

MAVERICK COUNTY, TEXAS

ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended  
September 30, 2016



Maverick County, Texas  
Annual Financial Report  
For the Fiscal Year Ended September 30, 2016

TABLE OF CONTENTS

FINANCIAL SECTION

1. Independent Auditor's Report
4. Management's Discussion and Analysis

*Basic Financial Statements:*

Government-wide Financial Statements:

13. Statement of Net Position
14. Statement of Activities

Fund Financial Statements:

15. Balance Sheet - Governmental Funds
16. Reconciliation of the Government Funds
17. Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds
18. Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities
19. Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - General Fund
21. Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual – Road and Bridge Fund
22. Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual – Debt Service Fund
23. Statement of Net Position - Proprietary Funds
25. Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
26. Statement of Cash Flows - Proprietary Funds
28. Statement of Fiduciary Net Position - Fiduciary Funds
29. Notes to the Financial Statements

Required Supplementary Information:

69. Public Employees Retirement System Information

Combining and Individual Fund Statements and Schedules:

77. Combining Balance Sheet - Nonmajor Governmental Funds
77. Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances – Nonmajor Governmental Funds



FINANCIAL SECTION



**BEYER & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

---

Wayne R. Beyer, C.P.A.

P.O. Box 366 / 442 West Oaklawn  
Pleasanton, Texas 78064  
Phone: (830) 569-8781 ~ Fax: (830) 569-6776

E-mail: [beyerandco@sbcglobal.net](mailto:beyerandco@sbcglobal.net)

---

111 North Odem  
Sinton, Texas 78387  
Phone: (830) 569-8781 ~ Fax: (830) 569-6776

***Please reply to Pleasanton address***

#### INDEPENDENT AUDITOR'S REPORT

To the County Judge and Commissioner's Court  
Maverick County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Maverick County, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Maverick County Solid Waste Authority, which represent 19 percent, 74 percent, and 72 percent, respectively, of the assets, net position, and revenues of the Business-type activities of Maverick County, Texas. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Maverick County Solid Waste Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

#### **Basis for Qualified Opinion**

The County has not included its infrastructure fixed assets in accordance with Generally Accepted Accounting Principles.

We were unable to satisfy ourselves as to the correctness of the "due to GEO" amount of \$2,636,524 in the MCPFC detention center fund.

#### **Qualified Opinion**

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Maverick County, Texas, as of September 30, 2016, the changes in financial position, and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Emphasis of Matter Regarding Going Concern**

The accompanying financial statements have been prepared assuming that Maverick County, Texas will continue as a going concern. The County has a negative net position of \$4,627,524 at September 30, 2016 and has an unresolved contingent liability in regards to its prior Detention Center operator. These conditions raise substantial doubt about its ability to continue as a going concern. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for the Public Employees Retirement System Information on pages 4-12 and 69-73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Maverick County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



BEYER & COMPANY  
Certified Public Accountants  
March 12, 2017



## Management's Discussion and Analysis

As management of Maverick County, Texas, we offer readers of Maverick County, Texas' financial statements this narrative overview and analysis of the financial activities of Maverick County, Texas for the fiscal year ended September 30, 2016.

### Financial Highlights

- The liabilities of Maverick County, Texas, exceeded its assets at the close of the most recent fiscal year by \$4,627,524 (net position). Unrestricted net position were a minus \$21,715,457 at year's end.
- The government's total net position increased by \$688,797. This increase is due to the following: an increase in ad valorem taxes of \$1,006,884 offsetting the closure of the County detention center, and careful budget management.
- Maverick County, Texas' total restricted net position at September 30, 2016 is \$7,021,166 at September 30, 2016 or 41%.
- Maverick County, Texas' total debt increased by \$68,185 (.1 percent) during the current fiscal year. This increase is immaterial.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Maverick County, Texas' basic financial statements. Maverick County, Texas' basic financial statements comprises three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of Maverick County, Texas' finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Maverick County, Texas' assets and liabilities, 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 Maverick County, Texas is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Maverick County, Texas that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Maverick County, Texas include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of Maverick County, Texas include a Water and Sewer System, airport, and jail activity.

The government-wide financial statements include only Maverick County, Texas itself (known as the *primary government*.)

The government-wide financial statements can be found on pages 13-14 for this report.

**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. Maverick County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All other funds of Maverick County, Texas 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Maverick County, Texas maintains 41 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Fund, the Debt Service Fund, and the Landfill Waste/Criminal Detention Center Fund. The other 37 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Maverick County, Texas adopts an annual appropriated budget for its general fund, road and bridge fund, and debt service fund. A budgetary comparison statement has been provided for the general fund, road and bridge fund, and debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on 15-22 of this report.

**Proprietary funds:** Maverick County, Texas maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Maverick County, Texas uses enterprise funds to account for its Water and Sewer operations, airport, and jail activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations, airport, landfill, and jail activity, all of which are considered to be major funds of Maverick County, Texas. The basic proprietary fund financial statements can be found on pages 23-27 of this report.

Maverick County, Texas also has agency funds which are totaled on page 28.

**Notes to the financial statements:** The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-68 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Maverick County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 69-73 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 74-79 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Maverick County, Texas, liabilities exceeded assets by \$4,627,524 at the close of the most recent fiscal year. A large portion of Maverick County, Texas' net position (59 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. Maverick County, Texas uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Maverick County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### MAVERICK COUNTY, TEXAS

#### NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$8,482,529	\$8,368,983	\$2,518,942	\$2,822,259	\$11,001,471	\$11,191,242
Restricted Assets:			5,530,123	6,170,071	5,530,123	6,170,071
Capital Assets:	7,865,213	8,146,177	40,214,686	41,254,436	48,079,899	49,400,613
Total Assets	16,347,742	16,515,160	48,263,751	50,246,766	64,611,493	66,761,926
Deferred Inflows of Resources	3,317,887	1,204,546	207,073	365,318	3,524,960	1,569,864
Long-Term Liabilities	26,517,218	27,463,842	39,500,326	38,985,517	66,017,544	66,449,359
Other Liabilities	4,575,494	4,983,672	2,170,939	2,215,080	6,746,433	7,198,752
Total Liabilities	31,092,712	32,447,514	41,671,265	41,200,597	72,763,977	73,648,111
Invested in Capital Assets,						
Net of Related Debt	7,865,213	10,343,633	2,201,554	4,295,552	10,066,767	14,639,185
Restricted	2,217,424	1,268,582	4,803,742	5,417,021	7,021,166	6,685,603
Unrestricted	(21,509,720)	(26,340,023)	(205,737)	(301,086)	(21,715,457)	(26,641,109)
Total Net Position	(\$11,427,083)	(\$14,727,808)	\$6,799,559	\$9,411,487	(\$4,627,524)	(\$5,316,321)

An additional portion of Maverick County, Texas' net position (41 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position was a minus \$21,715,457 at year's end.

At the end of the current fiscal year and the prior year, Maverick County, Texas was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities except for Unrestricted Net Position in the governmental activities and business-type activities. Unrestricted Net Position in the governmental activities was a minus \$21,509,720 in the current year and a minus \$26,340,023 in the prior year. Unrestricted Net Position in the business-type activities was a minus \$205,737 in the current year and a minus \$301,086 in the prior year.

There was an increase of \$335,563 in restricted net position reported in connection with Maverick County, Texas' governmental-wide activities. This increase resulted from the County spending less monies for various restricted projects.

The government's total net position increased by \$688,797. This increase is due to the following: an increase in ad valorem taxes of \$1,006,884 offsetting the closure of the County detention center, and careful budget management.

**Governmental activities:** Governmental activities increased Maverick County, Texas' net position by \$3,300,725, thereby accounting for 100 percent of the total growth in the net position of Maverick County, Texas. Key elements of this increase are as follows: This increase is due to the following: an increase in ad valorem taxes of \$1,006,884, an increase of transfers-in from the business-type activities of \$1,019,261, and careful budget management.

**MAVERICK COUNTY, TEXAS  
CHANGE IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$3,296,049	\$2,756,761	\$2,326,804	\$8,646,974	\$5,622,853	\$11,403,735
Operating Grants and Contributions	996,923	880,540			996,923	880,540
Capital Grants and Contributions	0	287,387			0	287,387
<b>General Revenues:</b>						
Maintenance and Operations Taxes	13,487,061	12,480,177			13,487,061	12,480,177
Sales Taxes	4,775,622	6,004,191			4,775,622	6,004,191
Other Taxes	34,813	45,087			34,813	45,087
Unrestricted Investment Earnings	5,460	19,967	3,911	1,644	9,371	21,611
Miscellaneous	464,034	513,256			464,034	513,256
<b>Total Revenue</b>	<b>23,059,962</b>	<b>22,987,366</b>	<b>2,330,715</b>	<b>8,648,618</b>	<b>25,390,677</b>	<b>31,635,984</b>
<b>Expenses:</b>						
General Administration	3,816,972	3,207,613			3,816,972	3,207,613
Legal	220,490	245,366			220,490	245,366
Judicial	2,062,724	1,857,035			2,062,724	1,857,035
Financial Administration	1,380,061	1,414,881			1,380,061	1,414,881
Public Facilities	255,857	309,484			255,857	309,484
Public Safety	5,282,704	5,528,718			5,282,704	5,528,718
Public Transportation	2,734,734	2,729,333			2,734,734	2,729,333
Culture and Recreation	204,121	153,258			204,121	153,258
Health and Welfare	842,307	798,202			842,307	798,202
Conservation - Agriculture	842,782	979,082			842,782	979,082
Interest and Fiscal Charges	1,842,274	2,260,064			1,842,274	2,260,064
<b>Business-Type Activities</b>			<b>5,216,854</b>	<b>10,851,310</b>	<b>5,216,854</b>	<b>10,851,310</b>
<b>Total Expenses</b>	<b>19,485,026</b>	<b>19,483,036</b>	<b>5,216,854</b>	<b>10,851,310</b>	<b>24,701,880</b>	<b>30,334,346</b>
<b>Increase in Net Position Before Transfers and Special Items</b>	<b>3,574,936</b>	<b>3,504,330</b>	<b>(2,886,139)</b>	<b>(2,202,692)</b>	<b>688,797</b>	<b>1,301,638</b>
<b>Transfers</b>	<b>(274,211)</b>	<b>(1,293,472)</b>	<b>274,211</b>	<b>1,293,472</b>	<b>0</b>	<b>0</b>
<b>Increase in Net Position</b>	<b>3,300,725</b>	<b>2,210,858</b>	<b>(2,611,928)</b>	<b>(909,220)</b>	<b>688,797</b>	<b>1,301,638</b>
<b>Net Position at 09/30/2015 - Restated</b>	<b>(14,727,808)</b>	<b>(16,938,666)</b>	<b>9,411,487</b>	<b>10,320,707</b>	<b>(5,316,321)</b>	<b>(6,617,959)</b>
<b>Net Position at 09/30/2016</b>	<b>(\$11,427,083)</b>	<b>(\$14,727,808)</b>	<b>\$6,799,559</b>	<b>\$9,411,487</b>	<b>(\$4,627,524)</b>	<b>(\$5,316,321)</b>

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Government Activities:</b>					
General Administration	\$3,816,972	\$505,589	\$25,875	\$0	
Legal	220,490	3,653	23,333		
Judicial	2,062,724	909,737	240,438		
Financial Administration	1,380,061	7,996			
Public Facilities	255,857				
Public Safety	5,282,704	859,772	165,706		
Public Transportation	2,734,734	999,392	14,104		
Culture and Recreation	204,121				
Health and Welfare	842,307	9,910	527,467		
Conservation - Agriculture	842,782				
Interest and Fiscal Charges	1,842,274				
<b>Total Government Activities</b>	<b>\$19,485,026</b>	<b>\$3,296,049</b>	<b>\$996,923</b>	<b>\$0</b>	

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$3,296,049	14%
Operating Grants and Contributions	996,923	4%
Maintenance and Operations Taxes	13,487,061	58%
Sales Taxes	4,775,622	21%
Other Taxes	34,813	0%
Unrestricted Investment Earnings	5,460	0%
Miscellaneous	464,034	2%
	<b>\$23,059,962</b>	<b>100%</b>

Except as provided above, increases and/or decreases in expenses closely paralleled inflation and growth in the demand for services.

**Business-type activities:** Business-type activities decreased Maverick County, Texas' net position by \$2,611,928, accounting for 00 percent of the total increase in the government's net position. Key elements of this decrease are as follows: This decrease is due to the closure of the detention center and an increase of transfers of \$1,019,261 to the governmental activities.

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Capital Grants and Contributions
<b>Primary Government</b>			
Business-Type Activities:			
Water	\$468,195	\$367,156	\$0
MCPFC	1,615,107		
MCPFC Detention Center	27,243	163	
MCSWA	2,918,783	1,690,024	
MC Detention Center	67,664	147,339	
Airport	76,567	75,755	
Jail Commissary	43,295	46,367	
Total Business-Type Activities	<u>\$5,216,854</u>	<u>\$2,326,804</u>	<u>\$0</u>

Revenues by Source - Business-Type Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$2,326,804	99.83%
Unrestricted Investment Earnings	3,911	0.17%
	<u>\$2,330,715</u>	<u>100%</u>

## Financial Analysis of the Government's Funds

As noted earlier, Maverick County, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, Maverick County, Texas' governmental funds reported combined ending fund balances of \$468,333, an increase of \$53,381 in comparison with the prior year. *Unassigned fund balance* had a minus fund balance of \$1,956,545. The remainder of fund balance of \$2,424,878 is restricted to indicate that it is not available for new spending because it has already been committed or non-spendable.

The general fund is the chief operating fund of Maverick County, Texas. At the end of the current fiscal year unassigned fund balance of the general fund was a minus \$4,943,453, while total fund balance was a minus \$4,653,293. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 00 percent of total general fund expenditures, while total fund balance represents 00 percent of that same amount.

The fund balance of Maverick County, Texas' general fund decreased by \$290,447 during the current fiscal year. This decrease is due to a decrease in sales taxes of \$511,019, an increase in property taxes of \$248,943, an increase in expenditures of \$1,571,795, and a net increase in transfers in of \$1,049,800.

At the end of the current fiscal year unassigned fund balance of the Road and Bridge fund was \$0, while total fund balance was \$178,891. As a measure of the Road and Bridge fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 0 percent of total Road and Bridge fund expenditures, while total fund balance represents 6 percent of that same amount.

The fund balance of Maverick County, Texas' Road and Bridge fund increased by \$85,572 during the current fiscal year. This increase is due to transfers out declining by \$297,422.

At the end of the current fiscal year unassigned fund balance of the Debt Service fund was \$0, while total fund balance reached \$814,630. As a measure of the Debt Service fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 0 percent of total Debt Service fund expenditures, while total fund balance represents 21 percent of that same amount.

