)
-	(19,811)	(19,811)
-	(19,811)	(19,811)
(7,163,065)	(19,811)	(7,182,876)
10,670,808	-	10,670,808
145,867	6,700	152,567
406,868	2,592	409,460
11,223,543	9,292	11,232,835
4,060,478	(10,519)	4,049,959
40,567,415	1,121,515	41,688,930
(27,332)	-	(27,332)
\$ 44,600,561	\$ 1,110,996	\$ 45,711,557

COUNTY OF GLASSCOCK  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

	General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 26,210,982	\$ 591,914	\$ 26,802,896
Due from Other Funds	236,179	7,362	243,541
Due from Others	6,077	-	6,077
Total Assets	<u>\$ 26,453,238</u>	<u>\$ 599,276</u>	<u>\$ 27,052,514</u>
<b>LIABILITIES</b>			
Collection Fees Payable	\$ 5,273	\$ -	\$ 5,273
Due to Other Governments	52,501	-	52,501
Due to Other Funds	580	-	580
Total Liabilities	<u>58,354</u>	<u>-</u>	<u>58,354</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
Special Revenue Funds	-	592,871	592,871
Committed Fund Balance:			
Special Revenue Funds	-	6,405	6,405
Unassigned Fund Balance	26,394,884	-	26,394,884
Total Fund Balances	<u>26,394,884</u>	<u>599,276</u>	<u>26,994,160</u>
Total Liabilities and Fund Balances	<u>\$ 26,453,238</u>	<u>\$ 599,276</u>	<u>\$ 27,052,514</u>

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

COUNTY OF GLASSCOCK  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
SEPTEMBER 30, 2018

<b>Total Fund Balances - Governmental Funds</b>	\$	26,994,160
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds financial statements. The net effect of including the beginning balances for capital assets (net of depreciation) is to increase net position.		17,600,502
Current year capital outlays are expenditures in the governmental funds financial statements but are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase net position.		1,038,573
Depreciation is not recognized as an expense in the governmental funds financial statements since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,032,674)
<b>Net Position of Governmental Activities</b>	<u>\$</u>	<u>44,600,561</u>

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

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

	General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
Taxes	\$ 10,670,808	\$ -	\$ 10,670,808
Fees	715,452	148,580	864,032
Fines	273,961	-	273,961
Intergovernmental	47,235	911	48,146
Interest	400,833	6,035	406,868
Miscellaneous	142,510	3,358	145,868
Total Revenues	12,250,799	158,884	12,409,683
<b>EXPENDITURES:</b>			
Current:			
General Government	2,697,153	12,600	2,709,753
Roads and Bridges	4,146,380	-	4,146,380
Justice System	397,310	40,829	438,139
Public Safety	774,293	27,191	801,484
Culture and Education	120,090	-	120,090
Public Health and Welfare	101,636	-	101,636
Community and Economic Development	37,622	-	37,622
Total Expenditures	8,274,484	80,620	8,355,104
Net Change in Fund Balances	3,976,315	78,264	4,054,579
Fund Balance - October 1 (Beginning)	22,445,901	521,012	22,966,913
Prior Period Adjustment	(27,332)	-	(27,332)
Fund Balance - September 30 (Ending)	\$ 26,394,884	\$ 599,276	\$ 26,994,160

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



COUNTY OF GLASSCOCK  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 & CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

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<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	4,054,579
Current year capital outlays are expenditures in the governmental funds financial statements but are shown as increases in capital assets in the government-wide financial statements. The net effect of removing capital outlays is to increase net position.		1,038,573
Depreciation is not recognized as an expense in the governmental funds financial statements since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,032,674)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>4,060,478</b>

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

COUNTY OF GLASSCOCK  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUND  
SEPTEMBER 30, 2018

	Business Type Activities
	Water System Enterprise Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 209,447
Total Current Assets	209,447
Noncurrent Assets:	
Capital Assets:	
Land	20,000
Machinery and Equipment	29,400
Accumulated Depreciation	(27,154)
Water System	1,661,235
Accumulated Depreciation	(781,932)
Total Noncurrent Assets	901,549
Total Assets	1,110,996
<b>NET POSITION</b>	
Net Investment in Capital Assets	901,549
Unrestricted	209,447
Total Net Position	\$ 1,110,996

