

MAVERICK COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

September 30, 2017

Maverick County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2017

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the County Judge and Commissioners' Court
Maverick County, Texas

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Maverick County, Texas, as of and for the year ended September 30, 2017, 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 54 percent, 39 percent, and 81 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Maverick County, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Road and Bridge Funds, and the Debt Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for the Public Employees Retirement System Information on pages 4-12 and 67-71 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.

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
March 28, 2018

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, 2017.

Financial Highlights

- . The assets of Maverick County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$2,630,703 (net position). Unrestricted net position was a minus \$17,755,107 at year's end.
- . The government's total net position increased by \$5,051,664. This increase is due to the following: Assignment of Prison Facility to the Bond Trustee for \$3,247,793, an increase in Charges for Services of \$1,042,957, a reduction in expenses in Business-Type Activities of \$1,171,309, and careful budget management.
- . Maverick County, Texas' total restricted net position at September 30, 2017 is \$1,992,761 or 10%.
- . Maverick County, Texas' total debt decreased by \$37,846,105 (56.22 percent) during the current fiscal year. This decrease is a result of an assignment of Prison Facility debt of \$36,975,000 to the Bond Trustee.

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, landfill, and commissary 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 40 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 36 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, landfill, and commissary 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 commissary 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 29-66 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 67-71 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 72-77 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, assets exceeded liabilities by \$2,630,703 at the close of the most recent fiscal year. A large portion of Maverick County, Texas' net position (90 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	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$9,379,926	\$7,387,114	\$3,876,077	\$4,471,149	\$13,256,003	\$11,858,263
Restricted Assets:			724,512	5,530,123	724,512	5,530,123
Capital Assets:	8,005,962	7,865,213	11,030,840	40,324,470	19,036,802	48,189,683
Total Assets	17,385,888	15,252,327	15,631,429	50,325,742	33,017,317	65,578,069
Deferred Inflows of Resources	3,563,580	3,317,887	221,581	207,073	3,785,161	3,524,960
Long-Term Liabilities	25,542,382	26,517,218	3,562,906	39,080,507	29,105,288	65,597,725
Other Liabilities	3,932,916	4,575,494	544,146	1,350,771	4,477,062	5,926,265
Total Liabilities	29,475,298	31,092,712	4,107,052	40,431,278	33,582,350	71,523,990
Deferred Inflows of Resources	543,146		46,279		589,425	0
Invested in Capital Assets, Net of Related Debt	8,005,962	7,865,213	10,387,087	2,311,338	18,393,049	10,176,551
Restricted	1,992,761	2,217,424		4,803,742	1,992,761	7,021,166
Unrestricted	(19,067,699)	(22,605,135)	1,312,592	2,986,457	(17,755,107)	(19,618,678)
Total Net Position	(\$9,068,976)	(\$12,522,498)	\$11,699,679	\$10,101,537	\$2,630,703	(\$2,420,961)

An additional portion of Maverick County, Texas' net position (10 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position was a minus \$17,755,107 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. Unrestricted Net Position in the governmental activities was a minus \$19,067,699 in the current year and a minus \$22,605,135 in the prior year.

There was a decrease of \$5,028,405 in restricted net position reported in connection with Maverick County, Texas' governmental-wide activities. This decrease resulted from the Assignment of Prison Facility to the Bond Trustee.

The government's total net position increased by \$5,051,664. This increase is due to the following: Assignment of Prison Facility to the Bond Trustee for \$3,247,793, an increase in Charges for Services of \$1,042,957, a reduction in expenses in Business-Type Activities of \$1,171,309, and careful budget management.