The fund balance of Maverick County, Texas' Debt Service fund increased by \$479,124 during the current fiscal year. This increase is a result of property tax revenues exceeding debt service expenditures.

At the end of the current fiscal year unassigned fund balance of the Landfill Waste/Criminal Detention Center fund was \$3,032,410, while total fund balance reached \$3,032,410. As a measure of the Landfill Waste/Criminal Detention Center fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures; however, the Landfill Waste/Criminal Detention Center fund had no expenditures during the year.

The fund balance of Maverick County, Texas' Landfill Waste/Criminal Detention Center fund decreased by \$205,867 during the current fiscal year. This decrease is a result of transfers out exceeding the sales tax revenues for the year.

**Proprietary funds:** Maverick County, Texas' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund amounted to \$143,817, those for the MCPFC Fund amounted to \$1,354,144, those for the MCPFC Detention Center Fund amounted to a minus \$1,910,143, those for the MCSWA Fund amounted to a minus \$833,896, those for the MC Detention Center Fund amounted to a minus \$1,022,129, those for the Airport Fund amounted to \$2,024,827, and those for the Commissary Fund amounted to \$37,643. The total increase/(decrease) in net position was (\$101,039) for the Water Fund, (\$1,614,591) for the MCPFC Fund, (\$27,080) for the MCPFC Detention Center Fund, (\$954,553) for the MCSWA Fund, \$79,675 for the MC Detention Center Fund, \$2,588 for the Airport Fund, and \$3,072 for the Commissary Fund. Key factors in this overall decrease are as follows:

- This decrease is due to closure of the detention center and an increase of transfers of \$1,019,261 to the governmental activities.

#### **General Fund Budgetary Highlights**

During the year there was a \$558,172 increase in appropriations between the original and final amended budget. This increase occurred mainly in the Matching Funds department which increased by \$774,545 mostly because the County had to transfer additional monies to the self-insurance fund for claims.

#### **Capital Asset and Debt Administration:**

**Capital assets:** Maverick County, Texas' investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounts to \$48,079,899 (net of cumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. The total decrease in Maverick County, Texas' investment in capital assets for the current fiscal year was 3 percent (a 3 percent decrease for governmental activities and a 3 percent decrease for business-type activities).

There were no major capital projects during the 2016 year.

#### **MAVERICK COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$3,748,880	\$3,748,880	\$571,209	\$571,209	\$4,320,089	\$4,320,089
Construction in Progress					0	0
Buildings	3,393,287	3,574,170	31,736,686	32,732,808	35,129,973	36,306,978
Machinery and Equipment	509,995	634,927	19,341	29,092	529,336	664,019
Intangible	213,051	188,200			213,051	188,200
Water Rights			615,465	634,500	615,465	634,500
MCSWA			7,271,985	7,286,827	7,271,985	7,286,827
Total	\$7,865,213	\$8,146,177	\$40,214,686	\$41,254,436	\$48,079,899	\$49,400,613

Additional information on Maverick County, Texas' capital assets can be found in note IV C on page 44 and 45 of this report.

**Long-term debt:** At the end of the current fiscal year, Maverick County, Texas had total bonded debt of \$61,700,000. Of this amount, \$24,725,000 comprises debt backed by the full faith and credit of the government. The remainder of Maverick County, Texas' debt represents bonds secured solely by specified revenue sources (i.e. detention facility fees).

	<u>Beginning Balance</u>			<u>Refunding Additions</u>	<u>Refunding Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<b>Governmental Activities:</b>								
General Obligation Bonds	\$21,575,000	\$0	\$705,000	\$18,690,000	\$18,195,000	\$21,365,000	\$620,000	\$20,745,000
Tax Notes	3,515,000		1,455,000			2,060,000	515,000	1,545,000
TAN Note	800,000	1,300,000	800,000			1,300,000	1,300,000	0
	25,890,000	1,300,000	2,960,000	18,690,000	18,195,000	24,725,000	2,435,000	22,290,000
<b>Business-Type Activities:</b>								
Revenue Bonds	36,975,000	0	0	0	0	36,975,000	0	36,975,000
	36,975,000	0	0	0	0	36,975,000	0	36,975,000
<b>Grand Total</b>	<b>\$62,865,000</b>	<b>\$1,300,000</b>	<b>\$2,960,000</b>	<b>\$18,690,000</b>	<b>\$18,195,000</b>	<b>\$61,700,000</b>	<b>\$2,435,000</b>	<b>\$59,265,000</b>

Maverick County, Texas' total bonded debt decreased by \$1,165,000 (2 percent) during the current fiscal year. The key factor in this decrease was the payment of \$2,960,000 in principal during the year.

Additional information on Maverick County, Texas' long-term debt can be found in note IV.F on pages 47-50 of this report.

#### **Economic Factors and Future Trends**

The Eagle Ford Oil and Gas Shale have brought in new businesses which have increased the sales taxes significantly; however, the sales taxes have fallen recently because of a downturn in the oil and gas industry.

#### **Requests for Information**

This financial report is designed to provide a general overview of Maverick County, Texas' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Maverick County Auditor, 370 N. Monroe St. Ste.1, Eagle Pass, TX 78852



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

MAVERICK COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016

Primary Government			
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$3,092,952	\$2,252,160	\$5,345,112
Receivables (net of allowance for uncollectibles)	5,182,123	230,910	5,413,033
Inventory	96,489		96,489
Due from Others	0	35,872	35,872
Prepaid Items	110,965		110,965
Restricted Assets:			
Cash and Cash Equivalents		5,528,253	5,528,253
Due from Others		1,870	1,870
Capital Assets Not Being Depreciated: (Incl: MCSWA)			
Land	3,748,880	571,209	4,320,089
Total Capital Assets Being Depreciated, Net			
Buildings	3,393,287	31,736,686	35,129,973
Machinery and Equipment	509,995	19,341	529,336
Intangible	213,051		213,051
Water Rights		615,465	615,465
MCSWA		7,271,985	7,271,985
Total Assets	\$16,347,742	\$48,263,751	\$64,611,493
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow of Resources-Contributions (after 12/31/15)	1,020,885	167,257	1,188,142
Economic/demographic (gains) or losses	45,956	1,000	46,956
Investment (gains) or losses	1,573,707	34,249	1,607,956
Assumption changes or inputs	209,839	4,567	214,406
Loss on Bond Refunding	467,500		467,500
Total Deferred Outflows of Resources	3,317,887	207,073	3,524,960
<b>LIABILITIES:</b>			
Accounts Payable	\$1,733,636	\$507,945	\$2,241,581
Due to Other Funds	1,244,009	(1,244,009)	0
Due to Others	0	2,638,461	2,638,461
Accrued Wages	135,612	14,292	149,904
Accrued Interest Payable	133,904	254,250	388,154
Deferred Revenues	28,333	0	28,333
TAN Payable	1,300,000	0	1,300,000
Noncurrent Liabilities:			
Due Within One Year	2,868,739	419,819	3,288,558
Due in More Than One Year	23,648,479	39,080,507	62,728,986
Total Liabilities	31,092,712	41,671,265	72,763,977
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	7,865,213	2,201,554	10,066,767
Restricted			
Construction	82,706	0	82,706
Debt Service	814,630	4,803,742	5,618,372
General Administration	106,781	0	106,781
Health and Welfare	131,652	0	131,652
Judicial	376,609		376,609
Public Safety - Sheriff	279,660	0	279,660
Public Transportation	178,891	0	178,891
Records Management	246,495	0	246,495
Unrestricted	(21,509,720)	(205,737)	(21,715,457)
Total Net Position	(\$11,427,083)	\$6,799,559	(\$4,627,524)

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position	
	Expenses	Operating		Capital	Governmental Activities	Business-Type Activities		
		Charges for Services	Grants and Contributions	Grants and Contributions				
<b>Primary government</b>								
Government Activities:								
General Administration	\$3,816,972	\$505,589	\$25,875		(\$3,285,508)		(\$3,285,508)	
Legal	220,490	3,653	23,333		(193,504)		(193,504)	
Judicial	2,062,724	909,737	240,438		(912,549)		(912,549)	
Financial Administration	1,380,061	7,996			(1,372,065)		(1,372,065)	
Public Facilities	255,857				(255,857)		(255,857)	
Public Safety	5,282,704	859,772	165,706		(4,257,226)		(4,257,226)	
Public Transportation	2,734,734	999,392	14,104		(1,721,238)		(1,721,238)	
Culture and Recreation	204,121				(204,121)		(204,121)	
Health and Welfare	842,307	9,910	527,467		(304,930)		(304,930)	
Conservation - Agriculture	842,782				(842,782)		(842,782)	
Interest and Fiscal Charges	1,842,274				(1,842,274)		(1,842,274)	
Total Government Activities	19,485,026	3,296,049	996,923	0	(15,192,054)	0	(15,192,054)	
Business-Type Activities:								
Water	468,195	367,156			(101,039)		(101,039)	
MCPFC	1,615,107	0			(1,615,107)		(1,615,107)	
MCPFC Detention Center	27,243	163			(27,080)		(27,080)	
MCSWA	2,918,783	1,690,024			(1,228,759)		(1,228,759)	
MC Detention Center	67,664	147,339			79,675		79,675	
Airport	76,567	75,755			(812)		(812)	
Jail Commissary	43,295	46,367			3,072		3,072	
Total Business-Type Activities:	5,216,854	2,326,804	0	0	0	(2,890,050)	(2,890,050)	
Total Primary Government	\$24,701,880	\$5,622,853	\$996,923	\$0	(15,192,054)	(2,890,050)	(18,082,104)	
General Revenues								
Property Taxes, Levies for General Purposes					13,487,061		13,487,061	
Sales Taxes					4,775,622		4,775,622	
Other Taxes					34,813		34,813	
Unrestricted Investment Earnings					5,460	3,911	9,371	
Miscellaneous					464,034		464,034	
Transfers					(274,211)	274,211	0	
Total General Revenues					18,492,779	278,122	18,770,901	
Change in Net Position					3,300,725	(2,611,928)	688,797	
Net Position - Beginning - Restated					(14,727,808)	9,411,487	(5,316,321)	
Net Position - Ending					(\$11,427,083)	\$6,799,559	(\$4,627,524)	

The accompanying notes are an integral part of this statement.



FUND FINANCIAL STATEMENTS

MAVERICK COUNTY, TEXAS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2016

	General Fund	Road and Bridge Fund	Debt Service Fund	Landfill Waste/ Criminal Detention Ctr. Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$1,167,231	\$535,005	\$820,456	\$6,124	\$564,136	\$3,092,952
Receivables (net of allowance for uncollectibles)	2,125,384	374,577	856,549	185,706	173,954	3,716,170
Inventory	96,489					96,489
Due from Other Funds	738,806	54,513		2,840,580	628,702	4,262,601
Due from Others					0	0
Prepaid Items	110,965					110,965
<b>Total Assets</b>	<b>\$4,238,875</b>	<b>\$964,095</b>	<b>\$1,677,005</b>	<b>\$3,032,410</b>	<b>\$1,366,792</b>	<b>\$11,279,177</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities						
Accounts Payable	\$1,433,703	\$42,746	\$5,826		\$251,361	\$1,733,636
Bank Overdraft					0	0
Due to Other Funds	5,146,090	348,839			11,681	5,506,610
Due to Others					0	0
Accrued Wages	108,515	19,042			8,055	135,612
Deferred Revenues	28,333					28,333
TAN Payable	1,300,000					1,300,000
<b>Total Liabilities</b>	<b>8,016,641</b>	<b>410,627</b>	<b>5,826</b>	<b>0</b>	<b>271,097</b>	<b>8,704,191</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Property Taxes	875,527	374,577	856,549			2,106,653
<b>Total Deferred Inflows of Resources</b>	<b>875,527</b>	<b>374,577</b>	<b>856,549</b>	<b>0</b>	<b>0</b>	<b>2,106,653</b>
<b>Fund Balances:</b>						
Non-Spendable						
Prepaid Items	110,965					110,965
Inventory	96,489					96,489
Restricted						
Construction	82,706					82,706
Debt Service			814,630			814,630
General Administration					106,781	106,781
Health and Welfare					131,652	131,652
Judicial					376,609	376,609
Public Safety - Sheriff					279,660	279,660
Public Transportation		178,891				178,891
Records Management					246,495	246,495
Unassigned	(4,943,453)			3,032,410	(45,502)	(1,956,545)
<b>Total Fund Balance</b>	<b>(4,653,293)</b>	<b>178,891</b>	<b>814,630</b>	<b>3,032,410</b>	<b>1,095,695</b>	<b>468,333</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$4,238,875</b>	<b>\$964,095</b>	<b>\$1,677,005</b>	<b>\$3,032,410</b>	<b>\$1,366,792</b>	<b>\$11,279,177</b>

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016

Total Fund Balances - governmental funds balance sheet \$468,333

Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:

Capital assets used in governmental activities are not reported in the funds.	7,865,213
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,316,340
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	2,106,653
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(26,183,622)

Net Position of governmental activities - statement of Net Position (\$11,427,083)

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS  
 YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Road and Bridge Fund	Debt Service Fund	Landfill Waste/ Criminal Detention Ctr. Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes						
Property	\$5,676,866	\$2,428,735	\$5,214,880			\$13,320,481
Sales	2,512,498			2,263,124		4,775,622
Other	34,813					34,813
Intergovernmental	48,533	14,104			934,286	996,923
Licenses and Permits		867,399				867,399
Charges for Services	1,442,447	131,993			302,652	1,877,092
Fines and Forfeitures	290,813					290,813
Interest	1,187		4,101	125	47	5,460
Miscellaneous	392,800	426	5,558		65,250	464,034
Total Revenues	10,399,957	3,442,657	5,224,539	2,263,249	1,302,235	22,632,637
<b>EXPENDITURES</b>						
Current:						
General Administration	3,665,252				169,523	3,834,775
Legal	240,592					240,592
Judicial	1,782,815				429,368	2,212,183
Financial Administration	1,463,377					1,463,377
Public Facilities	250,361					250,361
Public Safety	5,278,089				238,545	5,516,634
Public Transportation	0	2,869,456			0	2,869,456
Culture and Recreation	202,727					202,727
Health and Welfare	289,080				555,414	844,494
Conservation - Agriculture	845,631					845,631
Debt Service						
Principal Retirement	79,400		2,160,000			2,239,400
Interest Retirement	28,476		1,756,939			1,785,415
Total Expenditures	14,125,800	2,869,456	3,916,939	0	1,392,850	22,305,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,725,843)	573,201	1,307,600	2,263,249	(90,615)	327,592
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers In	3,875,105	17,526			108,029	4,000,660
Operating Transfers Out	(439,709)	(505,155)	(828,476)	(2,469,116)	(32,415)	(4,274,871)
Total Other Financing Sources (Uses)	3,435,396	(487,629)	(828,476)	(2,469,116)	75,614	(274,211)
Net Changes in Fund Balances	(290,447)	85,572	479,124	(205,867)	(15,001)	53,381
Fund Balances - Beginning - Restated	(4,362,846)	93,319	335,506	3,238,277	1,110,696	414,952
Fund Balances - Ending	(4,653,293)	178,891	814,630	3,032,410	1,095,695	468,333

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 SEPTEMBER 30, 2016

Net Changes in Fund Balances - total governmental funds	\$53,381
Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(280,964)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	260,745
Amortization of Loss on Refunded Bonds -	(9,270)
Amortization of Bond Premium	18,293
Deferred Outflow of Resources-Contributions (after 12/31/15) - This is the change in these amounts this year.	70,551
Economic/demographic (gains) or losses - This is the change in these amounts this year.	45,956
Investment (gains) or losses - This is the change in these amounts this year.	1,572,398
Assumption changes or inputs - This is the change in these amounts this year.	(43,064)
Loss on Bond Refunding - This is the change in these amounts this year.	(27,500)
(Increase) decrease in Compensated Absences from beginning of period to end of period.	(73,519)
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	41,018
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	166,580
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	(653,880)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	<u>2,160,000</u>
Change in Net Position of governmental activities - statement of activities	<u>\$3,300,725</u>

The accompanying notes are an integral part of this statement.