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

COUNTY OF GLASSCOCK  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
MODIFIED CASH BASIS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities
	Water System Enterprise Fund
<b>OPERATING REVENUES:</b>	
Water Sales and Services	\$ 107,473
Miscellaneous	6,700
Total Operating Revenues	114,173
<b>OPERATING EXPENSES:</b>	
Salaries and Benefits	43,474
Repair and Maintenance	16,289
Insurance	5,299
Other Operating Costs	5,715
Utilities	9,163
Depreciation	47,344
Total Operating Expenses	127,284
Operating Income (Loss)	(13,111)
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Investment Earnings	2,592
Total NonOperating Revenue (Expenses)	2,592
Change in Net Position	(10,519)
Total Net Position - October 1 (Beginning)	1,121,515
Total Net Position - September 30 (Ending)	\$ 1,110,996

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

COUNTY OF GLASSCOCK  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities
	Water System Enterprise Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 107,473
Cash Received from Assessments - Other Funds	6,700
Cash Payments to Employees for Services	(43,474)
Cash Payments for Other Operating Expenses	(36,466)
Net Cash Provided by Operating Activities	34,233
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	2,592
Net Increase in Cash and Cash Equivalents	36,825
Cash and Cash Equivalents at the Beginning of the Year	172,622
Cash and Cash Equivalents at the End of the Year	\$ 209,447
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:</u>	
Operating Income (Loss)	\$ (13,111)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:	
Depreciation	47,344
Net Cash Provided by Operating Activities	\$ 34,233

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

COUNTY OF GLASSCOCK  
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2018

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	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,108,572
Due from Other Funds	580
Due from Others	6
	<hr/>
Total Assets	<u>\$ 1,109,158</u>
LIABILITIES	
Due to Other Funds	\$ 243,541
Due to Others	865,617
	<hr/>
Total Liabilities	<u>\$ 1,109,158</u>

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

COUNTY OF GLASSCOCK  
Notes to the Financial Statements  
September 30, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The County of Glasscock, Texas, was organized by an Act of the Texas Legislature in April 1893. The County is governed by the Commissioners' Court, a five-member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, justice system, public safety, public health and welfare, culture and education, and community and economic development, as well as general administrative and support services. The County also provides water utilities. There are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with a proprietary fund's ongoing operations. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**C. Measurement Focus and Basis of Accounting**

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

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus and Basis of Accounting - Continued**

**Measurement Focus**

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

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

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

Proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and the changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities of the proprietary funds are reported in the financial statements.

**Basis of Accounting**

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

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

The government reports the following major governmental fund:

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

The government reports the following major proprietary fund:

Enterprise Fund - Water Fund - This Fund accounts for the operation of the water system.

Additionally, the government reports the following fund type:

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

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Cash and Cash Equivalents - Proprietary Funds**

For purposes of the statement of cash flows for proprietary fund types, the County considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

**E. Interfund Receivables and Payables**

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

**F. Capital Assets**

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-30
Machinery and Equipment	5-10
Water System	40

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

**G. Compensated Absences**

County employees are entitled to vacation and sick leave based on their length of employment. Vacation leave does not accumulate or vest, but employees may accumulate up to 90 days of sick leave. Upon separation from service, employees are paid for any current vacation leave which has been earned but not used; however, unused sick leave is not paid.

**H. Net Position on the Statement of Net Position**

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

Net Investment in Capital Assets - This component of net position represents capital assets net of accumulated depreciation.

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



COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**H. Net Position on the Statement of Net Position - Continued**

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

**I. Fund Balances/Equity**

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

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

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

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

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

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

Unrestricted net position for proprietary funds represents the net position available for future operations.

**J. Property Tax Revenues**

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

Property taxes are recognized as revenues when they are collected.

**K. Interfund Transfers**

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

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget**

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

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

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

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

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

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

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**A. Deposits and Investments - Continued**

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 September 30, 2018, the County was not significantly exposed to credit risk.

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

At September 30, 2018, the County's investments with respective maturities and credit ratings consisted of the following:

	<u>Fair Value</u>	<u>Percent</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
<u>Public Funds Investment Pools</u>				
TexPool	\$ 14,974,996	67%	28 Days	AAAm
TexSTAR	<u>7,495,330</u>	<u>33%</u>	43 Days	AAAm
Total Public Funds Investment Pools	<u>\$ 22,470,326</u>	<u>100%</u>		

Public Funds Investment Pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District’s investment in Pools is reported at an amount determined by the fair value per share of the Pool’s underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940.