Governmental activities: Governmental activities increased Maverick County, Texas' net position by \$3,453,522, thereby accounting for 68 percent of the total growth in the net position of Maverick County, Texas. Key elements of this increase are as follows: an increase in Charges for Services of \$1,338,935 and careful budget management.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$4,634,984	\$3,296,049	\$2,030,663	\$2,326,804	\$6,665,647	\$5,622,853
Operating Grants and Contributions	1,136,212	996,923			1,136,212	996,923
Capital Grants and Contributions	0	0			0	0
General Revenues:						
Maintenance and Operations Taxes	13,289,973	13,487,061			13,289,973	13,487,061
Sales Taxes	4,645,065	4,775,622			4,645,065	4,775,622
Other Taxes	65,667	34,813			65,667	34,813
Unrestricted Investment Earnings	4,067	5,460	3,377	3,911	7,444	9,371
Assignment of Prison Facility to the Bond Trustee			3,247,793		3,247,793	0
Miscellaneous	443,130	464,034			443,130	464,034
Total Revenue	24,219,098	23,059,962	5,281,833	2,330,715	29,500,931	25,390,677
Expenses:						
General Administration	3,579,164	3,816,972			3,579,164	3,816,972
Legal	248,039	220,490			248,039	220,490
Judicial	2,138,240	2,062,724			2,138,240	2,062,724
Financial Administration	1,387,150	1,380,061			1,387,150	1,380,061
Public Facilities	262,978	255,857			262,978	255,857
Public Safety	6,433,774	5,282,704			6,433,774	5,282,704
Public Transportation	2,171,988	2,734,734			2,171,988	2,734,734
Culture and Recreation	387,810	204,121			387,810	204,121
Health and Welfare	1,164,773	842,307			1,164,773	842,307
Conservation - Agriculture	1,009,044	842,782			1,009,044	842,782
Interest and Fiscal Charges	1,648,005	1,842,274			1,648,005	1,842,274
Business-Type Activities			4,018,302	5,216,443	4,018,302	5,216,443
Total Expenses	20,430,965	19,485,026	4,018,302	5,216,443	24,449,267	24,701,469
Increase in Net Position Before Transfers and Special Items	3,788,133	3,574,936	1,263,531	(2,885,728)	5,051,664	689,208
Transfers	(334,611)	(274,211)	334,611	274,211	0	0
Increase in Net Position	3,453,522	3,300,725	1,598,142	(2,611,517)	5,051,664	689,208
Net Position at 09/30/2016 - Restated	(12,522,498)	(15,823,223)	10,101,537	12,713,054	(2,420,961)	(3,110,169)
Net Position at 09/30/2017	(\$9,068,976)	(\$12,522,498)	\$11,699,679	\$10,101,537	\$2,630,703	(\$2,420,961)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	\$3,579,164	\$468,371	\$11,500	\$0
Legal	248,039	2,882	23,333	
Judicial	2,138,240	976,354	249,216	
Financial Administration	1,387,150	119,023		
Public Facilities	262,978			
Public Safety	6,433,774	2,064,279	71,606	
Public Transportation	2,171,988	983,316	14,104	
Culture and Recreation	387,810			
Health and Welfare	1,164,773	20,759	766,453	
Conservation - Agriculture	1,009,044			
Interest and Fiscal Charges	1,648,005			
Total Government Activities	<u>\$20,430,965</u>	<u>\$4,634,984</u>	<u>\$1,136,212</u>	<u>\$0</u>

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$4,634,984	19%
Operating Grants and Contributions	1,136,212	5%
Maintenance and Operations Taxes	13,289,973	55%
Sales Taxes	4,645,065	19%
Other Taxes	65,667	0%
Unrestricted Investment Earnings	4,067	0%
Miscellaneous	443,130	2%
	<u>\$24,219,098</u>	<u>100%</u>

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 increased Maverick County, Texas' net position by \$1,598,142, accounting for 32 percent of the total increase in the government's net position. Key elements of this increase are as follows: Assignment of Prison Facility to the Bond Trustee for \$3,247,793, a reduction in expenses of \$1,171,309, and careful budget management.

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary Government			
Business-Type Activities:			
Water	\$536,350	\$356,768	\$0
MCPFC	523,694		
MCPFC Detention Center	1,905	36	
MCSWA	2,792,179	1,652,260	
MC Detention Center	64,532	0	
Airport	90,689	3,203	
Jail Commissary	8,953	18,396	
Total Business-Type Activities	<u>\$4,018,302</u>	<u>\$2,030,663</u>	<u>\$0</u>

Revenues by Source - Business-Type Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$2,030,663	38.45%
Assignment of Prison Facility to the Bond Trustee	3,247,793	61.49%
Unrestricted Investment Earnings	3,377	0.06%
	<u>\$5,281,833</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 \$2,665,832, an increase of \$2,332,790 in comparison with the prior year. *Unassigned fund balance* is \$618,984. The remainder of fund balance of \$2,665,832 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 \$2,182,203, while total fund balance was a minus \$2,128,116. 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 increased by \$2,560,190 during the current fiscal year. This increase is due to an increase in property taxes of \$3,581,765 and an increase in expenditures of \$809,291.

At the end of the current fiscal year unassigned fund balance of the Road and Bridge fund was \$0, while total fund balance was \$353,202. 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 15 percent of that same amount.

The fund balance of Maverick County, Texas' Road and Bridge fund increased by \$174,191 during the current fiscal year. This increase is due to transfers out declining by \$500,155.

At the end of the current fiscal year unassigned fund balance of the Debt Service fund was \$0, while total fund balance reached \$445,912. 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 16 percent of that same amount.

The fund balance of Maverick County, Texas' Debt Service fund decreased by \$368,718 during the current fiscal year. This decrease is a result of debt service expenditures property tax revenues exceeding property tax revenues.