## MAVERICK COUNTY, TEXAS

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Variance with Final Budget -	
	Original	Final	Actual	Positive (Negative)
<b>REVENUES</b>				
Taxes				
Property	\$5,386,066	\$5,386,066	\$5,676,866	\$290,800
Sales	2,550,000	2,550,000	2,512,498	(37,502)
Other	53,150	53,150	34,813	(18,337)
Intergovernmental	46,033	46,033	48,533	2,500
Charges for Services	3,319,598	3,325,547	1,442,447	(1,883,100) *
Fines and Forfeitures	347,000	347,000	290,813	(56,187)
Interest	15,000	15,000	1,187	(13,813)
Miscellaneous	208,671	224,139	392,796	168,657
Total Revenues	11,925,518	11,946,935	10,399,953	(1,546,982)

**EXPENDITURES**

## Current:

General Administration				
Bank Fees	10,000	40,047	36,740	3,307
Code Enforcement	44,700	42,100	37,682	4,418
County Clerk	212,874	211,514	202,272	9,242
County Judge and Commissioners	749,799	791,259	747,606	43,653
Elections	165,790	181,788	173,991	7,797
Matching Funds	151,666	926,211	900,562	25,649
Non-Departmental	1,213,925	1,279,977	1,140,474	139,503
Planner	62,105	61,555	57,292	4,263
State Aid	320,001	320,001	320,001	0
Veterans Service	55,423	49,606	48,517	1,089
Legal				
County Attorney	257,480	250,580	240,592	9,988
Judicial				
293rd District	342,510	357,060	346,512	10,548
365th District	347,845	356,165	354,975	1,190
District Attorney	378,788	378,788	378,788	0
District Clerk	339,258	312,352	304,644	7,708
Justice of the Peace	410,435	407,182	397,896	9,286
Financial Administration				
County Auditor	518,701	504,182	477,344	26,838
County Treasurer	331,102	324,377	316,720	7,657
Information Department	212,227	134,727	314,754	(180,027)
Tax Assessor-Collector	424,563	411,063	354,559	56,504
Public Facilities				
Courthouse	276,981	258,573	250,361	8,212
Public Safety				
Constables	270,111	246,022	225,870	20,152
HIDTA - City of Eagle Pass	52,364	65,484	65,297	187
Jail	2,799,602	2,706,395	2,582,701	123,694
Sheriff	2,512,986	2,447,012	2,404,221	42,791

(continued)

(continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Culture and Recreation				
Community Center	121,801	111,474	105,667	5,807
Compt. Center - Pct. 1	64,060	67,027	62,486	4,541
El Indio Community Center	56,360	45,160	34,574	10,586
Health and Welfare				
Cemetery	7,000	7,000	4,613	2,387
Collections Department	58,854	57,106	53,882	3,224
Food Pantry	241,639	236,976	230,585	6,391
Conservation - Agriculture				
Agriculture Extension Service	56,708	52,796	46,438	6,358
Intergovernmental Agriculture Contract Service	824,124	808,395	799,193	9,202
Debt Service				
Issue Costs			79,400	(79,400)
Interest Retirement			28,476	(28,476)
Total Expenditures	13,891,782	14,449,954	14,125,685	324,269
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,966,264)	(2,503,019)	(3,725,732)	(1,222,713)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	2,109,296	2,611,051	3,875,105	1,264,054
Operating Transfers Out	(143,029)	(108,029)	(108,029)	0
Total Other Financing Sources (Uses)	1,966,267	2,503,022	3,767,076	1,264,054
Net Changes in Fund Balances	3	3	41,344	41,341
Fund Balances - Beginning	(4,777,343)	(4,777,343)	(4,777,343)	
Fund Balances - Ending	(\$4,777,340)	(\$4,777,340)	(\$4,735,999)	\$41,341

The accompanying notes are an integral part of this statement.

Note: The above budget comprises only the General Fund of the County. The general fund has been combined with other non-budgeted funds whose fund balance is \$82,706.

MAVERICK COUNTY, TEXAS  
 ROAD AND BRIDGE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes				
Property	\$2,358,952	\$2,646,994	\$2,428,735	(\$218,259)
Intergovernmental	15,064	15,064	14,104	(960)
Licenses and Permits	870,000	870,000	867,399	(2,601)
Charges for Services	25,400	25,400	131,993	106,593
Miscellaneous	8,398	8,398	426	(7,972)
Total Revenues	3,277,814	3,565,856	3,442,657	(123,199)
<b>EXPENDITURES</b>				
Current				
Public Transportation				
Road and Bridge	3,275,166	3,150,011	2,869,456	280,555
Debt Service				0
Principal Retirement				0
Interest Retirement				0
Total Expenditures	3,275,166	3,150,011	2,869,456	280,555
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,648	415,845	573,201	157,356
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	0	91,958	17,526	(74,432)
Transfers Out	(2,577)	(507,732)	(505,155)	2,577
Total Other Financing Sources (Uses)	(2,577)	(415,774)	(487,629)	(71,855)
Net Changes in Fund Balances	71	71	85,572	85,501
Fund Balances - Beginning	93,319	93,319	93,319	
Fund Balances - Ending	\$93,390	\$93,390	\$178,891	\$85,501

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

MAVERICK COUNTY, TEXAS  
 DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes				
Property	\$4,735,973	\$4,735,973	\$5,214,880	\$478,907
Interest	0	0	4,101	4,101
Miscellaneous	0	0	5,558	5,558
Total Revenues	<u>4,735,973</u>	<u>4,735,973</u>	<u>5,224,539</u>	<u>488,566</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	2,160,000	2,160,000	2,160,000	0
Interest Retirement	2,063,498	2,063,498	1,756,939	306,559
Total Expenditures	<u>4,223,498</u>	<u>4,223,498</u>	<u>3,916,939</u>	<u>306,559</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>512,475</u>	<u>512,475</u>	<u>1,307,600</u>	<u>795,125</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In				0
Transfers Out	(828,476)	(828,476)	(828,476)	0
Total Other Financing Sources (Uses)	<u>(828,476)</u>	<u>(828,476)</u>	<u>(828,476)</u>	<u>0</u>
Net Changes in Fund Balances	(316,001)	(316,001)	479,124	795,125
Fund Balances - Beginning	335,506	335,506	335,506	
Fund Balances - Ending	<u>\$19,505</u>	<u>\$19,505</u>	<u>\$814,630</u>	<u>\$795,125</u>

MAVERICK COUNTY, TEXAS  
COMBINING STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS															
	Water Current Year	Water Prior Year	MCPFC Current Year	MCPFC Prior Year	MCPFC Detention Center Current Year	MCPFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year
<b>ASSETS</b>															
Current Assets															
Cash and Cash Equivalents	\$142,082	\$127,264					\$1,942,276	\$2,166,947	\$90,355	\$205,107	\$39,804	\$41,619	\$37,643	\$34,571	\$2,252,160
Accounts Receivables (net of allowance for uncollectibles)	11,042	9,793					219,535	206,778			333				230,910
Due from Other Funds											1,983,198		1,983,069		1,983,198
Due from Others	35,870	30,178							2	2					35,872
<b>Total Current Assets</b>	<b>188,994</b>	<b>167,235</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,161,811</b>	<b>2,373,725</b>	<b>90,357</b>	<b>205,109</b>	<b>2,023,335</b>	<b>2,024,688</b>	<b>37,643</b>	<b>34,571</b>	<b>4,502,140</b>
Noncurrent Assets															
Restricted Assets:															
Cash and Cash Equivalents		4,803,742	5,417,021	724,511	751,181										5,528,253
Due from Others				1,870	1,869										1,870
<b>Total Restricted Assets</b>	<b>0</b>	<b>0</b>	<b>4,803,742</b>	<b>5,417,021</b>	<b>726,381</b>	<b>753,050</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,530,123</b>
Capital Assets															
Land	143	143	500,000	500,000			308,919	308,919			71,066	71,066			880,128
Landfill Cell One and Two							5,482,492	5,482,492							5,492,492
Buildings	4,607,989	4,607,989	35,103,568	35,103,568	724,511	751,181	502,395	502,395			133,337	133,337			40,347,289
Machinery and Equipment	1,157,453	1,157,453					3,466,383	2,683,828							4,623,836
Infrastructure							1,935,484	1,935,484			21,942	21,942			1,957,426
Landfill Permit							2,175,360	2,175,360							2,175,360
Water Rights	761,400	761,400					0	0							761,400
Construction in Progress															0
Total Capital Assets	6,526,985	6,526,985	35,603,568	35,603,568	0	0	13,871,033	13,088,478	0	0	226,345	226,345	0	0	56,227,931
Less Accumulated Depreciation/Amortization	(2,320,524)	(2,176,538)	(7,010,791)	(6,133,202)			(6,599,048)	(5,801,651)			(82,882)	(79,549)			(16,013,245)
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>4,206,461</b>	<b>4,350,447</b>	<b>28,592,777</b>	<b>29,470,366</b>	<b>0</b>	<b>0</b>	<b>7,271,985</b>	<b>7,286,827</b>	<b>0</b>	<b>0</b>	<b>143,463</b>	<b>146,796</b>	<b>0</b>	<b>0</b>	<b>40,214,688</b>
<b>Total Noncurrent Assets</b>	<b>4,206,461</b>	<b>4,350,447</b>	<b>33,998,519</b>	<b>34,887,387</b>	<b>726,381</b>	<b>753,050</b>	<b>7,271,985</b>	<b>7,286,827</b>	<b>0</b>	<b>0</b>	<b>143,463</b>	<b>146,796</b>	<b>0</b>	<b>0</b>	<b>45,744,809</b>
<b>TOTAL ASSETS</b>	<b>\$4,395,455</b>	<b>\$4,517,682</b>	<b>\$33,396,519</b>	<b>\$34,887,387</b>	<b>\$726,381</b>	<b>\$753,050</b>	<b>\$9,433,796</b>	<b>\$9,660,552</b>	<b>\$90,357</b>	<b>\$205,109</b>	<b>\$2,166,798</b>	<b>\$2,171,484</b>	<b>\$37,643</b>	<b>\$34,571</b>	<b>\$50,246,949</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>															
Deferred Outflow of Resources-Contributions (after 12/31/14)			15,951								266,767	4,685			0
Deferred Outflow of Resources-Contributions (after 12/31/15)	17,172						145,039	51,643			5,046				167,257
Economic/demographic (gains) or losses	773										367	227	6		1,000
Investment (gains) or losses	26,471	22										7,778			34,249
Assumption changes or inputs	3,530	4,245									70,992	1,037	1,247		4,567
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>47,946</b>	<b>20,218</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145,039</b>	<b>51,643</b>	<b>0</b>	<b>338,126</b>	<b>14,088</b>	<b>5,938</b>	<b>0</b>	<b>0</b>	<b>207,073</b>

(continued)

(continued)

	Water Current Year	Water Prior Year	MCPFC Current Year	MCPFC Prior Year	MCPFC Detention Center Current Year	MCPFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year
<b>AND OTHER CREDITS</b>															
Liabilities															
Current Liabilities (Payable from Current Assets)															
Accounts Payable	\$7,513	\$13,836					\$40,703	\$57,322	\$459,729	\$506,817		\$181			\$507,945
Accrued Wages	2,643	9,416					10,833	35,255			816	3,013			14,292
Accrued Interest Payable			254,250	254,250											254,250
Due to Other Funds	40,940	33,854					45,492	45,492	652,757	652,757					739,189
Due to Others	1,937	450					2,636,524	2,672,303							2,636,461
Compensated Absences									4,803	4,109					4,803
Capital Lease Obligation									318,680	169,196					318,680
Compromise and Settlement Note Payable									98,336	96,336					96,336
Bonds, Notes, and Loans Payable - Current															0
Total Current Liabilities	53,033	57,556	254,250	254,250	2,636,524	2,672,303	516,847	407,710	1,112,486	1,159,574	816	3,194	0	0	4,573,956
Noncurrent Liabilities															
Unamortized Discount on Bonds			(1,608,394)	(1,732,117)											(1,608,394)
Compensated Absences									43,225	36,981					43,225
Capital Lease Obligation									719,451	365,960					719,451
Compromise and Settlement Note Payable									289,009	385,346					289,009
Net Pension Payable	40,090	29,027					138,468	41,597			485,465	11,780	8,526		188,338
Bonds, Notes, and Loans Payable			36,975,000	36,975,000											36,975,000
Accrued Landfill Closure and Postclosure Care Costs									2,473,878	2,120,091					2,473,878
Total Noncurrent Liabilities	40,090	29,027	35,366,606	35,242,883	0	0	3,662,031	2,949,975	0	485,465	11,780	8,526	0	0	39,080,507
Total Liabilities	93,123	86,583	35,620,856	35,497,133	2,636,524	2,672,303	4,178,878	3,357,685	1,112,486	1,645,039	12,596	11,720	0	0	43,654,463
Net Position															
Invested in Capital Assets, Net of Related Debt	4,206,461	4,350,447	(8,382,223)	(7,504,634)	0	0	6,233,853	6,751,671	0	0	143,463	146,796	0	0	2,201,554
Restricted for:															
Debt Service - Expendible					4,803,742	5,417,021									4,803,742
Capital Replacement - Expendible															0
Unrestricted	143,817	100,870	1,354,144	1,477,867	(1,910,143)	(1,919,253)	(833,896)	(397,161)	(1,022,129)	(1,101,804)	2,024,827	2,018,906	37,643	34,571	(205,737)
Total Net Position	\$4,350,278	\$4,451,317	(\$2,224,337)	(\$609,746)	(\$1,910,143)	(\$1,919,253)	\$5,399,957	\$6,354,510	(\$1,022,129)	(\$1,101,804)	\$2,168,290	\$2,165,702	\$37,643	\$34,571	\$6,799,559