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**B. Interfund Receivables and Payables**

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

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Fiduciary Funds	<u>\$ 236,179</u>	<u>\$ 580</u>	Unremitted Fees
Nonmajor Governmental Funds			
Fiduciary Funds	<u>\$ 7,362</u>	<u>\$ 0</u>	Unremitted Fees
Fiduciary Funds			
General Fund	\$ 580	\$ 236,179	Unremitted Fees
Nonmajor Governmental Funds	<u>0</u>	<u>7,362</u>	Unremitted Fees
	<u>\$ 580</u>	<u>\$ 243,541</u>	
Totals	<u>\$ 244,121</u>	<u>\$ 244,121</u>	

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

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**C. Capital Assets**

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

<u>Governmental Activities</u>	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 229,331	\$ 0	\$ 0	\$ 0	\$ 229,331
Historical Building	240,296	0	0	0	240,296
Construction in Progress	<u>3,522,372</u>	<u>472,361</u>	<u>0</u>	<u>(3,994,733)</u>	<u>0</u>
 Total Capital Assets Not Being Depreciated	 <u>\$ 3,991,999</u>	 <u>\$ 472,361</u>	 <u>\$ 0</u>	 <u>\$ (3,994,733)</u>	 <u>\$ 469,627</u>
 <b>Capital Assets Being Depreciated</b>					
Infrastructure	\$ 7,597,678	\$ 0	\$ 0	\$ 0	\$ 7,597,678
Buildings and Improvements	6,156,511	269,733	0	3,994,733	10,420,977
Machinery and Equipment	<u>5,136,141</u>	<u>296,479</u>	<u>44,683</u>	<u>0</u>	<u>5,387,937</u>
 Total Capital Assets Being Depreciated	 <u>\$ 18,890,330</u>	 <u>\$ 566,212</u>	 <u>\$ 44,683</u>	 <u>\$ 3,994,733</u>	 <u>\$ 23,406,592</u>
 Total Capital Assets	 <u>\$ 22,882,329</u>	 <u>\$ 1,038,573</u>	 <u>\$ 44,683</u>	 <u>\$ 0</u>	 <u>\$ 23,876,219</u>
 <b>Less Accumulated Depreciation</b>					
Infrastructure	\$ (316,569)	\$ (379,885)	\$ 0	\$ 0	\$ (696,454)
Buildings and Improvements	(1,507,574)	(289,212)	0	0	(1,796,786)
Machinery and Equipment	<u>(3,457,684)</u>	<u>(363,577)</u>	<u>(44,683)</u>	<u>0</u>	<u>(3,776,578)</u>
 Total Accumulated Depreciation	 <u>\$ (5,281,827)</u>	 <u>\$ (1,032,674)</u>	 <u>\$ (44,683)</u>	 <u>\$ 0</u>	 <u>\$ (6,269,818)</u>
 Governmental Activities Capital Assets, Net	 <u><u>\$ 17,600,502</u></u>	 <u><u>\$ 5,899</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$ 17,606,401</u></u>

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**C. Capital Assets - Continued**

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Capital Assets Being Depreciated				
System	\$ 1,661,235	\$ 0	\$ 0	\$ 1,661,235
Machinery and Equipment	29,400	0	0	29,400
Total Capital Assets Being Depreciated	<u>\$ 1,690,635</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,690,635</u>
Total Capital Assets	<u>\$ 1,710,635</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,710,635</u>
Less Accumulated Depreciation				
System	\$ (739,228)	\$ (42,704)	\$ 0	\$ (781,932)
Machinery and Equipment	(22,514)	(4,640)	0	(27,154)
Total Accumulated Depreciation	<u>\$ (761,742)</u>	<u>\$ (47,344)</u>	<u>\$ 0</u>	<u>\$ (809,086)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 948,893</u>	<u>\$ (47,344)</u>	<u>\$ 0</u>	<u>\$ 901,549</u>

Depreciation expense was charged to programs as follows:

Governmental Activities	
General Government	\$ 222,760
Roads and Bridges	562,339
Public Safety	216,496
Public Health and Welfare	814
Community and Economic Development	<u>30,265</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,032,674</u>
Business-Type Activities	
Water	<u>\$ 47,344</u>

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**D. Due to Other Governments**

Amounts due to other governments are summarized as follows:

	General Fund
Due to State - Fees Collected	\$ 52,501

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

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

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

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

**Funding Policy** - The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed the actuarially determined rate of 9.66% for the months of the accounting year in 2017 and 10.63% for the months of the accounting year in 2018.