At the end of the current fiscal year unassigned fund balance of the Landfill Waste/Criminal Detention Center fund was \$2,846,794, while total fund balance reached \$2,846,794. 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 \$185,616 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 \$152,754, those for the MCPFC Fund amounted to \$0, those for the MCPFC Detention Center Fund amounted to a \$724,512, those for the MCSWA Fund amounted to a minus \$1,480,453, those for the MC Detention Center Fund amounted to \$0, those for the Airport Fund amounted to \$1,868,693, and those for the Commissary Fund amounted to \$47,086. The total increase/(decrease) in net position was (\$179,582) for the Water Fund, \$2,224,337 for the MCPFC Fund, (\$1,869) for the MCPFC Detention Center Fund, (\$802,169 for the MCSWA Fund, \$435,468 for the MC Detention Center Fund, (\$87,486) for the Airport Fund, and \$9,443 for the Commissary Fund.

General Fund Budgetary Highlights

During the year there was a \$177,965 decrease in appropriations between the original and final amended budget. This decrease occurred ratably throughout the funds.

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, 2017, amounts to \$19,036,802 (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 60 percent (a 2 percent increase for governmental activities and a 73 percent decrease for business-type activities).

There were no major capital projects during the 2017 year.

MAVERICK COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$3,748,880	\$3,748,880	\$71,209	\$571,209	\$3,820,089	\$4,320,089
Construction in Progress					0	0
Buildings	3,366,524	3,393,287	3,631,618	31,846,470	6,998,142	35,239,757
Machinery and Equipment	610,047	509,995	9,589	19,341	619,636	529,336
Infrastructure	95,777	0			95,777	0
Intangible	184,734	213,051			184,734	213,051
Water Rights			596,430	615,465	596,430	615,465
MCSWA			6,721,994	7,271,985	6,721,994	7,271,985
Total	\$8,005,962	\$7,865,213	\$11,030,840	\$40,324,470	\$19,036,802	\$48,189,683

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 \$22,290,000. Of this amount, \$22,290,000 comprises debt backed by the full faith and credit of the government.

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>	Due After <u>One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$21,365,000	\$0	\$620,000	\$20,745,000	\$650,003	\$20,094,997
Tax Notes	2,060,000		515,000	1,545,000	515,000	1,030,000
TAN Note	1,300,000		1,300,000	0		0
	<u>24,725,000</u>	<u>0</u>	<u>2,435,000</u>	<u>22,290,000</u>	<u>1,165,003</u>	<u>21,124,997</u>
<u>Business-Type Activities:</u>						
Revenue Bonds	36,975,000	0	36,975,000	0	0	0
	<u>36,975,000</u>	<u>0</u>	<u>36,975,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Grand Total	<u>\$61,700,000</u>	<u>\$0</u>	<u>\$39,410,000</u>	<u>\$22,290,000</u>	<u>\$1,165,003</u>	<u>\$21,124,997</u>

Maverick County, Texas' bonded debt decreased by \$39,410,000 (64 percent) during the current fiscal year. This decrease is a result of an assignment of Prison Facility debt of \$36,975,000 to the Bond Trustee.

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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$5,321,819	\$1,744,016	\$7,065,835
Receivables (net of allowance for uncollectibles)	3,965,421	301,722	4,267,143
Inventory	0		0
Due from Others	0	0	0
Prepaid Items	92,686	1,340	94,026
Restricted Assets:			
Cash and Cash Equivalents		724,512	724,512
Due from Others		0	0
Capital Assets Not Being Depreciated: (Incl: MCSWA)			
Land	3,748,880	71,209	3,820,089
Total Capital Assets Being Depreciated, Net			
Buildings	3,366,524	3,631,618	6,998,142
Machinery and Equipment	610,047	9,589	619,636
Infrastructure	95,777		95,777
Intangible	184,734		184,734
Water Rights		596,430	596,430
MCSWA		6,721,994	6,721,994
Total Assets	<u>\$17,385,888</u>	<u>\$13,802,430</u>	<u>\$31,188,318</u>
DEFERRED OUTFLOWS OF RESOURCES			
GASB 68			
Deferred Outflow of Resources-Contributions (after 12/31/15)	1,117,229	182,253	1,299,482
Net difference between projected and actual earnings	1,865,656	36,570	1,902,226
Changes of assumptions	140,695	2,758	143,453
Loss on Bond Refunding	440,000		440,000
Total Deferred Outflows of Resources	<u>3,563,580</u>	<u>221,581</u>	<u>3,785,161</u>
LIABILITIES:			
Accounts Payable	\$1,831,741	\$110,141	\$1,941,882
Due to Other Funds	1,828,633	(1,828,633)	0
Due to Others	0	53,539	53,539
Accrued Wages	144,654	13,949	158,603
Accrued Interest Payable	127,888	0	127,888
Noncurrent Liabilities:			
Due Within One Year	1,661,176	366,151	2,027,327
Due in More Than One Year	23,881,206	3,562,906	27,444,112
Total Liabilities	<u>29,475,298</u>	<u>2,278,053</u>	<u>31,753,351</u>
DEFERRED OUTFLOWS OF RESOURCES			
Assumption changes or inputs	543,146	46,279	589,425
Total Deferred Outflows of Resources	<u>543,146</u>	<u>46,279</u>	<u>589,425</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	8,005,962	10,387,087	18,393,049
Restricted			
Debt Service	445,912	0	445,912
General Administration	126,550	0	126,550
Health and Welfare	134,685	0	134,685
Judicial	447,386		447,386
Public Safety - Sheriff	345,503	0	345,503
Public Transportation	353,202	0	353,202
Records Management	139,523	0	139,523
Unrestricted	(19,067,699)	1,312,592	(17,755,107)
Total Net Position	<u>(\$9,068,976)</u>	<u>\$11,699,679</u>	<u>\$2,630,703</u>