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



MAVERICK COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Water Current Year	Water Prior Year	MCPFC Current Year	MCPFC Prior Year	MCPFC Detention Center Current Year	MCPFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year	
<b>OPERATING REVENUES:</b>																
Charges for Services	\$366,476	\$417,872														\$442,231
Rents					0	6,382,474										0
Commissary Sales																46,367
Tipping Fee																46,367
Miscellaneous	680	526			163	0	1,682,276	1,792,424								1,682,276
Total Operating Revenues	367,156	418,398	0	0	163	6,382,474	1,690,024	1,800,222	147,339	734						155,930
<b>OPERATING EXPENSES:</b>																
Personal Services	180,887	206,548					603,469	748,496								1,052,588
Supplies	78,594	85,572			0	0	24,527	24,268								107,890
Other Services and Charges	64,728	81,563	613,795	239,551	27,243	94,682	905,801	916,456	67,664	1,285,771	6,233	3,248	43,295	29,595	1,728,759	
Depreciation	143,986	222,998	877,589	877,589			797,397	888,893			3,333	3,786				1,822,305
Closure and Post Closure Care Costs (Recovery)							353,787	527,814								353,787
Total Operating Expenses	468,195	596,681	1,491,384	1,117,140	27,243	94,682	2,890,981	3,105,927	67,664	4,281,212	76,567	80,760	43,295	29,595	5,065,329	
Operating Income (Loss)	(101,039)	(178,283)	(1,491,384)	(1,117,140)	(27,080)	6,287,792	(1,200,957)	(1,305,705)	79,675	(4,280,478)	(812)	(75,783)	3,072	10,574	(2,738,525)	
<b>NON-OPERATING REVENUES (EXPENSES):</b>																
Interest Income			516	494	0	0	3,395	1,150								3,911
Interest and Fiscal Charges			(123,723)	(1,525,612)			(27,802)	(19,701)								(151,525)
Total Non-Operating Revenues (Expenses)	0	0	(123,207)	(1,525,118)	0	0	(24,407)	(18,551)	0	0	0	0	0	0	0	(147,614)
Income Before Transfers	(101,039)	(178,283)	(1,614,591)	(2,642,258)	(27,080)	6,287,792	(1,225,364)	(1,324,256)	79,675	(4,280,478)	(812)	(75,783)	3,072	10,574	(2,886,139)	
Intergovernmental																0
Transfers In (Out) - Net							3,149,648	0	(6,813,900)	270,811	1,293,472		3,664,252	3,400		274,211
Change in Net Position	(101,039)	(178,283)	(1,614,591)	507,390	(27,080)	(526,108)	(954,553)	(30,784)	79,675	(616,226)	2,588	(75,783)	3,072	10,574	(2,511,928)	
Total Net Position - Beginning - Restated	4,451,317	4,620,600	(609,746)	(1,117,136)	(1,883,063)	(1,393,145)	6,354,510	6,385,294	(1,101,804)	(485,578)	2,165,702	2,241,485	34,571	23,997	9,411,487	
Total Net Position - Ending	\$4,350,278	\$4,451,317	(\$224,337)	(\$609,746)	(\$1,910,143)	(\$1,919,253)	\$5,399,957	\$6,354,510	(\$1,022,129)	(\$1,101,804)	\$2,168,290	\$2,165,702	\$37,643	\$34,571	\$6,799,559	

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

MAVERICK COUNTY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS															
Water Current Year	Water Prior Year	MCPFC Current Year	MCPFC Prior Year	MCPFC Detention Center Current Year	MCPFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year	
<b>Cash Flows from Operating Activities</b>															
Receipts From Customers and Users		\$423,509	\$0	\$574	\$6,382,474	\$1,677,267	\$1,866,284	\$147,339	\$32,875	\$75,422	\$5,508	\$46,367	\$40,169	\$2,321,449	
Payments to Suppliers		(175,555)	(613,795)	(374,251)	(27,244)	1,095,586	(946,947)	(1,105,005)	(114,751)	(929,723)	66,369	(43,295)	(29,595)	(1,912,681)	
Payments to Employees		(204,139)	0	0	0	0	(825,479)	(751,377)	(147,340)	(3,072,838)	(69,325)	(65,790)	0	(1,246,469)	
<b>Net Cash Provided (Used) By Operating Activities</b>		14,818	43,815	(613,795)	(374,251)	(26,670)	7,478,060	(95,159)	9,902	(114,752)	(3,669,586)	(5,215)	6,087	3,072	10,574
<b>Cash Flows from Non-Capital and Related Financing Activities</b>															
Transfers In (Out) - Net	0	0	0	3,149,648	0	(6,813,900)	270,811	1,293,472	0	3,664,252	3,400	0	0	0	274,211
Subsidy from Federal Grant				0	0	0	0	0							0
<b>Net Cash Provided (Used) by Non-Capital and Related Financing Activities</b>		0	0	3,149,648	0	(6,813,900)	270,811	1,293,472	0	3,664,252	3,400	0	0	0	274,211
<b>Cash Flows from Capital and Related Financing Activities</b>															
Principal Payment on Revenue Bonds, Notes and Capital Leases				0	0	(251,090)	(163,873)								(251,090)
Amortization of City of Eagle Pass Liability	0	0	0	0	0	(96,336)	(96,336)	0	0	0	0	0	0	0	(96,336)
Unamortized Discount on Bonds				123,723	123,722										123,723
Interest and Fiscal Charges				(123,723)	(1,525,612)										(151,525)
Purchases of Capital Assets						(27,802)	(19,701)								(28,490)
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>		0	0	0	(1,401,890)	0	0	(403,718)	(402,506)	0	0	0	0	0	(403,718)
<b>Cash Flows from Investing Activities</b>															
Interest Received	0	0	516	494	0	0	3,395	1,150	0	0	0	0	0	0	3,911
<b>Net Cash Provided (Used) by Investment Activities</b>		0	0	516	494	0	0	3,395	1,150	0	0	0	0	0	3,911
<b>Net Increase (Decrease) in Cash Equivalents</b>															
Cash and Cash Equivalents at Beginning of Year	14,818	43,815	(613,279)	1,374,001	(26,670)	664,160	(224,671)	902,018	(114,752)	(5,434)	(1,815)	6,087	3,072	10,574	(963,297)
Cash and Cash Equivalents at End of Year	127,264	83,449	5,417,021	4,043,020	751,181	87,021	2,166,947	1,264,929	205,107	210,541	41,619	35,532	34,571	23,997	8,743,710
<b>Unrestricted Assets:</b>															
Cash and Cash Equivalents	\$142,082	\$127,264	\$4,803,742	\$5,417,021	\$724,511	\$751,181	\$1,942,276	\$2,166,947	\$90,355	\$205,107	\$39,804	\$41,619	\$37,643	\$34,571	\$2,252,160
<b>Restricted Assets:</b>															
Cash and Cash Equivalents	0	0	4,803,742	5,417,021	724,511	751,181	0	0	0	0	0	0	0	0	5,528,253
<b>Total</b>															\$7,780,413

(continued)

BUSINESS TYPE ACTIVITIES  
- ENTERPRISE FUNDS

	Water Current Year	Water Prior Year	MCPFC Current Year	MCPFC Prior Year	MCPFC Detention Center Current Year	MCPFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>															
Operating Income (Loss)	(101,039)	(178,283)	(1,491,384)	(1,117,140)	(27,080)	6,287,792	(1,200,957)	(1,305,705)	79,675	(4,280,478)	(812)	(75,783)	3,072	10,574	(2,738,525)
Adjustments to Reconcile to Net Cash Flow															
Non-Cash Items Included in Net Income															
Depreciation	143,986	222,998	877,589	877,589	0	0	797,397	888,893	0	0	3,333	3,786	0	0	1,822,305
Closure and Post Closure Care Costs	0	0	0	0	0	0	353,787	527,814	0	0	0	0	0	0	353,787
Changes in Current Items															
Decrease (Increase) in Accounts Receivable	(1,249)	395	0	0	0		(12,757)	66,062	0	0	(333)	531	0	0	(14,339)
Decrease (Increase) in Due from Other Funds	0	0	0	0	0		0	0	0	10,000	(129)	76,985	0	0	(129)
Decrease (Increase) in Due from Others	(5,632)	(6,886)	0	0	(1)	1,190,268	0	0	1	(2)	0	0	0	0	(5,632)
Decrease (Increase) Deferred Outflow of Res.-Contributions	(1,221)	2,145					(93,397)		266,767	35,883	(361)	630			171,788
Decrease (Increase) Deferred Outflow- Economic/demographic (gains) or losses	(773)								366		(221)				(628)
Decrease (Increase) Deferred Outflow-Investment Experience	(26,449)	(22)							0	(367)	(7,778)	(6)			(34,227)
Decrease (Increase) Deferred Outflow-Actual Exp. vs. Assumption	715	(4,245)							70,992	(70,992)	210	(1,247)			71,917
Increase (Decrease) in Accounts Payable	(6,323)	(1,534)	0	0	0		(16,619)	(164,281)	(47,088)	383,170	(181)	181	0	0	(70,211)
Increase (Decrease) in Accrued Wages	(6,773)	1,966	0	0	0		(24,422)	3,195	0	(121,443)	(2,197)	265	0	0	(33,392)
Increase (Decrease) in Accrued Interest Payable	0	0	0	0	(134,700)		0	0	0	0	0	0	0	0	0
Increase (Decrease) in Compensated Absences	0	0	0	0	0		6,938	(1,512)	0	0	0	0	0	0	6,938
Increase (Decrease) in Due to Other Funds	7,086	4,266	0	0	0		0	0	0	332,141	0	0	0	0	7,086
Increase (Decrease) in Due to Others	1,487	450	0	0	411		0	0	0	0	0	0	0	0	1,898
Increase (Decrease) in Net Pension Liability	11,063	2,535	0	0	0		94,871	7,822	(485,465)	42,402	3,254	745	0	0	(376,277)
Decrease (Increase) in Deferred Outflow of Resources	0	0	0	0	0		0	(12,386)	0	0	0	0	0	0	0
Net Cash Provided (Used) By Operating Activities	14,818	43,815	(613,795)	(374,251)	(26,670)	7,478,060	(95,159)	9,902	(114,752)	(3,669,686)	(5,215)	6,087	3,072	10,574	(837,701)
Noncash Investing, Capital, and Financing Activities:															
Assumption of County Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Lease	0	0	0	0	0	0	754,065	0	0	0	0	0	0	0	754,065
Solid Waste Usage Provided at No Cost to Maverick County	0	0	0	0	0	0	166,251	164,973	0	0	0	0	0	0	166,251
Maverick County Road and Bridge	0	0	0	0	0	0	0	113,233	34,709	0	0	0	0	0	113,233
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$1,033,549	\$199,682	\$0	\$0	\$0	\$0	\$0	\$0	\$1,033,549

Note: The above funds are all Enterprise Funds.

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



MAVERICK COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$7,954,002</u>
<b>Total Assets</b>	<u><u>\$7,954,002</u></u>
 <b>LIABILITIES</b>	
Due to Others	<u>\$7,954,002</u>
<b>Total Liabilities</b>	<u><u>\$7,954,002</u></u>

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

**Maverick County, Texas**  
Notes to the Financial Statements  
September 30, 2016

**I. Summary of significant accounting policies**

**A. Reporting entity/ Basis of Accounting/Measurement Focus**

Maverick County operates under a County Judge – Commissioners' Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. The accounting policies of Maverick County, Texas, (the County) conform to generally accepted accounting principles. The County also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**B. Government-wide financial statements**

The County's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the County accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

## C. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The County has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues and charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government reports the following major governmental funds:

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

The road and bridge fund administers property tax and motor vehicle license monies for the maintenance of the county's roads and bridges.

The debt service fund is used to service the County's bonds and notes payable.

Landfill Waste/Criminal Detention Center Fund is used to collect sales tax for transferring to the Solid Waste Authority Fund (MCSWA).

#### **D. Proprietary fund financial statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the nonmajor funds aggregated.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major proprietary funds:

The Water Utility Fund accounts for the operation of the County's water utility.

The MCPFC Fund accounts for the acquisition, operation, and maintenance of the MCPFC's facilities and services and is accounted for on a flow of economic resources and measurement focus.

The MCPFC Detention Center Fund had accounted for the operation of the County's Detention Center that it rents from the MCPFC and was operated by the GEO Group, Inc.

The Maverick County Detention Center Fund accounts for the operation of the County's Detention Center that it rents from the MCPFC.

The Maverick County Solid Waste accounts for the landfill operations of the County and is accounted for using the accrual basis of accounting.

The Airport Fund operates the County Airport.

The Commissary Fund manages the Commissary for the Jail Inmates.

#### **E. Fiduciary Funds**

Agency Funds - These funds are established to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

## **F. Blended Component Units**

In 2013, the County implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and No.34*. Using the criteria of GASB Statement No.61 as outlined below, potential component units were evaluated for inclusion in, or exclusion from, the reporting entity, whether the organizations were financially accountable or not, and were further evaluated for financial statement presentation. It was determined that all component units of the County continued to be blended as though they are part of the County.

GASB Statement No. 61 modified certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit

Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on substantively the same governing body criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government.

Predicated upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity.

These financial statements include three blended component units, the *Maverick County Public Facility Corporation* (MCPFC), the Child Welfare Board, and the *Maverick County Solid Waste Authority, Inc.* (MCSWA), and a brief description is presented below:

### **MCPFC**

The MCPFC is a public, non-profit corporation created on June 15, 2007, in accordance with the Texas Development Corporation Act of 1979. MCPFC's purpose is to issue bonds on behalf of the County, to finance projects as defined in the Act in order to promote and develop industrial and manufacturing enterprises, thus encouraging employment and improving public welfare.

Tax-exempt bonds issued by the MCPFC do not constitute debt or a pledge of faith or credit of the MCPFC or the County, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. Interest received on the bonds is generally exempt from federal income tax under section 103 of the Internal Revenue Code. The MCPFC is governed by a seven-member Board of Directors which is comprised of the Maverick County Commissioners' Court, the Sheriff of the County, and a private citizen. All appointments are made by the County Commissioners' Court. The MCPFC is a major enterprise fund.

#### MCSWA

On August 10, 2009 the Maverick County Commissioners' Court approved creation of MCSWA (a Texas non-profit corporation) for the purpose of operating the County's type I landfill. This corporation was formed pursuant to the Texas Transportation Code which authorizes the corporation to assist and act on behalf of Maverick County to accomplish any governmental purpose of Maverick County. The bylaws of the corporation call for Maverick County Commissioners' Court appointment and approval of the corporation's five member Board of Directors. The MCSWA was formed on August 25, 2009 and commenced its operations on October 7, 2009. MCSWA will assume the operation of the County's landfill, which began operations on October 1, 2010. The MCSWA is a major enterprise fund.