The deposit rate payable by the employee members for calendar year 2018 is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

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

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

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

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



COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

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

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

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

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION** - Continued

**A. Defined Benefit Pension Plan** - Continued

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

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

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

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

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

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

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

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

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

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

<u>Changes in Net Pension Liability (Asset)</u>	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance as of December 31, 2016	\$ 8,216,724	\$ 7,856,433	\$ 360,291
Changes for the Year:			
Service Cost	\$ 321,617	\$ 0	\$ 321,617
Interest on Total Pension Liability	671,064	0	671,064
Effect of Plan Changes	0	0	0
Effect of Economic/Demographic Gains or Losses	109,483	0	109,483
Effect of Assumptions Changes or Inputs	74,776	0	74,776
Refund of Contributions	(15,943)	(15,943)	0
Benefit Payments	(501,316)	(501,316)	0
Administrative Expenses	0	(6,093)	6,093
Member Contributions	0	139,838	(139,838)
Net Investment Income	0	1,149,347	(1,149,347)
Employer Contributions	0	537,977	(537,977)
Other	0	2,094	(2,094)
Net Changes	<u>\$ 659,681</u>	<u>\$ 1,305,904</u>	<u>\$ (646,223)</u>
Balance as of December 31, 2017	<u>\$ 8,876,405</u>	<u>\$ 9,162,337</u>	<u>\$ (285,932)</u>

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION** - Continued

**A. Defined Benefit Pension Plan** - Continued

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

	<u>1% Decrease in Discount Rate (7.1%)</u>	<u>Current Discount Rate (8.1%)</u>	<u>1% Increase in Discount Rate (9.1%)</u>
Total Pension Liability	\$ 9,876,602	\$ 8,876,405	\$ 8,019,501
Fiduciary Net Position	<u>9,162,337</u>	<u>9,162,337</u>	<u>9,162,337</u>
Net Pension Liability (Asset)	<u>\$ 714,265</u>	<u>\$ (285,932)</u>	<u>\$ (1,142,836)</u>

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

<u>Pension Expense (Income)</u>	<u>January 1, 2017 to December 31, 2017</u>
Service Cost	\$ 321,617
Interest on Total Pension Liability	671,064
Effect of Plan Changes	0
Administrative Expenses	6,093
Member Contributions	(139,838)
Expected Investment Return Net of Investment Expenses	(642,588)
Recognition of Deferred Outflows/Inflows of Resources:	
Recognition of Economic/Demographic Gains or Losses	74,603
Recognition of Assumption Changes or Inputs	36,466
Recognition of Investment Gains or Losses	73,282
Other	<u>(2,094)</u>
Total Pension Expense (Income)	<u>\$ 398,605</u>

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION** - Continued

**A. Defined Benefit Pension Plan** - Continued

**Deferred Outflows/Deferred 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	\$ 105,733	\$ 3,262
Changes in Assumptions	81,330	-
Net Differences Between Projected and Actual Earnings	338,340	405,407
Contributions Made Subsequent to Measurement Date	158,809	-
Totals	\$ 684,212	\$ 408,669

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:

Measurement Period Ending December 31,	Pension Expense Amount
2018	\$ 148,159
2019	87,053
2020	(53,978)
2021	(64,500)
2022	0
Thereafter	0

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

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

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/17 Expense	Balance of Deferred Outflows 12/31/17	Balance of Deferred Inflows 12/31/17
<b>Investment (Gains) or Losses</b>						
	\$ (506,759)	12/31/17	5	\$ (101,352)	\$ -	\$ 405,407
	52,611	12/31/16	5	10,522	31,566	-
	713,311	12/31/15	5	142,662	285,324	-
	107,250	12/31/14	5	21,450	21,450	-
<b>Economic/Demographic (Gains) or Losses</b>						
	109,483	12/31/17	5	21,897	87,587	-
	(6,524)	12/31/16	4	(1,631)	-	3,262
	72,583	12/31/15	4	18,146	18,146	-
	144,764	12/31/14	4	36,191	-	-
<b>Assumption Changes or Inputs</b>						
	74,776	12/31/17	5	14,955	59,820	-
	-	12/31/16	4	-	-	-
	86,041	12/31/15	4	21,510	21,510	-
	-	12/31/14	4	-	-	-
Employer Contributions Made Subsequent to Measurement Date					158,809	-

**B. Other Postemployment Benefits (OPEB)**

**Plan Description** - The County participates in the Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year, and are eligible for the TCERS pension plan. Only employers that have elected to participate in the GTL program are included in the OPEB plan.