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Net (Expense) Revenue and Changes in Net Position Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-Type Activities
Primary government							
Government Activities:							
General Administration	\$3,579,164	\$468,371	\$11,500		(\$3,099,293)	(\$3,099,293)	
Legal	248,039	2,882	23,333		(221,824)	(221,824)	
Judicial	2,138,240	976,354	249,216		(912,670)	(912,670)	
Financial Administration	1,387,150	119,023			(1,268,127)	(1,268,127)	
Public Facilities	262,978				(262,978)	(262,978)	
Public Safety	6,433,774	2,064,279	71,606		(4,297,889)	(4,297,889)	
Public Transportation	2,171,988	983,316	14,104		(1,174,568)	(1,174,568)	
Culture and Recreation	387,810				(387,810)	(387,810)	
Health and Welfare	1,164,773	20,759	766,453		(377,561)	(377,561)	
Conservation - Agriculture	1,009,044				(1,009,044)	(1,009,044)	
Interest and Fiscal Charges	1,648,005				(1,648,005)	(1,648,005)	
Total Government Activities	20,430,965	4,634,984	1,136,212	0	(14,659,769)	(14,659,769)	
Business-Type Activities:							
Water	536,350	356,768			(179,582)	(179,582)	
MCPFC	523,694	0			(523,694)	(523,694)	
MCPFC Detention Center	1,905	36			(1,869)	(1,869)	
MCSWA	2,792,179	1,652,260			(1,139,919)	(1,139,919)	
MC Detention Center	64,532	0			(64,532)	(64,532)	
Airport	90,689	3,203			(87,486)	(87,486)	
Jail Commissary	8,953	18,396			9,443	9,443	
Total Business-Type Activities:	4,018,302	2,030,663	0	0	(1,987,639)	(1,987,639)	
Total Primary Government	\$24,449,267	\$6,665,647	\$1,136,212	\$0	(14,659,769)	(1,987,639)	(16,647,408)
General Revenues							
Property Taxes, Levies for General Purposes				13,289,973		13,289,973	
Sales Taxes				4,645,065		4,645,065	
Other Taxes				65,667		65,667	
Unrestricted Investment Earnings				4,067	3,377	7,444	
Assignment of Prison Facility to the Bond Trustee					3,247,793	3,247,793	
Miscellaneous				443,130		443,130	
Transfers				(334,611)	334,611	0	
Total General Revenues				18,113,291	3,585,781	21,699,072	
Change in Net Position				3,453,522	1,598,142	5,051,664	
Net Position - Beginning - Restated				(12,522,498)	10,101,537	(2,420,961)	
Net Position - Ending				(\$9,068,976)	\$11,699,679	\$2,630,703	

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

MAVERICK COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Road and Bridge Fund	Debt Service Fund	Landfill Waste/ Criminal Detention Ctr. Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$3,109,534	\$858,035	\$449,533	\$6,214	\$898,503	\$5,321,819
Receivables (net of allowance for uncollectibles)	2,353,111	393,452	409,676		176,092	3,332,331
Prepaid Items	54,087	32,762			5,837	92,686
Due from Other Funds	2,475			2,840,580	514,017	3,357,072
Total Assets	\$5,519,207	\$1,284,249	\$859,209	\$2,846,794	\$1,594,449	\$12,103,908
LIABILITIES AND FUND BALANCES:						
Liabilities						
Accounts Payable	\$1,111,805	\$290,085	\$3,621		\$426,230	\$1,831,741
Due to Other Funds	4,822,693	351,333			11,679	5,185,705
Accrued Wages	119,642	16,512			8,500	144,654
Total Liabilities	6,054,140	657,930	3,621	0	446,409	7,162,100
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	1,593,183	273,117	409,676			2,275,976
Total Deferred Inflows of Resources	1,593,183	273,117	409,676	0	0	2,275,976
Fund Balances:						
Non-Spendable						
Prepaid Items	54,087					54,087
Restricted						
Debt Service			445,912			445,912
General Administration					126,550	126,550
Health and Welfare					134,685	134,685
Judicial					447,386	447,386
Public Safety - Sheriff					345,503	345,503
Public Transportation		353,202				353,202
Records Management					139,523	139,523
Unassigned	(2,182,203)			2,846,794	(45,607)	618,984
Total Fund Balance	(2,128,116)	353,202	445,912	2,846,794	1,148,040	2,665,832
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$5,519,207	\$1,284,249	\$859,209	\$2,846,794	\$1,594,449	\$12,103,908