#### Child Welfare Board

The governing board is appointed by the County. Funding for the board is provided by the State of Texas through the County; the County is fiscally and legally accountable to the state for the activities of the board. The Child Welfare Board is reported in the nonmajor special revenue funds.

### **G. Non-Profit Corporations**

Certain organizations established in accordance with state laws promote business development and issue industrial development bonds. These organizations include: *Maverick County Development Corporation and Maverick County Industrial Development Corporation*. Bonds issued by these organizations do not constitute indebtedness to the County and are secured solely by the organizations or individuals on whose behalf the bonds are issued. These organizations are not included in the County's reporting entity.

### **H. Interlocal Agreements**

#### Maverick County Solid Waste Authority

On August 27, 2015, the Solid Waste Authority entered into an Interlocal Governmental Agreement with the County whereby the Solid Waste Authority agreed to pledge monetary funds from tipping fees and the County has agreed to accept the monetary funds pledged by the Solid Waste Authority. Per the terms of the agreement, on, the Solid Waste Authority agreed to transfer \$500,000 to the County to be paid in two lump sum payments of \$250,000. The first transfer was made on October 1, 2015. The second payment was made on April 1, 2016.

## **I. Assets, liabilities, and net assets or equity**

### ***1. Deposits and investments***

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as fair value of the pool shares.

For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

### ***2. Receivables and payables***

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 1 percent of current outstanding property taxes at September 30, 2016, and 10 percent of delinquent outstanding property taxes at September 30, 2016. Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

### ***3. Inventories and prepaid items***

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

#### **4. Restricted assets**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Monies are set aside in the general fund for future projects and are maintained in a separate bank account. The restricted assets are as follows:

<u>Type</u>	<u>Business-Type Activities</u>
Maverick County Public Facility Corporation (MCPFC)	\$4,803,742
Maverick County Public Facility Corporation (MCPFC) - Detention Center	726,381
	<u><u>\$5,530,123</u></u>

#### **5. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years.

As the government constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There were no major construction projects during the 2016 fiscal year.

Property, plant, and equipment of the primary government, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Public domain infrastructure	40
System infrastructure	40
Vehicles	5
Office equipment	5
Computer equipment	5

## ***6. Compensated absences***

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, governmental funds and proprietary financial statements.

## ***7. Long-term obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

## **8. Fund equity**

As of September 30, 2016, fund balances of the governmental funds are classified as follows:

*Nonspendable fund balance* - Definition - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Unassigned*— all other spendable amounts.

As of September 30, 2016, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$110,965
Inventory	96,489
Restricted	
Construction	82,706
Debt Service	814,630
General Administration	106,781
Health and Welfare	131,652
Judicial	376,609
Public Safety - Sheriff	279,660
Public Transportation	178,891
Records Management	246,495
Unassigned	(1,956,545)
Total Fund Balance	<u>\$468,333</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Commissioners' Court or the finance committee has provided otherwise in its commitment or assignment actions. In fiscal year 2011, the County Council adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 25 percent of the subsequent year's budgeted General Fund expenditures.

## **9. Comparative data/reclassifications**

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

## **10. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is deferred under GASB 68.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has no item that qualifies for reporting in this category.

The County reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the County and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Pursuant to GASB 65 we have included deferred ad valorem taxes as deferred inflows in the fund financial statements.

## **11. Net position flow assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

## II. Reconciliation of government-wide and fund financial statements

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$26,183,622 difference are as follows:

Tax Notes Payable	\$2,060,000
Bonds Payable	21,365,000
Compensated Absences	433,739
Accrued Interest Payable	133,904
Net Pension Liability	2,383,310
Loss on Bond Refunding	(467,500)
Bond Issuance Premium	330,789
Bond Discount	(55,620)
	<u>\$26,183,622</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$7,827,907 difference are as follows:

Capital assets not being depreciated	\$3,748,880
Capital assets being depreciated	15,882,079
Depreciation expense	(11,765,746)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in Net Position of governmental activities	<u>\$7,865,213</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.)" The details of this \$1,931,150 difference are as follows:

Property Taxes Receivable	\$2,266,373
Allowance for Doubtful Accounts	(159,720)
Net	<u><u>\$2,106,653</u></u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Municipal fines and fees receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.)" The details of this \$4,316,340 difference are as follows:

Fines Receivable	\$2,532,918
Allowance for Doubtful Accounts	(1,066,965)
Deferred Outflow of Resources-Contributions (after 12/31/15)	1,020,885
Economic/demographic (gains) or losses	45,956
Investment (gains) or losses	1,573,707
Assumption changes or inputs	<u><u>209,839</u></u>
Net	<u><u>\$4,316,340</u></u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this (\$441,479) difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$0
Capital Outlay - Additions - Being Depreciated (Net)	304,424
Capital Outlay - Deletions	0
Depreciation Expense	(585,388)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>(\$280,964)</u></u>

### **III. Stewardship, compliance, and accountability**

#### **A. Budgetary information**

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioners' Court.

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year. The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court. The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash. When the Budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the line item. Budgets were adopted in conformity with generally accepted accounting principles (GAAP). A budget for the 2016 fiscal year was adopted for the General Fund.

#### **B. Excess of expenditures over appropriations**

For the year ended September 30, 2016, expenditures did not exceed appropriations in the General fund, road and bridge fund, and the debt service fund (the legal level of budgetary control).

#### **C. Deficit fund equity**

The county had no deficit fund balances as of September 30, 2016 except for the following. The General fund - \$4,653,293, the MCPFC fund - 2,224,337, the MCPFC Detention Center fund - \$1,910,143, MC Detention Center fund - \$1,022,129, Border Star No. 1983102 fund - \$5, Stone Garden 2009 fund - \$43,365, and Stone Garden 2011 fund - \$2,132. These deficits are expected to be liquidated by future resources of the funds.

## IV. Detailed notes on all funds

### A. Deposits and investments

#### Legal and Contractual Provisions Governing 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, (9) and 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, (10) and 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 not in substantial compliance with the requirements of the Act and with local policies.

#### Policies Governing Deposits and Investments:

In compliance with the Public Funds Investment Act, the County has not 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 government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of September 30, 2016, the government's depository bank balance of \$12,230,662 was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name. The fair market value of the securities pledged is \$17,792,072 and the FDIC coverage is \$200,000.

The County had \$3,489 in BVA Compass Bank. This amount was covered by FDIC insurance.

The Maverick County Detention Facility keeps monies in UMB Bank in the amount of \$5,527,303. These monies are put into a money market account. It is unknown at this time what security is provided by the bank for the benefit of Maverick County for these funds.

At September 30, 2016, the Solid Waste Authority had cash and cash equivalents totaling \$1,889,841. The Solid Waste Authority's deposits at September 30, 2016, were entirely covered by FDIC insurance or by pledged collateral held by the Solid Waste Authority's depository banks in their name.

The total book amount of \$5,346,062.

## B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Road and Bridge	Debt Service	Landfill Waste/ Criminal Detention Ctr.		Other Governmental Funds	Water	MCSWA	Airport	Total
<b>Receivables</b>										
Taxes	\$941,907	\$402,976	\$921,490							\$2,266,373
Accounts	534,228						11,042	219,535	333	765,138
Fines	2,532,918									2,532,918
Sales Tax	390,711			185,706						576,417
Intergovernmental	232,952					173,785				406,737
Other	91,967					169				92,136
Gross Receivables	4,724,683	402,976	921,490	185,706		173,954	11,042	219,535	333	6,639,719
Less: Allowance for Uncollectibles	1,133,345	28,400	64,941							1,226,686
Net Total Receivables	\$3,591,338	\$374,576	\$856,549	\$185,706		\$173,954	\$11,042	\$219,535	\$333	\$5,413,033

## C. Capital assets

Capital asset activity for the year ended September 30, 2016 was as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	3,748,880	\$0	\$0	\$3,748,880
Total capital assets not being depreciated:	<u>3,748,880</u>	0	0	<u>3,748,880</u>

Capital assets being depreciated:				
Building and Improvements	7,239,138			7,239,138
Machinery and Equipment	8,108,517	251,256	0	8,359,773
Infrastructure	0			0
Intangible	230,000	53,168	0	283,168
Total capital assets being depreciated:	<u>15,577,655</u>	<u>304,424</u>	0	<u>15,882,079</u>

Less: Accumulated Depreciation for:				
Building and Improvements	3,664,968	180,883		3,845,851
Machinery and Equipment	7,473,590	376,188	0	7,849,778
Infrastructure	0		0	0
Intangible	41,800	28,317		70,117
Total Accumulated Depreciation	<u>11,180,358</u>	<u>585,388</u>	0	<u>11,765,746</u>
Total Capital Assets Depreciated, Net	<u>4,397,297</u>	<u>(280,964)</u>	0	<u>4,116,333</u>
Governmental Activities capital assets, Net	<u>\$8,146,177</u>	<u>(\$280,964)</u>	\$0	<u>\$7,865,213</u>

Business-type Activities Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$880,128	\$0	\$0	\$880,128
Construction in Progress	0	0	0	0
Total capital assets not being depreciated:	<u>880,128</u>	0	0	<u>880,128</u>

Capital assets being depreciated:				
Building and Improvements	40,347,289	0	0	40,347,289
Landfill Cell One and Two	5,482,492	0	0	5,482,492
Machinery and Equipment	3,841,281	782,555	0	4,623,836
Infrastructure	1,935,484	0	0	1,935,484
Landfill Permit	2,175,360	0	0	2,175,360
Water Rights	761,400	0	0	761,400
Total capital assets being depreciated:	<u>54,543,306</u>	<u>782,555</u>	0	<u>55,325,861</u>

Less: Accumulated Depreciation for:				
Building and Improvements	7,112,086	996,122	0	8,108,208
Machinery and Equipment	1,128,361	9,751	0	1,138,112
Water Rights	126,900	19,035	0	145,935
MCSWA	5,801,651	797,397		6,599,048
Total Accumulated Depreciation	<u>14,168,998</u>	<u>1,822,305</u>	0	<u>15,991,303</u>
Total Capital Assets Depreciated, Net	<u>40,374,308</u>	<u>(1,039,750)</u>	0	<u>39,334,558</u>
Business-type Activities capital assets, Net	<u>\$41,254,436</u>	<u>(\$1,039,750)</u>	\$0	<u>\$40,214,686</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Administration	\$63,396
Financial Administration	4,505
Public Facilities	5,412
Public Safety	359,671
Public Transportation	113,478
Culture and Recreation	7,020
Health and Welfare	31,906
Total Depreciation Expense - Governmental Activities	<u>\$585,388</u>

Business-Type Activities	
Water	\$143,986
MCPFC	877,589
MCSWA	797,397
Airport	3,333
Total Depreciation Expense - Business-Type Activities	<u>\$1,822,305</u>

#### **Construction commitments:**

There were no major construction projects during the 2016 fiscal year.

#### **D. Interfund receivables, payables, and transfers**

The composition of interfund balances as of September 30, 2016, is as follows:

Due to/from other funds:

DUE TO	DUE FROM						TOTAL
	General Fund	Road and Bridge Fund	Other Governmental Funds	Water Fund	MCSWA Fund	MC Detention Center Fund	
General Fund		\$318	\$11,681	\$40,940	\$45,492	\$652,757	\$751,188
Road and Bridge Fund	54,513						54,513
Landfill Waste/Criminal Detention Ctr. Fund	2,840,580						2,840,580
Other Governmental Funds	628,702						628,702
Airport Fund	1,634,677	348,521					1,983,198
TOTALS	\$5,158,472	\$348,839	\$11,681	\$40,940	\$45,492	\$652,757	\$6,258,180

The above amounts are not expected to be paid within the year.

The amounts due from the general fund to the various respective funds were for operating expenses. The amount due to the general fund from the MC Detention Center Fund are for operating expenses.

Transfers:

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

In the year ended September 30, 2016, the government made the following recurring transfers:

TRANSFER OUT	TRANSFER IN					TOTAL
	General Fund	Road and Bridge Fund	Other Governmental Funds	Airport Fund	MCSWA Fund	
General Fund	\$331,680		\$108,029			\$439,709
Road and Bridge Fund	501,755			3,400		505,155
Debt Service Fund	828,476					828,476
Landfill Waste/Criminal Detention Ctr. Fund					2,469,116	2,469,116
Other Governmental Funds	14,889	17,526				32,415
MCPFC Detention Center Fund						0
MCSWA Fund	2,198,305					2,198,305
<b>TOTALS</b>	<b>\$3,875,105</b>	<b>\$17,526</b>	<b>\$108,029</b>	<b>\$3,400</b>	<b>\$2,469,116</b>	<b>\$6,473,176</b>

The transfers into the general fund, MCPFC fund, MC detention Center fund, and the MCSWA fund are for operations.

**E. Leases**

Operating Leases

The government leases equipment under non cancellable operating leases. Total costs for such leases were \$8,537 for the year ended September 30, 2016. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	Amount
2017	\$ 8,158
2018	8,158
2019	5,043
2020	2,818
2021	1,409
<b>Total</b>	<b><u>\$25,586</u></b>

Rent expenditures were \$0 for the year ended September 30, 2016. Sublease rental income was \$0 for the year ended September 30, 2016.

## F. Long-term debt

### Certificates of Obligation Bonds

The government issues Certificates of Obligation, Revenue, and General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. Certificates of Obligation, Revenue, and General Obligation bonds have been issued for both governmental and business-type activities

The government issued Limited Tax Refunding Bonds, Series 2016 of \$18,690,000 and refunded a Certificate of Obligation Bonds, Series 2009 in the amount of \$4,800,000 and Refunding Certificate of Obligation Bonds, Series 2009 in the amount of \$13,395,000 for an overall loss on refunding of \$495,000. The present value savings projected for the refunding is \$2,009,401.