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION - Continued**

**B. Other Postemployment Benefits (OPEB) - Continued**

**Benefits Provided** - The plan provides a \$5,000 postretirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the GTL program. The OPEB benefit is a fixed \$5,000 lump-sum benefit, and no future increases are assumed in the benefit amount.

Contributions made to the retiree GTL program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown in the changes in the total OPEB liability.

Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to \$5,000.

**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	22
Inactive Employees Entitled to But Not Yet Receiving Benefits	7
Active Employers	<u>49</u>
Total	<u><u>78</u></u>

**Total OPEB Liability** - The County's total OPEB liability of \$115,835 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** - The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Investment Rate of Return (Discount Rate)	3.44%

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (Paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher municipal bonds. Therefore, a discount rate of 3.44% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2017. At transition, GASB 75 also requires that the total OPEB liability as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index as of the prior fiscal year end. The actuary estimated the total OPEB liability as of December 31, 2016, using a discount rate of 3.78% as of December 31, 2016.

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION** - Continued

**B. Other Postemployment Benefits (OPEB)** - Continued

Mortality rates were based on the following criteria:

Depositing Members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service Retirees, Beneficiaries and Non- Depositing Members	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.
Disabled Retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

All actuarial assumptions that determined the total OPEB liability as of December 31, 2017, were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

**Changes in Total OPEB Liability** - The following presents the increases (decreases) in total OPEB liability:

Changes in Total OPEB Liability	
Balance as of December 31, 2016	<u>\$ 107,129</u>
Changes for the Year:	
Service Cost	\$ 4,268
Interest on Total OPEB Liability	4,143
Changes of Benefit Terms	0
Effect of Economic/Demographic Experience	(186)
Effect of Assumptions Changes or Inputs	4,077
Benefit Payments	(3,596)
Other	<u>0</u>
Net Changes	<u>\$ 8,706</u>
Balance as of December 31, 2017	<u><u>\$ 115,835</u></u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.78% in 2016 to 3.44% in 2017.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.



COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION** - Continued

**B. Other Postemployment Benefits (OPEB)** - Continued

**Sensitivity Analysis** - The following presents the total OPEB liability of the County, calculated using the discount rate of 3.44%, 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 (2.44%) or 1 percentage point higher (4.44%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease in Discount Rate (2.44%)	Current Discount Rate (3.44%)	1% Increase in Discount Rate (4.44%)
Total OPEB Liability	<u>\$ 135,678</u>	<u>\$ 115,835</u>	<u>\$ 100,179</u>

**OPEB Expense (Income)** - The following presents the components of OPEB expense (income):

<u>OPEB Expense (Income)</u>	<u>January 1, 2017 to December 31, 2017</u>
Service Cost	\$ 4,268
Interest on Total OPEB Liability	4,143
Effect of Plan Changes	0
Recognition of Deferred Outflows/Inflows of Resources:	
Recognition of Economic/Demographic Gains or Losses	(31)
Recognition of Assumption Changes or Inputs	680
Other	<u>0</u>
Total OPEB Expense (Income)	<u>\$ 9,060</u>

**Deferred Outflows/Deferred Inflows of Resources** - As of September 30, 2018, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 155
Changes in Assumptions	3,398	-
Contributions Made Subsequent to Measurement Date	<u>6,872</u>	<u>-</u>
Totals	<u>\$ 10,270</u>	<u>\$ 155</u>

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION - Continued**

**B. Other Postemployment Benefits (OPEB) - Continued**

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:

<u>Measurement Period Ending December 31,</u>	<u>OPEB Expense Amount</u>
2018	\$ 648
2019	648
2020	649
2021	649
2022	649
Thereafter	0

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

	<u>Original Amount</u>	<u>Date Established</u>	<u>Original Recognition Period</u>	<u>Amount Recognized in 12/31/17 Expense</u>	<u>Balance of Deferred Outflows 12/31/17</u>	<u>Balance of Deferred Inflows 12/31/17</u>
Economic/Demographic (Gains) or Losses	\$ (186)	12/31/17	6	\$ (31)	\$ -	\$ 155
Assumption Changes or Inputs	4,077	12/31/17	6	680	3,398	-
Employer Contributions Made Subsequent to Measurement Date					6,872	-

**C. Postretirement Health Care Benefits**

The County pays health insurance premiums for retired elected officials and other retired employees. The County pays the premiums monthly as they are billed by the insurance carrier and charges the cost to insurance in the financial statements. The County paid premiums totaling \$102,661 for 16 retirees during the current year.