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, 2017

Total Fund Balances - governmental funds balance sheet	\$2,665,832
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.	8,005,962
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,213,524
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	2,275,976
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(25,230,270)
Net Position of governmental activities - statement of Net Position	<u><u>(\$9,068,976)</u></u>

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, 2017

	General Fund	Road and Bridge Fund	Debt Service Fund	Landfill Waste/ Criminal Detention Ctr. Fund	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>						
Taxes						
Property	\$9,258,631	\$1,527,037	\$2,334,982			\$13,120,650
Sales	2,450,897			2,194,168		4,645,065
Other	65,667					65,667
Intergovernmental	48,822	14,104			1,073,286	1,136,212
Licenses and Permits		937,848				937,848
Charges for Services	2,778,340	45,468			294,293	3,118,101
Fines and Forfeitures	451,774					451,774
Interest	150		3,650	90	177	4,067
Miscellaneous	406,278	369			36,483	443,130
Total Revenues	<u>15,460,559</u>	<u>2,524,826</u>	<u>2,338,632</u>	<u>2,194,258</u>	<u>1,404,239</u>	<u>23,922,514</u>
<i>EXPENDITURES</i>						
Current:						
General Administration	3,323,051				162,582	3,485,633
Legal	242,684					242,684
Judicial	1,852,042				231,640	2,083,682
Financial Administration	1,349,731					1,349,731
Public Facilities	253,565					253,565
Public Safety	6,076,865				94,516	6,171,381
Public Transportation	0	2,346,635			0	2,346,635
Culture and Recreation	377,646					377,646
Health and Welfare	388,288				777,410	1,165,698
Conservation - Agriculture	1,007,914					1,007,914
Debt Service						
Principal Retirement			1,135,000			1,135,000
Interest Retirement	63,194		1,572,350			1,635,544
Total Expenditures	<u>14,934,980</u>	<u>2,346,635</u>	<u>2,707,350</u>	<u>0</u>	<u>1,266,148</u>	<u>21,255,113</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>525,579</u>	<u>178,191</u>	<u>(368,718)</u>	<u>2,194,258</u>	<u>138,091</u>	<u>2,667,401</u>
<i>OTHER FINANCING SOURCES (USES):</i>						
Operating Transfers In	2,132,965	1,000			14,652	2,148,617
Operating Transfers Out	(98,354)	(5,000)		(2,379,874)	0	(2,483,228)
Total Other Financing Sources (Uses)	<u>2,034,611</u>	<u>(4,000)</u>	<u>0</u>	<u>(2,379,874)</u>	<u>14,652</u>	<u>(334,611)</u>
Net Changes in Fund Balances	2,560,190	174,191	(368,718)	(185,616)	152,743	2,332,790
Fund Balances - Beginning - Restated	(4,688,306)	179,011	814,630	3,032,410	995,297	333,042
Fund Balances - Ending	<u>(2,128,116)</u>	<u>353,202</u>	<u>445,912</u>	<u>2,846,794</u>	<u>1,148,040</u>	<u>2,665,832</u>

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, 2017

Net Changes in Fund Balances - total governmental funds	\$2,332,790
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.	140,749
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.	127,261
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.	96,344
Net difference between projected and actual earnings - This is the change in these amounts this year.	1,819,700
Differences between expected and actual experience - This is the change in these amounts this year.	(1,573,707)
Changes of assumptions - This is the change in these amounts this year.	(612,290)
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.	(62,434)
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	6,016
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	169,323
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	(106,753)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	<u>1,135,000</u>
Change in Net Position of governmental activities - statement of activities	<u>\$3,453,522</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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<i>REVENUES</i>				
Taxes				
Property	\$9,255,429	\$8,944,971	\$9,258,631	\$313,660
Sales	2,550,000	2,550,000	2,450,897	(99,103)
Other	63,381	63,381	65,667	2,286
Intergovernmental	46,033	46,033	48,822	2,789
Charges for Services	2,886,864	2,999,054	2,778,340	(220,714)
Fines and Forfeitures	251,500	251,500	451,774	200,274
Interest	950	950	150	(800)
Miscellaneous	99,470	100,548	406,278	305,730
Total Revenues	15,153,627	14,956,437	15,460,559	504,122

EXPENDITURES

Current:

General Administration				
Bank Fees	41,000	36,000	35,253	747
Code Enforcement	46,241	47,441	41,889	5,552
County Clerk	231,131	217,915	214,038	3,877
County Judge and Commissioners	789,168	922,065	898,048	24,017
Elections	186,702	274,566	239,286	35,280
IT Media Tech	39,960	38,775	36,533	2,242
Matching Funds	225,899	344,050	339,398	4,652
Non-Departmental	1,340,230	1,174,904	1,046,859	128,045
Planner	66,011	62,469	59,916	2,553
State Aid	320,001	320,001	320,001	0
Veterans Service	49,892	50,377	50,751	(374)
VFW Precinct No. 1	44,205	42,925	41,075	1,850
Legal				
County Attorney	263,998	244,361	242,684	1,677
Judicial				
293rd District	359,519	376,859	352,617	24,242
365th District	354,581	367,620	349,314	18,306
Collections Department	51,752	47,917	46,019	1,898
District Attorney	390,456	390,684	390,684	0
District Clerk	374,825	306,098	293,632	12,466
Justice of the Peace	451,506	426,171	419,776	6,395
Financial Administration				
County Auditor	556,462	508,183	502,374	5,809
County Treasurer	352,034	355,585	350,487	5,098
Information Department	393,535	150,291	114,725	35,566
Tax Assessor-Collector	444,043	391,069	382,145	8,924
Public Facilities				
Courthouse	240,630	266,503	253,565	12,938
Public Safety				
Code Enforcement	92,328	88,929	87,224	1,705
Constables	289,522	268,732	261,989	6,743
HIDTA - City of Eagle Pass	55,298	69,698	64,574	5,124
Jail	3,042,190	3,128,430	2,987,902	140,528
Sheriff	2,656,747	2,672,982	2,611,864	61,118
Vector Control	73,456	66,956	63,312	3,644

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Culture and Recreation				
Administrative Office	54,170	53,925	48,937	4,988
Community Center	128,068	113,679	107,619	6,060
Compt. Center - Pct. 1	91,528	80,423	71,865	8,558
Parks and Recreation	296,487	175,916	149,225	26,691
Health and Welfare				
Cemetery	154,874	153,978	144,178	9,800
Food Pantry	261,879	249,189	244,110	5,079
Conservation - Agriculture				
Agriculture Extension Service	58,451	58,482	52,116	6,366
Intergovernmental Agriculture Contract Service	813,770	960,436	955,798	4,638
Debt Service				
Interest Retirement	0	0	63,194	(63,194)
Total Expenditures	15,682,549	15,504,584	14,934,976	569,608
Excess (Deficiency) of Revenues Over (Under) Expenditures	(528,922)	(548,147)	525,583	1,073,730
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	1,936,349	1,945,349	2,132,965	187,616
Operating Transfers Out	(1,394,199)	(1,397,199)	(15,652)	1,381,547
Total Other Financing Sources (Uses)	542,150	548,150	2,117,313	1,569,163
Net Changes in Fund Balances	13,228	3	2,642,896	2,642,893
Fund Balances - Beginning - Restated	(4,771,012)	(4,771,012)	(4,771,012)	
Fund Balances - Ending	(\$4,757,784)	(\$4,771,009)	(\$2,128,116)	\$2,642,893

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$2,276,318	\$1,624,688	\$1,527,037	(\$97,651)
Intergovernmental	15,064	15,064	14,104	(960)
Licenses and Permits	870,000	870,000	937,848	67,848
Charges for Services	25,400	25,400	45,468	20,068
Miscellaneous	8,400	8,400	369	(8,031)
Total Revenues	<u>3,195,182</u>	<u>2,543,552</u>	<u>2,524,826</u>	<u>(18,726)</u>
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	3,189,202	2,529,572	2,346,635	182,937
Debt Service				
Principal Retirement				0
Interest Retirement				0
Total Expenditures	<u>3,189,202</u>	<u>2,529,572</u>	<u>2,346,635</u>	<u>182,937</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	5,980	13,980	178,191	164,211
OTHER FINANCING SOURCES (USES):				
Transfers In	0	1,000	1,000	0
Transfers Out	(5,977)	(14,977)	(5,000)	9,977
Total Other Financing Sources (Uses)	<u>(5,977)</u>	<u>(13,977)</u>	<u>(4,000)</u>	<u>9,977</u>
Net Changes in Fund Balances	3	3	174,191	174,188
Fund Balances - Beginning	179,011	179,011	179,011	
Fund Balances - Ending	<u>\$179,014</u>	<u>\$179,014</u>	<u>\$353,202</u>	<u>\$174,188</u>

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$1,972,821	\$1,972,821	\$2,334,982	\$362,161
Interest			3,650	3,650
Miscellaneous				0
Total Revenues	<u>1,972,821</u>	<u>1,972,821</u>	<u>2,338,632</u>	<u>365,811</u>
EXPENDITURES				
Debt Service				
Principal Retirement	2,435,000	2,435,000	1,135,000	1,300,000
Interest Retirement	1,634,625	1,634,625	1,572,350	62,275
Total Expenditures	<u>4,069,625</u>	<u>4,069,625</u>	<u>2,707,350</u>	<u>1,362,275</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,096,804)</u>	<u>(2,096,804)</u>	<u>(368,718)</u>	<u>1,728,086</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,363,194	1,363,194		(1,363,194)
Transfers Out				0
Total Other Financing Sources (Uses)	<u>1,363,194</u>	<u>1,363,194</u>	<u>0</u>	<u>(1,363,194)</u>
Net Changes in Fund Balances	(733,610)	(733,610)	(368,718)	364,892
Fund Balances - Beginning	814,630	814,630	814,630	
Fund Balances - Ending	<u>\$81,020</u>	<u>\$81,020</u>	<u>\$445,912</u>	<u>\$364,892</u>