### Business-Type Activity Debt

On July 26, 2007, the MCPFC issued \$42,255,000 in Project Revenue Bonds, Series 2007A-1, and \$620,000 Project Revenue Bonds, Series 2007A-2 (Taxable) to finance the acquisition, construction, furnishing, and equipping of a medium security correctional facility in Maverick County, Texas. The MCPFC Detention Center consists of a 654 bed correctional facility leased by the County. The County entered into agreements to house prisoners under the jurisdiction of subdivisions and agencies of the State and other governmental entities. Revenues from the operations commenced in December 2008 and are pledged to secure rental payments due under MCPFC lease. Bond principal and interest are payable only from the Project Facility Revenues and from no other source. The bonds and principal do not constitute a general obligation of the MCPFC or the County, the State of Texas, or any political subdivision thereof. Neither the full faith nor credit of the MCPFC, the County or the State of Texas or any of its political subdivisions is pledged for the payment of the bonds principal and interest. The balance at September 30, 2016 is \$36,975,000. **The County does not assume any liability for these bonds. The bond Trustee, UMB Bank, N.A. informed us that these bonds are currently in default.**

Certificates of Obligation, Revenue, and General Obligation bonds currently outstanding are as follows:

PURPOSE	RATE	ORIGINAL AMOUNTS	CURRENT AMOUNTS	SERIES	MATURITY DATE	COVENANTS	SECURITY
Governmental activities	4.00-5.00%	\$5,000,000	\$2,675,000	2004	2020	Sinking Fund	Ad Valorem Tax
Governmental activities	7.00%	\$18,690,000	\$18,690,000	2016	2034	Sinking Fund	Ad Valorem Tax
Business-type activities	6.25-3.75%	\$42,875,000	<u>\$36,975,000</u> <u>\$58,340,000</u>	2007A-1	2029	Sinking Fund	(A) Ad Valorem Tax and Prisoner Fees

**(A) The County does not assume any liability for these bonds.**

Annual debt service requirements to maturity for bonds are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2017	\$620,000	\$1,426,550
2018	650,000	1,394,800
2019	1,340,000	1,338,500
2020	1,425,000	1,255,775
2021	760,000	1,186,500
2022-2026	4,685,000	5,024,425
2027-2031	6,635,000	3,064,075
2032-2034	5,250,000	568,400
<b>TOTALS</b>	<b><u>\$21,365,000</u></b>	<b><u>\$15,259,025</u></b>

#### Capital Leases

Business-type activities: The Solid Waste Authority entered into three lease purchase agreements for the acquisition of machinery and equipment. Lease principal payments for the fiscal year ended September 30, 2016, totaled \$251,090. The effective interest rate is 3.2% for the first lease, 4.0% for the second lease, and 3.2% for the third lease. Total cost of the assets acquired under these three capital leases is \$1,755,020 with accumulated depreciation of \$651,554. The security for the equipment is the equipment financed.

ASSET	Business-Type Activities	
	Various	
Equipment	TOTAL	
COST	\$1,755,020	\$1,755,020
ACCUMULATED DEPRECIATION	(651,554)	(651,554)
<b>NET ASSET</b>	<b><u>\$1,103,466</u></b>	<b><u>\$1,103,466</u></b>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

YEAR	Business-Type Activities		Total
	Amount	Amount	
2017	\$346,975	\$346,975	
2018	346,975	346,975	
2019	185,279	185,279	
2020	163,400	163,400	
2021	54,467	54,467	
<b>Total Minimum Lease Payments</b>	<b><u>1,097,096</u></b>	<b><u>1,097,096</u></b>	
<b>Less: Amount Representing Interest</b>	<b><u>58,965</u></b>	<b><u>58,965</u></b>	
<b>Present Value of Net Minimum Lease Payments</b>	<b><u>\$1,038,131</u></b>	<b><u>\$1,038,131</u></b>	

#### Tax Anticipation Notes

The County secured a Tax Anticipation Note of \$1,300,000 on August 15, 2016. The rate of interest is 5.0%. The \$1,300,000 debt is due on August 15, 2016. The security for the Tax Anticipation Notes are Ad Valorem Taxes in the year ended September 30, 2016.

## Compromise and Settlement Agreement -Note Payable

The Solid Waste Authority, County, and the City of Eagle Pass, TX (City) entered into a Compromise and Settlement Agreement on November 16, 2010. With this agreement, the County settled any outstanding debt for landfill and fire related protection and emergency ambulance services by the City through September 8, 2008 amounting to \$963,364 (\$869,663 plus 6% simple interest from January 30, 2009 through October 31, 2010 (\$93,701)). The agreement states that in lieu of cash payments by the County, the City will be able to deposit 2,408.41 tons (\$963,364/10years/\$40) of Type I refuse in the Solid Waste Authority's Landfill for ten (10) years at a credit to the City of \$40 per ton. The agreement also states that the Solid Waste Authority will assume the debt. The Solid Waste Authority is amortizing this note payable based upon tons of Type I refuse received at a rate of \$40 per ton. The amount amortized each year is capped at \$96,366. The Solid Waste Authority anticipates it will amortize this note payable over 10 years. If the Solid Waste Authority is not able to fulfill its obligations, then the County will assume the debt.

## Estimated Cost of Closure and Post Closure Costs

The Solid Waste Authority at year-end operated one active cell and one inactive cell at the landfill site. State and federal laws and regulations require the Solid Waste Authority to place a cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years (30) after closure. The Solid Waste Authority accounts for and discloses closure and postclosure care costs in accordance with GASB Statement No. 18 *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost* (the "Statement"). The Statement requires, among other matters: (1) that the liability for closure and postclosure care costs be estimated based on applicable federal, state or local regulations that were in existence as of the date of the Statements of Net Position (2) that the cost estimates be reevaluated and adjusted on an annual basis for changes due to inflation or deflation, or for changes due to advancements in technology (3) that a portion of these estimated closure and postclosure costs be recognized in each operating period that the landfill is active, based on the amount of waste received during the period (included in the capacity used to date), even though the majority of the costs will not be paid until after the landfill cells are closed, and (4) that changes in the estimated costs for closure and postclosure care which will occur after the landfill stops accepting waste be recognized entirely in the period of the change.

In addition to operating expenses related to current activities of the landfill, an expense (recovery) provision and related liability are being recognized based on the landfill capacity used as of each statement of net position date. These future closure and post closure care costs will be paid only near or after the date the landfill no longer accepts waste. The \$2,473,878 reported as accrued landfill closure and post closure care costs at September 30, 2016, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of Cell 1 and 49% of the estimated capacity of the Cell 2. The current reduction recognized in this fiscal year of \$353,787 is due to a change in estimate. The Solid Waste Authority's Cell 2 has more than doubled the capacity of the landfill. The Solid Waste Authority will recognize the remaining estimated cost of closure and post closure care of \$1,252,815 as the remaining estimated capacity is filled. The Solid Waste Authority estimates the useful life as of September 30, 2016, to be approximately 4 years. The estimated total current cost of the accrued landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of September 30, 2016. However, the actual cost of closure and post closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

The above estimated charges are based on a study conducted by SCS Engineers and presented in a report dated October 26, 2016.

### Changes in long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Refunding</u>		<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<b><u>Governmental Activities:</u></b>								
General Obligation Bonds	\$21,575,000	\$0	\$705,000	\$18,690,000	\$18,195,000	\$21,365,000	\$620,000	\$20,745,000
Add Deferred Amounts:								
For Issuance Premium	349,082		18,293			330,789		330,789
TAN Note	800,000	1,300,000	800,000			1,300,000	1,300,000	0
Tax Notes	3,515,000		1,455,000			2,060,000	515,000	1,545,000
Less Deferred Amounts:								
For Tax Note Discount	(64,890)	9,270				(55,620)		(55,620)
Total Bonds Payable	26,174,192	1,309,270	2,978,293	18,690,000	18,195,000	25,000,169	2,435,000	22,565,169
Net Pension Payable	1,729,430	2,383,310	1,729,430			2,383,310		2,383,310
Compensated Absences	360,220	433,739	360,220			433,739	433,739	0
Total Governmental Activities	28,263,842	4,126,319	5,067,943	18,690,000	18,195,000	27,817,218	2,868,739	24,948,479
<b><u>Business-Type Activities:</u></b>								
Revenue Bonds	36,975,000					36,975,000		36,975,000
Less Deferred Amounts:								
For Bond Discount	(1,732,116)	123,722				(1,608,394)		(1,608,394)
Total Bonds Payable	35,242,884	123,722	0	0	0	35,366,606	0	35,366,606
Compensated Absences	41,090	48,028	41,090			48,028	4,803	43,225
Net Pension Payable	564,615	188,338	564,615			188,338		188,338
Capital Lease Obligation	535,155	754,066	251,090			1,038,131	318,680	719,451
Compromise and Settlement Note Payable	481,682		96,337			385,345	96,336	289,009
Accrued Landfill Closure and Postclosure Care Costs	2,120,091	353,787				2,473,878		2,473,878
Total Business-Type Activities	38,985,517	1,467,941	953,132	0	0	39,500,326	419,819	39,080,507
Grand Total	\$67,249,359	\$5,594,260	\$6,021,075	\$18,690,000	\$18,195,000	\$67,317,544	\$3,288,558	\$64,028,986

The government-wide statement of net assets includes \$3,288,558 as "noncurrent liabilities, due within one year".

Note: Compensated absences are considered to be short term liabilities with the exception of \$4,803 or 10% in the MCSWA fund in the Business-Type Activities. The governmental activities bonds, capital leases, and compensated absences are serviced by the general fund. The Business-type activities bonds, capital leases, and compensated absences are serviced by the both the water fund and the sewer fund.

## V. Other information

### A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no instances where settlements exceeded insurance coverage in any of the three previous years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

	Year ended <u>09/30/15</u>	Year ended <u>09/30/16</u>
Unpaid Claims, Beginning of Fiscal Year	\$ -0-	\$ -0-
Incurred Claims (including IBNRs)		
Claim Payments	<u>-0-</u>	<u>-0-</u>
Unpaid Claims, End of Fiscal Year	<u>\$ -0-</u>	<u>\$ -0-</u>

#### 1. General Liability Insurance

The County is insured for general, police officers and automobile liability.

The County pays an annual premium to La Vernia Insurance for auto vehicle insurance coverage. The agreement with La Vernia provides that La Vernia will be self-sustaining through member premiums and will reinsurance through commercial companies for claims of combined single limits of \$1,000,000 for each insurance event. The County anticipates no contingent losses.

The County continues to carry commercial fidelity bonds for elected officials and for management.

#### 2. Property and Casualty Insurance

Property, casualty, mobile equipment insurance is provided by Texas Political Subdivision.

3. Workers' Compensation Insurance

The County insures against workers' compensation claims through Texas Political Subdivision.

4. Group Health and Life Insurance

The County maintains a self-funded health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid. The insurance provides a \$50,000 stop loss per person.

5. Unemployment Compensation Insurance

The County insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC).

**B. Related party transaction**

The County Judge serves on a board that provides fleet insurance for Maverick County.

**C. Subsequent Events**

On February 17, 2017, Maverick County turned over the Maverick County Detention Center to the bond holders in exchange for \$500,000.

#### **D. Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

*J Cabello, et al vs Maverick County, et al* – on 11/9/2011, Plaintiffs filed a federal civil rights lawsuit against several individuals and the County, claiming federal agents and County law enforcement officer, J Cardona, wrongfully raided their home during which time J Cardona allegedly shot J Cabello in the arm. The County failed to file a responsive pleading; and the Court granted Plaintiffs Motion for Default Judgment plus legal fees in the amount of \$120,125.00. The County participated in mediation but was unsuccessful in reducing the judgment; and it remains pending.

*D Cruz, et al vs Maverick County, et al* – On 8/1/14, Plaintiffs D Cruz and A Sanchez filed suit against Maverick County and the Maverick County Sheriff's Department claiming that they and several yet to be identified employees were wrongfully denied overtime compensation in the preceding three year period. Potential additional plaintiffs had until 4/2/16 to join the class. Given statutory remedies available to plaintiffs, the potential exposure could rise as high as \$1,000,000.00.

*V L Martinez vs The GEO Group, Inc, et al* - On 3/25/15, the plaintiff initiated suit claiming he was falsely arrested and detainer under charges of illegal re-entry into the United States, and on 4/1/13 while incarcerated at the Maverick County Detention Center, members of the GEO Group, Maverick County Detention Center, and Maverick County caused him to fall from a second floor causing injuries which rendered him a quadriplegic. There is no evidence supporting the plaintiff's claim. On 11/9/16 the County filed their Plea to the Jurisdiction seeking dismissal under the doctrine of sovereign immunity. The case remains pending.

*M A Fernandez, et al vs Maverick County* – EEOC Charge of Discrimination – On 2/23/16 employees with the Maverick County Auditor's office filed charges of discrimination with the Texas Workforce Commission and the Equal Employment Opportunity Commission, alleging the County Auditor told them she did not want them speaking Spanish in the workplace and have alleged they have been discriminated against on the basis of race and color and retaliation for opposing discriminatory conduct. Parties attempted to resolve the alleged complaints in mediation where employees have requested \$40,000 per claim. There have been no findings made by the EEOC and the matter remains pending.

*The Facility Operation and Management Agreement* to allow the Operator to operate a facility known as the Maverick County Detention Center (Facility). Pursuant to this Agreement the Operator was to be paid monthly for operation which was a fixed fee per inmate per day and to be paid on a monthly basis a per diem fee of \$45.00 per month for each inmate. The Agreement was terminated by the Operator on October 2, 2013 and to be effective November 1, 2013. Upon termination it required the County to pay unpaid compensation due and owing only to the extent that monies are available therefor in the Operating Account within one year after termination but the County would deduct Operation and Management Costs and Operator Fee. The County has booked \$2,636,524 as owed to the operators. This amount cannot be verified.

## **CONCERNING THE PUBLIC FACILITY CORPORATION:**

*UMB Bank, NA, as Trustee for the owners of those certain \$42,225,000 Maverick County Public Facility Corporation Project Revenue Bonds, Series 2007A-1 vs Maverick County Public Facility Corporation –* The PFC issued revenue bonds in the amount of \$42,225,000.00 for the construction of a detention facility; and leased the facility to Maverick County to operate and maintain. On 8/21/15 the County informed the PFC that it was ceasing operations. As the facility is no longer in operation and has no detainees for revenue, the PFC is unable to make payments pursuant to financing documents. UMB filed suit requesting damages of \$1,019,939.67. The PFC has released the facility to UMB Bank. There will be arguments in Federal Court regarding the ownership of the funds that remain in the bank accounts of the PFC and the County. A tentative agreement has been made with UMB and Maverick County Detention Facility in that the facility will be transferred to UMB. There is an outstanding balance of over \$36 million dollars and that value is approximately \$16 million dollars. On February 17, 2017, Maverick County turned over the Maverick County Detention Center to the bond holders in exchange for \$500,000.

## E. Prior Period Adjustments

The County has determined that certain transactions were recorded incorrectly in a prior year.

The County also had a prior period adjustment whereby both governmental activities and business-type activities Net Assets were decreased by \$17,987 and \$37,656, respectively. The restatement was a result of the County "cleaning up" certain inter-county "due to's and froms".

The County also had a prior period adjustment whereby governmental activities and business-type activities Net Assets were decreased by \$2,197,457 and \$1,505,999, respectively. The restatement was a result of capital assets purchased in the past being incorrectly capitalized.

These restatements had a corresponding effect on the beginning net assets.