COUNTY OF GLASSCOCK  
Notes to the Financial Statements - Continued  
September 30, 2018

**IV. OTHER INFORMATION - Continued**

**D. Closure and Postclosure Care Costs**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The County is required by state and federal laws and regulations to annually provide assurance that financial resources will be available to provide for closure, postclosure care, and remediation or containment of environmental hazards. The County has complied with this requirement by obtaining a letter of credit from a bank.

**E. Tax Abatements**

The County has entered into contractual agreements with property owners in which the County has agreed to reduce the amount of ad valorem taxes payable on certain improvements constructed after the dates the agreements were reached in accordance with Chapter 312 of the State of Texas Tax Code. The terms of each agreement are limited by the guidelines and criteria established by the County Commissioners. At September 30, 2018, the County had established abatement agreements with the following property owners:

Property Owner	Date of Abatement Agreement	First Year of Abatement	Final Year of Abatement	2017 Assessed Values	2017 Taxable Values	2017 Abated Values	2017 Taxes Levied	2017 Taxes Abated
Sandbluff Wind Farm, LLC	12/12/05	2007	2017	\$ 27,924,780	\$ 27,924,780	\$ 0	\$ 111,699	\$ 0
Panther Creek Wind Farm, LLC	2/7/08	2010	2019	153,089,150	91,853,490	61,235,660	367,414	244,943
Rattlesnake Wind Farm I, LLC	8/19/11	2017	2025	222,373,000	88,949,200	133,423,800	355,797	533,695

During fiscal year 2018, the total amount of abated property value was \$194,659,460. Based on the county tax rate of \$0.40 per \$100 of value, the foregone tax levy due to abatement agreements was \$778,638.

The County has also entered into tax abatement agreements with Bearkat Renewable Energy Project, LLC, and Edmondson Ranch Wind Energy, LLC. Tax abatements have not started on these agreements.

**F. Adjustments to Net Position/Fund Balance**

The financial statements reflect the following prior period adjustments:

	Net Position Statement of Activities	Fund Balances Governmental Funds
General Fund		
Prior Period Due from Other Funds	<u>\$ (27,332)</u>	<u>\$ (27,332)</u>

**G. Subsequent Events**

The County's management has evaluated subsequent events through February 12, 2019, the date which the financial statements were available for issue.

Other Information

COUNTY OF GLASSCOCK  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 10,539,177	\$ 10,539,177	\$ 10,670,808	\$ 131,631
Fees	626,500	626,500	715,452	88,952
Fines	250,000	250,000	273,961	23,961
Intergovernmental	40,200	40,200	47,235	7,035
Interest	160,000	160,000	400,833	240,833
Miscellaneous	42,020	42,020	142,510	100,490
Total Revenues	11,657,897	11,657,897	12,250,799	592,902
<b>EXPENDITURES:</b>				
Current:				
General Government	3,371,939	3,870,369	2,697,153	1,173,216
Roads and Bridges	5,911,881	5,236,881	4,146,380	1,090,501
Justice System	323,002	447,252	397,310	49,942
Public Safety	841,882	872,682	774,293	98,389
Culture and Education	135,952	154,372	120,090	34,282
Public Health and Welfare	943,542	946,642	101,636	845,006
Community and Economic Development	124,500	124,500	37,622	86,878
Total Expenditures	11,652,698	11,652,698	8,274,484	3,378,214
Net Change	5,199	5,199	3,976,315	3,971,116
Fund Balance - October 1 (Beginning)	22,445,901	22,445,901	22,445,901	-
Prior Period Adjustment	-	-	(27,332)	(27,332)
Fund Balance - September 30 (Ending)	\$ 22,451,100	\$ 22,451,100	\$ 26,394,884	\$ 3,943,784