MAVERICK COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

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
ASSETS															
Current Assets															
Cash and Cash Equivalents	\$85,823	\$142,082					\$1,519,925	\$1,942,276	\$258	\$90,355	\$40,373	\$39,804	\$97,637	\$37,643	\$1,744,016
Accounts Receivables (net of allowance for uncollectibles)	77,330	46,912					224,392	219,535				333			301,722
Prepaid Items	1,340														1,340
Due from Other Funds											1,828,999	1,911,216			1,828,999
Due from Others		40,991							2						0
Total Current Assets	164,493	229,985	0	0	0	0	1,744,317	2,161,811	258	90,357	1,869,372	1,951,353	97,637	37,643	3,876,077
Noncurrent Assets															
Restricted Assets:															
Cash and Cash Equivalents				4,803,742	724,512	724,511									724,512
Due from Others					0	1,870									0
Total Restricted Assets	0	0	0	4,803,742	724,512	726,381	0	0	0	0	0	0	0	0	724,512
Capital Assets															
Land	143	143		500,000			308,919	308,919			71,066	71,066			380,128
Landfill Cell One and Two							5,482,492	5,482,492							5,482,492
Buildings	4,749,646	4,749,646		35,103,568			502,395	502,395			133,337	133,337			5,385,378
Machinery and Equipment	1,304,892	1,304,892					3,701,943	3,466,383							5,006,835
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													761,400
Construction in Progress							0	0							0
Total Capital Assets	6,816,081	6,816,081	0	35,603,568	0	0	14,106,593	13,871,033	0	0	226,345	226,345	0	0	21,149,019
Less Accumulated Depreciation/Amortization	(2,647,364)	(2,499,836)		(7,010,791)			(7,384,599)	(6,599,048)			(86,216)	(82,882)			(10,118,179)
Total Capital Assets (net of accumulated depreciation)	4,168,717	4,316,245	0	28,592,777	0	0	6,721,994	7,271,985	0	0	140,129	143,463	0	0	11,030,840
Total Noncurrent Assets	4,168,717	4,316,245	0	33,396,519	724,512	726,381	6,721,994	7,271,985	0	0	140,129	143,463	0	0	11,755,352
TOTAL ASSETS	\$4,333,210	\$4,546,230	\$0	\$33,396,519	\$724,512	\$726,381	\$8,466,311	\$9,433,796	\$258	\$90,357	\$2,009,501	\$2,094,816	\$97,637	\$37,643	\$15,631,429
DEFERRED OUTFLOWS OF RESOURCES															
GASB 68															
Deferred Outflow of Resources-Contributions (after 12/31/15)		17,172										5,046			0
Deferred Outflow of Resources-Contributions (after 12/31/16)	16,485						160,353	145,039			5,415				182,253
Differences between expected and actual experience	27,528	773									9,042	227			36,570
Investment (gains) or losses		26,471										7,778			0
Changes of assumptions	2,076	3,530									682	1,037			2,758
TOTAL DEFERRED OUTFLOWS OF RESOURCES	46,089	47,946	0	0	0	0	160,353	145,039	0	0	15,139	14,088	0	0	221,581