	Net Assets, as Previously Reported	Capital Asset Restatement	Other	Net Assets As Restated
<b>Governmental Activities:</b>				
Net Assets	(\$12,512,364)	(\$2,197,457)	(\$17,987)	(\$14,727,808)
<b>Total Governmental Activities</b>	<b>(\$12,512,364)</b>	<b>(\$2,197,457)</b>	<b>(\$17,987)</b>	<b>(\$14,727,808)</b>

	Net Assets, as Previously Reported	Capital Asset Restatement	Other	Net Assets As Restated
<b>Business-Type Activities:</b>				
Net Assets	\$10,955,142	(\$1,505,999)	(\$37,656)	\$9,411,487
<b>Total Business-Type Activities</b>	<b>\$10,955,142</b>	<b>(\$1,505,999)</b>	<b>(\$37,656)</b>	<b>\$9,411,487</b>

	FUND BALANCE AS PREVIOUSLY RESTATED	FUND BALANCE AS OTHER	FUND BALANCE AS RESTATED
<b>Governmental Funds:</b>			
Fund Balance	\$432,940	(\$17,987)	\$414,953
<b>Total Governmental Funds</b>	<b>\$432,940</b>	<b>(\$17,987)</b>	<b>\$414,953</b>

## F. Summary of TCDRS Funding Policy

### Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2014	December 31, 2015
Total pension liability	\$29,170,414	\$30,344,785
Fiduciary net position	28,262,175	27,763,233
Net pension liability/ (asset)	908,239	2,581,553
Fiduciary net position as a % of total pension liability	96.89%	91.49%
Pensionable covered payroll (1)	\$11,851,093	\$11,119,540
Net pension liability as a % of covered payroll	7.66%	23.22%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

*Note: Rounding differences may exist above or in other tables in this report.*

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

#### Discount Rate

Discount rate	8.10%	8.10%
Long-term expected rate of return, net of investment expense (2)	8.10%	8.10%
Municipal bond rate (3)	Does not apply	Does not apply

(2) This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

(3) The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply. See page 6 of this report for further details.

#### Other Key Actuarial Assumptions

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB 68.

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASB 68 metrics.

See Appendix C (Actuarial Methods and Assumptions Used for Funding Valuation) of this report for a full description of the actuarial assumptions used in the funding valuation.

	Beginning Date	Ending Date
Valuation date	Dec. 31, 2014	Dec. 31, 2015
Measurement date	Dec. 31, 2014	Dec. 31, 2015
Employer's fiscal year	October 1, 2015	September 30, 2016

## 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.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit 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 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

As additional documentation for auditing purposes, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

### Projection of Fiduciary Net Position\*

Calendar Year Ending **	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses *** (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2016	\$27,763,233	\$1,437,428	\$1,869,328	\$27,763	\$2,230,568	\$29,534,137
2017	29,534,137	1,454,836	1,521,886	29,534	2,388,430	31,825,983
2018	31,825,983	1,461,706	1,601,455	31,826	2,571,091	34,225,498
2019	34,225,498	1,491,788	1,709,370	34,225	2,762,266	36,735,957
2020	36,735,957	1,532,608	1,837,513	36,736	2,962,045	39,356,362
2021	39,356,362	1,563,811	1,928,150	39,356	3,171,834	42,124,501
2022	42,124,501	1,543,152	2,082,374	42,125	3,388,998	44,932,152
2023	44,932,152	1,522,797	2,225,895	44,932	3,609,799	47,793,920
2024	47,793,920	1,504,571	2,414,157	47,794	3,833,289	50,669,829
2025	50,669,829	1,479,314	2,565,202	50,670	4,059,122	53,592,393
2035	77,356,341	1,078,046	4,919,253	77,356	6,110,252	79,548,028
2045	88,810,396	254,721	7,283,438	88,810	6,910,994	88,603,863
2055	79,323,189	55,697	7,695,373	79,323	6,118,645	77,722,835
2065	65,638,838	4,137	5,664,613	65,639	5,089,353	65,002,076
2075	72,089,338	0	3,015,684	72,089	5,716,616	74,718,182
2085	122,675,982	0	1,074,226	122,676	9,889,224	131,368,304
2095	254,918,371	0	190,027	254,918	20,630,719	275,104,145

\* Projection values include no assumption for future cost-of-living adjustments.

\*\* Note that only select years have been shown for formatting purposes

\*\*\* Administrative expenses are assumed to be 0.10% of Fiduciary Net Position.

## Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2014	\$29,170,414	\$28,262,175	\$908,239
Changes for the year:			
Service cost	1,510,500		1,510,500
Interest on total pension liability (1)	2,357,675		2,357,675
Effect of plan changes(2)	(301,064)		(301,064)
Effect of economic/demographic gains or losses	(1,054,153)		(1,054,153)
Effect of assumptions changes or inputs	303,058		303,058
Refund of contributions	(420,085)	(420,085)	0
Benefit payments	(1,221,560)	(1,221,560)	0
Administrative expenses		(20,188)	20,188
Member contributions		667,172	(667,172)
Net investment income		(500,733)	500,733
Employer contributions		965,176	(965,176)
Other (3)	0	31,275	(31,275)
Balances as of December 31, 2015	\$30,344,785	\$27,763,233	\$2,581,553

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Reflects new annuity purchase rates applicable to all TCORS employers effective January 1, 2018.

(3) Relates to allocation of system-wide items.

### Sensitivity Analysis

The following presents the net pension liability of the county/district, calculated using the discount rate of 8.10%, as well as what the Maverick County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%

Total pension liability	\$34,644,338	\$30,344,785	\$26,807,980
Fiduciary net position	27,763,233	27,763,233	27,763,233
Net pension liability/ (asset)	\$6,881,105	\$2,581,553	(\$955,252)

## Pension Expense/ (Income)

Pension Expense / (Income)	January 1, 2015 to December 31, 2015
Service cost	\$1,510,500
Interest on total pension liability (1)	2,357,675
Effect of plan changes	(301,064)
Administrative expenses	20,188
Member contributions	(667,172)
Expected investment return net of investment expenses	(2,309,495)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(246,945)
Recognition of assumption changes or inputs	75,764
Recognition of investment gains or losses	644,392
Other(2)	(31,275)
<b>Pension expense/ (income)</b>	<b>\$1,052,567</b>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

As of December 31, 2015, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$790,614	\$49,779
Changes of assumptions	0	227,293
Net difference between projected and actual earnings	0	2,495,222
Contributions made subsequent to measurement date(3)	N/A	Employer determined

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

Year ended December 31:

2016	\$473,211
2017	473,211
2018	473,211
2019	562,046
2020	0
Thereafter(4)	0

(3) Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of this report.

(4) Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

## Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period(1)	Amount Recognized in 12/31/2015 Expense (1)	Balance of Deferred Inflows 12/31/2015	Balance of Deferred Outflows 12/31/2015
<i>Investment (gains) or losses</i>						
	\$2,810,228	12/31/2015	5.0	\$562,046	\$0	\$2,248,182
	411,733	12/31/2014	5.0	82,347	0	247,040
<i>Economic/ demographic (gains) or losses</i>						
	(1,054,153)	12/31/2015	4.0	(263,538)	790,614	0
	82,964	12/31/2014	5.0	16,593	0	49,779
<i>Assumption changes or inputs</i>						
	303,058	12/31/2015	4.0	75,764	0	227,293
	0	12/31/2014	5.0	0	0	0
<i>Employer contributions made subsequent to measurement date (2)</i>						
				Employer Determined		

(1) Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.

(2) Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of this report.

## Appendix A - GASB 68 Plan Description for Maverick County

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Maverick County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
  - 2) The plan provides retirement, disability and survivor benefits.
  - 3) TCDRS is a savings-based plan. For the county's plan, 6% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 250%) and is then converted to an annuity.
  - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
  - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Maverick County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 6%. Contributions to the pension plan from the county for 2015 are shown in the chart on the prior page.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

### Membership Information

Members	Dec. 31, 2014	Dec. 31, 2015
Number of inactive employees entitled to but not yet receiving benefits:	401	405
Number of active employees:	379	322
Average monthly salary*:	\$2,465	\$2,534
Average age*:	39.03	39.78
Average length of service in years*:	4.27	4.73

### Inactive Employees (or their Beneficiaries) Receiving Benefits

Number of benefit recipients:	97	105
Average monthly benefit:	\$963	\$943

\*Averages reported for all active and inactive employees. Average service includes all proportionate service.

## **Contributions Made Subsequent to Measurement Date**

GASB Statement No. 71 ("GASB 71"), *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, requires employer contributions made between the measurement date, which is the date used to determine an employer's net pension liability ("NPL"), and the employer's fiscal year end be reported as a deferred outflow of resources ("DOoR"). The statement "requires a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability."

For GASB valuation purposes, TCDRS' consulting actuary will compute each participating employer's NPL as of Dec. 31 of each year. Employers that have a fiscal year end other than Dec. 31 will need to account for pension contributions (employer; not employee contributions and group term life premiums) made between Dec. 31 and the employer's fiscal year end as a DOoR. These contributions will not be reported to you as part of this GASB report; employers can access their monthly employer activity statements, which display contributions made by the employer, along with any group term life premium offsets, via the TCDRS Employer Portal.

## **Summary of TCDRS Funding Policy**

### **Texas County & District Retirement System Funding Policy**

**Effective as of the Dec. 31, 2014 valuation**

#### **Introduction**

The funding policy governs how the Texas County & District Retirement System (TCDRS) determines the employer contributions required to ensure that benefits provided to TCDRS members are funded in a reasonable and equitable manner. The goals of TCDRS' funding policy are to fully fund benefits over the course of employees' careers to ensure intergenerational equity, and to balance rate and benefit stability with the need for the plan funding to be reflective of current plan conditions.

This policy documents the current funding policies in effect for the Dec. 31, 2015 actuarial valuation as established by state law, administrative rule and action by the TCDRS Board of Trustees (the board). The policy serves as a comprehensive funding overview and complies with the GASB reporting requirements for an agent multiple-employer plan.

#### **TCDRS funding overview**

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

#### **Methodology for determining employer contribution rates**

The board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

- Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
- Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.
- Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions.

#### ***Actuarial cost method***

TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

#### ***Amortization policy***

The portion of the contribution rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UAAL) rate. UAAL amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and losses). UAAL amounts are amortized on a level-percentage-of-covered-payroll basis over a closed period with a layered approach. The closed periods ensure all unfunded liabilities are financed over no more than 20 years from the time they occur. Each year new layers are established to amortize changes in the UAAL due to actuarial gains or losses, as well as any plan benefit changes elected by an employer for that year.

Benefit enhancements are amortized over a 15-year closed period. All other changes in the UAAL are amortized over 20-year closed periods. These amortization periods are generally more conservative than those of most other public retirement plans and are stricter than the minimum amortization period required under state law.

For newly participating districts that have five or fewer employees who are all within five years of retirement eligibility, any initial UAAL and any subsequent adoption of prior service credits are amortized over a five-year closed amortization period. This ensures that benefits are appropriately funded over the current generation of employees.

Notwithstanding the layered approach, the total UAAL payment may not be less than the required payment obtained by amortizing the entire UAAL over a 20-year period.

If a plan is overfunded, the overfunded actuarial accrued liability (OAAL) is calculated annually using a 30- year open amortization period.

#### ***Asset valuation method***

When determining the actuarial value of assets used for measuring a plan's funded status, TCDRS smooths each year's actuarial investment gains and losses and recognizes them over a five-year period to better reflect the system's long-term investment horizons and to keep employer contribution rates more stable. As actuarial asset investment gains and losses are recognized, they become part of the actuarial gains and losses for the year and are funded according to the amortization policy. The five-year period helps stabilize employer rates while still ensuring that rates are reflective of current market conditions.

In addition, the board has the ability to set aside reserves from investment earnings that are used to help offset future negative economic cycles. These reserves are held separately and are not counted as part of a participating employer's plan assets until they are passed through to employers when determined necessary by the board. Reserves help maintain rate stability for employers. In addition, reserves ensure that employers do not adopt benefit increases based on a temporarily lower plan cost at a high point in a market cycle and, conversely, are not as pressured to immediately reduce benefit levels during a low point in a market cycle.

#### ***Actuarial assumptions***

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

#### **Oversight**

The board has established review policies to ensure that actuarial assumptions are appropriate and that the methodology for determining employer contribution rates is being correctly applied.

#### ***Review of actuarial assumptions***

TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience. TCDRS assumptions are compared to plan experience and future expectations, and changes to the assumptions are recommended as needed. The board adopts actuarial assumptions to be used in the valuation based on the results of this study.

An actuarial audit of every investigation of experience is required and must be performed by an independent auditing actuary to review the consulting actuary's analysis, conclusions and recommendations for accuracy, appropriateness and reasonableness. These audits alternate between a peer review and a full replication audit of the investigation of experience. In a peer review audit of the investigation, the reviewing actuary uses the raw results of the investigation for demographic assumptions as calculated by the consulting actuary to test the conclusions and recommendations. In addition, the reviewing actuary independently analyzes economic assumptions to test the results and recommendations of the consulting actuary. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the investigation, in addition to performing all of the steps of a peer review, the auditing actuary fully replicates the calculation of the investigation's raw results.

***Review of employer contribution rates***

In order to test accuracy and ensure that the actuarial methods and assumptions are being correctly applied, an audit of the valuation is required every four years. These audits are conducted by an independent reviewing actuary and alternate between a peer review and a full replication audit of the valuation. In the peer review audit of the valuation, the actuary uses a sample of participant data and TCDRS plans to test the results of the valuation. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the valuation, the auditing actuary performs all the steps of a peer review audit but instead of analyzing sample data and plans, the auditing actuary fully replicates the original actuarial valuation.

***Review and modification of funding policy***

The board will review this policy on a regular basis and may modify this policy at its discretion. Modifications to the policy may be submitted for consideration to the board by staff and/or outside consulting actuaries as circumstances warrant.