COUNTY OF GLASSCOCK  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
<b>A. Total Pension Liability</b>				
Service Cost	\$ 321,617	\$ 324,388	\$ 294,353	\$ 235,155
Interest (on the Total Pension Liability)	671,064	620,751	577,149	533,884
Changes of Benefit Terms	-0-	-0-	(49,112)	-0-
Difference Between Expected and Actual Experience	109,483	(6,523)	72,584	144,764
Changes of Assumptions	74,776	-0-	86,041	-0-
Benefit Payments, Including Refunds of Employee Contributions	(517,259)	(444,257)	(434,591)	(419,309)
Net Change in Total Pension Liability	\$ 659,681	\$ 494,359	\$ 546,424	\$ 494,494
Total Pension Liability - Beginning	8,216,724	7,722,365	7,175,941	6,681,447
Total Pension Liability - Ending	\$ 8,876,405	\$ 8,216,724	\$ 7,722,365	\$ 7,175,941
<b>B. Total Fiduciary Net Position</b>				
Contributions - Employer	\$ 537,977	\$ 167,969	\$ 161,157	\$ 211,506
Contributions - Employee	139,838	132,541	130,041	120,818
Net Investment Income	1,149,347	546,453	(90,238)	484,265
Benefit Payments, Including Refunds of Employee Contributions	(517,259)	(444,257)	(434,591)	(419,309)
Administrative Expense	(6,093)	(6,021)	(5,461)	(5,769)
Other	2,094	(18,687)	38,692	20,443
Net Change in Plan Fiduciary Net Position	\$ 1,305,904	\$ 377,998	\$ (200,400)	\$ 411,954
Plan Fiduciary Net Position - Beginning	7,856,433	7,478,435	7,678,835	7,266,881
Plan Fiduciary Net Position - Ending	\$ 9,162,337	\$ 7,856,433	\$ 7,478,435	\$ 7,678,835
<b>C. Net Pension Liability (Asset)</b>	\$ (285,932)	\$ 360,291	\$ 243,930	\$ (502,894)
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	103.22%	95.62%	96.84%	107.01%
<b>E. Covered Payroll</b>	\$ 1,997,685	\$ 1,893,436	\$ 1,857,727	\$ 1,725,969
<b>F. Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	(14.31%)	19.03%	13.13%	(29.14%)

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

Note: Only four years of data are presented in accordance with GASBS #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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

	2018	2017	2016
Actuarially Determined Contribution	\$ 204,268	\$ 186,842	\$ 172,785
Contributions in Relation to the Actuarially Determined Contributions	(204,268)	(186,842)	(172,785)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-
Covered Employee Payroll	\$ 1,964,558	\$ 1,970,441	\$ 1,958,868
Contributions as a Percentage of Covered Employee Payroll	10.40%	9.48%	8.82%

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

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

	2015	2014
\$	175,339	\$ 189,197
	(175,339)	(189,197)
\$	-0-	\$ -0-
\$	1,824,999	\$ 1,657,621
	9.61%	11.41%



COUNTY OF GLASSCOCK  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	FY 2018 Plan Year 2017
<b>Total OPEB Liability</b>	
Service Cost	\$ 4,268
Interest on the Total OPEB Liability	4,143
Changes of Benefit Terms	-0-
Difference Between Expected and Actual Experience	(186)
Changes of Assumptions	4,077
Benefit Payments*	(3,598)
Net Change in Total OPEB Liability	8,706
Total OPEB Liability - Beginning	107,129
Total OPEB Liability - Ending	\$ 115,835
<b>Covered Payroll</b>	\$ 1,997,685
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	5.80%

\*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

COUNTY OF GLASSCOCK  
Notes to the Other Information  
September 30, 2018

Note A - Net Pension Liability

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

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

COUNTY OF GLASSCOCK  
Notes to the Other Information - Continued  
September 30, 2018

Note B - Total OPEB Liability

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

Actuarial Assumptions - The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Investment Rate of Return (Discount Rate)	3.44%

Mortality rates were based on the following criteria:

Depositing Members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service Retirees, Beneficiaries and Non-Depositing Members	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.
Disabled Retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

All actuarial assumptions that determined the total OPEB liability as of December 31, 2017, were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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

The Honorable County Judge  
and Commissioners' Court  
County of Glasscock  
P.O. Box 67  
Garden City, TX 79739-0067

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Glasscock, 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, and have issued our report thereon dated February 12, 2019.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

The Honorable County Judge  
and Commissioners' Court  
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**Purpose of This Report**

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

*Eckert & Company, LLP*

February 12, 2019