REQUIRED SUPPLEMENTARY INFORMATION



**Schedule of Changes in Net Pension Liability and**

	<b>Related Ratios</b>									
	Year Ended December 31									
	2015	20-14	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total Pension Liability</b>										
Service cost	\$1,510,500	\$1,543,919	N/A							
Interest on total pension liability	2,357,675	2,170,666	N/A							
Effect of plan changes	(301,064)	0	N/A							
Effect of assumption changes or inputs	303,058	0	N/A							
Effect of economic/demographic(gains) or losses	(1,054,153)	82,964	N/A							
Benefit payments/refunds of contributions	1,641,645	(1,311,566)	N/A							
Net change in total pension liability	1,174,371	2,485,983	N/A							
<b>Total pension liability, beginning</b>	<u>29,170,414</u>	<u>26,684,432</u>	<u>N/A</u>							
<b>Total pension liability, ending (a)</b>	<u>\$30,344,785</u>	<u>\$29,170,414</u>	<u>N/A</u>							
<b>Fiduciary Net Position</b>										
Employer contributions	\$965,176	\$1,166,148	N/A							
Member contributions	667,172	711,066	N/A							
Investment Income net of investment expenses	(500,733)	1,733,967	N/A							
Benefit payments/refunds of contributions	(1,641,645)	(1,311,566)	N/A							
Administrative expenses	(20,188)	(20,913)	N/A							
Other	21,275	36,492	N/A							
Net change in fiduciary net position	(498,942)	2,315,193	N/A							
<b>Fiduciary net position, beginning</b>	<u>28,262,175</u>	<u>25,936,981</u>	<u>N/A</u>							
<b>Fiduciary net position, ending (b)</b>	<u>\$27,763,233</u>	<u>\$28,262,175</u>	<u>N/A</u>							
<b>Net pension liability/ (asset), ending = (a) - (b)</b>	<u>\$2,581,553</u>	<u>\$908,239</u>	<u>N/A</u>							
<b>Fiduciary net position as a % of total pension liability</b>	91.49%	96.89%	N/A							
<b>Pensionable covered payroll</b>	\$11,119,540	\$11,851,093	N/A							
<b>Net pension liability as a% of covered payroll</b>	23.22%	7.66%	N/A							

### Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2006	\$537,547	\$537,547	\$0	\$7,668,291	7.0%
2007	559,691	559,691	0	7,849,806	7.1%
2008	555,644	555,644	0	8,736,543	6.4%
2009	653,959	653,959	0	10,060,905	6.5%
2010	886,137	886,137	0	11,958,661	7.4%
2011	818,693	818,693	0	10,974,032	7.5%
2012	857,707	857,707	0	9,363,609	9.2%
2013	892,836	892,836	0	9,408,177	9.5%
2014	1,166,148	1,166,148	0	11,851,093	9.8%
2015	965,176	965,176	0	11,119,540	8.7%

<sup>(1)</sup> TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

<sup>(2)</sup> Payroll is calculated based on contributions as reported to TCDRS.

## Notes to Schedule

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

### Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.2 years (based on contribution rate calculated in 12/31/2015 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule*	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

## Appendix B - Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2015 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Maverick County December 31, 2015 Summary Valuation Report for further details.

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.
<i>Actuarial Cost Method</i>	Entry Age Normal (1)
<i>Amortization Method</i>	
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
<i>Asset Valuation Method</i>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<i>Inflation</i>	Same as funding valuation: See Appendix C
<i>Salary Increases</i>	Same as funding valuation: See Appendix C
<i>Investment Rate of Return</i>	8.10%
<i>Cost-of-Living Adjustments</i>	Cost-of-Living Adjustments for Maverick 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.
<i>Retirement</i>	Same as funding valuation: See Appendix C
<i>Age Turnover</i>	Same as funding valuation: See Appendix C
<i>Mortality</i>	Same as funding valuation: See Appendix C

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations.

Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

## **Appendix C-Actuarial Methods and Assumptions Used for Funding Valuation**

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2015 financial reporting metrics are the same as those used in the December 31, 2015 actuarial valuation analysis for Maverick County.

Following is a description of the assumptions used in the December 31, 2015 actuarial valuation analysis for Maverick County. This information may also be found in the Maverick County December 31, 2015 Summary Valuation Report.

### **Economic Assumptions**

#### **TCDRS system-wide economic assumptions:**

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee. (See Table 1 for Merit Salary Increases.)

#### **Employer-specific economic assumptions:**

Growth in membership	0.0%
Payroll growth for funding calculations	3.5%

The payroll growth assumption is for the aggregate covered payroll of an employer.



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

MAVERICK COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2016

SPECIAL REVENUE											
	ALCOHOL 911 RESTITU- TION	AND DRUG ABUSE GRANT	BORDER STAR NO. 1983102	CERTZ GRANT	CHILD WELFARE	CO. CLERK RECORDS & PRESER.	CONTINUING EDUCATION & STAFF	COUNTY & DISTRICT TECH- NOLOGY	COUNTY FAMILY PROTECTION	COURT REC- ORDS PRESER- VATION	COURT INITIATED GUARDIAN SHIP
ASSETS											
Cash and Cash Equivalents	\$729	\$832	\$19,006		\$8,738	\$265	\$290	\$466	\$1,863	\$10,621	\$400
Receivables (net of allowance for uncollectibles)								5			20
Due from Other Funds											
Due from Others											
<b>TOTAL ASSETS</b>	<b>\$729</b>	<b>\$832</b>	<b>\$19,006</b>	<b>\$0</b>	<b>\$8,738</b>	<b>\$265</b>	<b>\$295</b>	<b>\$466</b>	<b>\$1,863</b>	<b>\$10,641</b>	<b>\$400</b>
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts Payable						\$7,332					
Bank Overdraft											
Due to Other Funds						11,679					
Due to Others											
Accrued Wages											
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>19,011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balances											
Restricted											
General Administration							265				10,641
Health and Welfare											
Judicial											
Public Safety - Sheriff											
Records Management											
Unassigned						(5)					
<b>Total Fund Balances</b>	<b>729</b>	<b>832</b>	<b>(5)</b>	<b>0</b>	<b>8,738</b>	<b>265</b>	<b>295</b>	<b>466</b>	<b>1,863</b>	<b>10,641</b>	<b>400</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$729</b>	<b>\$832</b>	<b>\$19,006</b>	<b>\$0</b>	<b>\$8,738</b>	<b>\$265</b>	<b>\$295</b>	<b>\$466</b>	<b>\$1,863</b>	<b>\$10,641</b>	<b>\$400</b>

(continued)

SPECIAL REVENUE

COURT-HOUSE SECURITY	D.A. BORDER PROSECUTION	DISTRICT REC. MGMT. & PRESERVATION	E-FILE		JUDICIAL			MC		MULTI-		SELF RECORDS NO. 711003
			RECOVERY	ELDERLY	EFFICIENCY	JUVENILE	JUVENILE	PROBATION	2012	JURIS-	DICTIONAL	
CLERK #2	NUTRI-TION	JP FEES	OF COURTS	DELINQUENCY	LAW LIBRARY	PROBATION 2012	DICTIONAL	MANAGE-				

\$131,352	\$19,892	\$5,529	\$9,946	\$17,648	\$20,505	\$110	\$10	\$50,251		\$38,798	\$106,757	
19	49,513			98,397					120		25,875	5
150,973								241,971				223,375

\$282,344	\$69,405	\$5,529	\$9,946	\$116,045	\$20,505	\$0	\$110	\$10	\$292,342	\$0	\$0	\$64,673	\$330,137	\$0
-----------	----------	---------	---------	-----------	----------	-----	-------	------	-----------	-----	-----	----------	-----------	-----

\$6,500	\$65,420			\$2,549									\$82,013	
				2										
				3,247									1,629	
6,500	68,667	0	0	5,730	0	0	0	0	0	0	0	0	83,642	0

275,844	738	5,529	9,946	110,315	20,505								64,673	
				110					292,342					246,495
								10						
275,844	738	5,529	9,946	110,315	20,505	0	110	10	292,342	0	0	64,673	246,495	0

\$282,344	\$69,405	\$5,529	\$9,946	\$116,045	\$20,505	\$0	\$110	\$10	\$292,342	\$0	\$0	\$64,673	\$330,137	\$0
-----------	----------	---------	---------	-----------	----------	-----	-------	------	-----------	-----	-----	----------	-----------	-----



MAVERICK COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2016  
 (continued)

	SPECIAL REVENUE										NON-MAJOR GOVERN- MENTAL FUNDS	
	SHERIFF CONFISCATED FUNDS	SHERIFF DEPARTMENT ACCOUNTS	SHERIFF STRATEGIC PLAN	STONE GARDEN 2009	STONE GARDEN 2011	STONE GARDEN 2013	TECH- NOLOGY	TOBACCO GRANT CONSTRUCTION PCT 4	TOWER LEASE	TXDOT 3		
<b>ASSETS</b>												
Cash and Cash Equivalents	\$1,214			\$792	\$41,258		\$45,662		\$31,202		\$564,136	
Receivables (net of allowance for uncollectibles)											173,954	
Due from Other Funds											628,702	
Due from Others											0	
<b>TOTAL ASSETS</b>	<b>\$1,214</b>	<b>\$0</b>	<b>\$0</b>	<b>\$792</b>	<b>\$41,258</b>		<b>\$58,045</b>		<b>\$0</b>	<b>\$31,202</b>	<b>\$0</b>	<b>\$1,366,792</b>
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities												
Accounts Payable							\$44,157	\$43,390			\$251,361	
Bank Overdraft											0	
Due to Other Funds											11,681	
Due to Others											0	
Accrued Wages											8,055	
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,157</b>	<b>43,390</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>271,097</b>	
Fund Balances												
Restricted												
General Administration											31,202	
Health and Welfare											106,781	
Judicial											131,652	
Public Safety - Sheriff											376,609	
Records Management	1,214										279,660	
Unassigned											246,495	
											(45,502)	
<b>Total Fund Balances</b>	<b>1,214</b>	<b>0</b>	<b>0</b>	<b>(43,365)</b>	<b>(2,132)</b>		<b>0</b>	<b>58,045</b>	<b>0</b>	<b>31,202</b>	<b>0</b>	<b>1,095,695</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$1,214</b>	<b>\$0</b>	<b>\$0</b>	<b>\$792</b>	<b>\$41,258</b>		<b>\$0</b>	<b>\$58,045</b>	<b>\$0</b>	<b>\$31,202</b>	<b>\$0</b>	<b>\$1,366,792</b>

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

MAVERICK COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	SPECIAL REVENUE										
	911 RESTITU- TION	ALCOHOL AND DRUG ABUSE GRANT	BORDER STAR NO. 1983102	CERTZ GRANT	CHILD WELFARE	CO. CLERK RECORDS & PRESER.	CONTINUING EDUCATION & STAFF	COUNTY & DISTRICT TECH- NOLOGY	COUNTY FAMILY PROTECTION	COUNTY RECORDS PRESER- VATION	COURT INITIATED GUARDIAN SHIP
	REVENUES										
Intergovernmental						\$149,206					
Charges for Services							265	295	466	1,905	10,690
Interest											400
Miscellaneous											
Total Revenues		0	0	0	149,206	0	265	295	466	1,905	10,690
 <b>EXPENDITURES</b>											
Current:											
General Administration											49
General Administration											
Records Management											
Judicial											
Judicial											
Public Safety											
Public Safety											42
Probation											
Sheriff											
Public Transportation											
Road and Bridge											
Health and Welfare											
Health											
Total Expenditures		0	55	35	149,206	662	0	0	0	42	49
 Excess (Deficiency) of Revenues Over (Under) Expenditures		0	(55)	(35)	0	(662)	265	295	466	1,863	10,641
 <b>OTHER FINANCING SOURCES (USES):</b>											
Operating Transfers In						(30,336)					
Operating Transfers Out											
Total Other Financing Sources (Uses)		0	0	0	(30,336)	0	0	0	0	0	0
Net Changes in Fund Balances		0	(55)	(35)	(30,336)	(662)	265	295	466	1,863	10,641
Fund Balances - Beginning	729	887	30	30,336	9,400	0	0	0	0	0	0
Fund Balances - Ending	\$729	\$832	(\$5)	\$0	\$8,738	\$265	\$295	\$466	\$1,863	\$10,641	\$400

(continued)

SPECIAL REVENUE												SPECIAL REVENUE				
COURT- HOUSE SECURITY	D.A. BORDER PROSECU- TION	DISTRICT REC. MGMT. & PRESER- VATION	E-FILE RECOVERY DISTRICT CLERK #2	ELDERLY NUTRI- TION	JP FEES	JUDICIAL EFFICENCY OF COURTS	JUVENILE DELINQUENCY PREVENTION	LAW LIBRARY	LBSP 2012	MC JUVENILE PROBATION SERVICE	MULTI- JURIS- DICTIONAL PLANNING	RECORDS MANAGE- MENT	SELF HELP NO. 711003			
54,816	\$215,238	5,583	9,946	\$458,786 9,910	\$64,931	110	10	40,907 47		\$16,500	\$25,875		151,680			
54,816	215,238	5,583	9,946	1,147 469,843	2,453 67,384	0	110	10	40,954	2,109	2,109		2,102			
6,891	215,238	54	0	486,000	64,947	205,546	0	0	96	30	16,500	34,489	134,955	0		
47,925	0	5,529	9,946	(16,157)	2,437	(205,546)	110	10	40,858	2,079	0	(8,614)	16,725	2,102		
227,919	738	0	0	126,472	18,068	205,546	0	0	251,484		0	(13)	195,041	(2,102)		
\$275,844	\$738	\$5,529	\$9,946	\$110,315	\$20,505	\$0	\$110	\$10	\$292,342	\$0	\$0	\$64,673	\$246,495	\$0		



MAVERICK COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016  
 (continued)

	SPECIAL REVENUE										
	SHERIFF CONFISCATED FUND\$	SHERIFF DEPARTMENT ACCOUNTS	SHERIFF STRATEGIC PLAN	STONE GARDEN 2009	STONE GARDEN 2011	STONE GARDEN 2013	TOBACCO GRANT TECH- NOLOGY PCT 4	CONSTRUCTION	TOWER LEASE	NON-MAJOR GOVERN- MENTAL FUNDS	
<b>REVENUES</b>											
Intergovernmental										\$934,286	
Charges for Services										302,652	
Interest										47	
Miscellaneous	45,266		12		46					65,250	
Total Revenues	45,266	0	12	0	46	15,669		9,600	2,515	1,302,235	
<b>EXPENDITURES</b>											
Current:											
General Administration										34,568	
General Administration										134,955	
Records Management											
Judicial											
Judicial										429,368	
Public Safety											
Public Safety										149,519	
Probation										16,500	
Sheriff	46,123		19,512							72,526	
Public Transportation											
Road and Bridge										0	
Health and Welfare											
Health											
Total Expenditures	46,123	19,512	0	90	116	0	8,434	3,750	30	0	1,392,850
Excess (Deficiency) of Revenues Over (Under) Expenditures	(857)	(19,512)	12	(90)	(116)	46	7,235	0	9,570	2,515	(90,615)
<b>OTHER FINANCING SOURCES (USES):</b>											
Operating Transfers In										108,029	
Operating Transfers Out										(32,415)	
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	75,614	
Net Changes in Fund Balances	(857)	(19,512)	12	(90)	(116)	46	7,235	0	9,570	2,515	(15,001)
Fund Balances - Beginning	2,071	19,512	(12)	(43,275)	(2,016)	(46)	50,810	21,632	(2,515)	1,110,696	
Fund Balances - Ending	\$1,214	\$0	\$0	(\$43,365)	(\$2,132)	\$0	\$58,045	\$0	\$31,202	\$0	\$1,095,695

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