(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
AND OTHER CREDITS															
Liabilities															
Current Liabilities (Payable from Current Assets)															
Accounts Payable	\$2,270	\$7,513					\$107,839	\$40,703		\$459,729	\$32				\$110,141
Accrued Wages	2,783	2,643					10,310	10,833			856	816			13,949
Accrued Interest Payable				254,250											0
Due to Other Funds	108	40,940						45,492	258	66,096					366
Due to Others	2,988	1,937			0	0							50,551		53,539
Compensated Absences							5,013	4,803							5,013
Capital Lease Obligation							264,802	318,680							264,802
Compromise and Settlement Note Payable							96,336	96,336							96,336
Bonds, Notes, and Loans Payable - Current															0
Total Current Liabilities	8,149	53,033	0	254,250	0	0	484,300	516,847	258	525,825	888	816	50,551	0	544,146
Noncurrent Liabilities															
Unamortized Discount on Bonds				(1,608,394)											0
Compensated Absences							40,914	43,225							40,914
Capital Lease Obligation							378,951	719,451							378,951
Compromise and Settlement Note Payable							192,673	289,009							192,673
Net Pension Payable	41,665	40,090					142,597	136,468			12,297	11,780			196,559
Bonds, Notes, and Loans Payable				36,975,000											0
Accrued Landfill Closure and Postclosure Care Costs							2,753,809	2,473,878							2,753,809
Total Noncurrent Liabilities	41,665	40,090	0	35,366,606	0	0	3,508,944	3,662,031	0	0	12,297	11,780	0	0	3,562,906
Total Liabilities	49,814	93,123	0	35,620,856	0	0	3,993,244	4,178,878	258	525,825	13,185	12,596	50,551	0	4,107,052
DEFERRED OUTFLOWS OF RESOURCES															
GASB 68															
Differences between expected and actual experience	8,014						35,632				2,633				46,279
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,014	0	0	0	0	0	35,632	0	0	0	2,633	0	0	0	46,279
Net Position															
Invested in Capital Assets, Net of Related Debt	4,168,717	4,316,245	0	(8,382,223)	0	0	6,078,241	6,233,853	0	0	140,129	143,463	0	0	10,387,087
Restricted for:															0
Debt Service - Expendible			0	4,803,742											0
Capital Replacement - Expendible															0
Unrestricted	152,754	184,808		1,354,144	724,512	726,381	(1,480,453)	(833,896)	0	(435,468)	1,868,693	1,952,845	47,086	37,643	1,312,592
Total Net Position	\$4,321,471	\$4,501,053	\$0	(\$2,224,337)	\$724,512	\$726,381	\$4,597,788	\$5,399,957	\$0	(\$435,468)	\$2,008,822	\$2,096,308	\$47,086	\$37,643	\$11,699,679

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, 2017

	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
OPERATING REVENUES:															
Charges for Services	\$355,583	\$366,476									\$3,203	\$75,755			\$358,786
Rents					0	0									0
Commissary Sales													18,396	46,367	18,396
Tipping Fee							1,641,314	1,682,276							1,641,314
Miscellaneous	1,185	680			36	163	10,946	7,748		147,339					12,167
Total Operating Revenues	356,768	367,156	0	0	36	163	1,652,260	1,690,024	0	147,339	3,203	75,755	18,396	46,367	2,030,663
OPERATING EXPENSES:															
Personal Services	215,487	180,887					843,875	809,469			74,799	62,232			1,134,161
Supplies	100,099	78,594			0	0	15,645	24,527			4,607	4,769			120,351
Other Services and Charges	73,237	64,728	106,481	613,795	1,905	26,832	841,605	905,801	64,532	67,664	7,949	6,233	8,953	43,295	1,104,662
Depreciation	147,527	143,986	365,662	877,589			785,550	797,397			3,334	3,333			1,302,073
Closure and Post Closure Care Costs (Recovery)							279,930	353,787							279,930
Total Operating Expenses	536,350	468,195	472,143	1,491,384	1,905	26,832	2,766,605	2,890,981	64,532	67,664	90,689	76,567	8,953	43,295	3,941,177
Operating Income (Loss)	(179,582)	(101,039)	(472,143)	(1,491,384)	(1,869)	(26,669)	(1,114,345)	(1,200,957)	(64,532)	79,675	(87,486)	(812)	9,443	3,072	(1,910,514)
NON-OPERATING REVENUES (EXPENSES):															
Interest Income			238	516	0	0	3,139	3,395							3,377
Interest and Fiscal Charges			(51,551)	(123,723)			(25,574)	(27,802)							(77,125)
Total Non-Operating Revenues (Expenses)	0	0	(51,313)	(123,207)	0	0	(22,435)	(24,407)	0	0	0	0	0	0	(73,748)
Income Before Transfers	(179,582)	(101,039)	(523,456)	(1,614,591)	(1,869)	(26,669)	(1,136,780)	(1,225,364)	(64,532)	79,675	(87,486)	(812)	9,443	3,072	(1,984,262)
Assignment of Prison Facility to the Bond Trustee			2,747,793						500,000						3,247,793
Transfers In (Out) - Net					0	0	334,611	270,811			0	3,400			334,611
Change in Net Position	(179,582)	(101,039)	2,224,337	(1,614,591)	(1,869)	(26,669)	(802,169)	(954,553)	435,468	79,675	(87,486)	2,588	9,443	3,072	1,598,142
Total Net Position - Beginning - Restated	4,501,053	4,602,092	(2,224,337)	(609,746)	726,381	753,050	5,399,957	6,354,510	(435,468)	(515,143)	2,096,308	2,093,720	37,643	34,571	10,101,537
Total Net Position - Ending	\$4,321,471	\$4,501,053	\$0	(\$2,224,337)	\$724,512	\$726,381	\$4,597,788	\$5,399,957	\$0	(\$435,468)	\$2,008,822	\$2,096,308	\$47,086	\$37,643	\$11,699,679

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, 2017

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
Cash Flows from Operating Activities															
Receipts From Customers and Users	\$286,570	\$374,480	\$0	\$0	\$36	\$163	\$1,601,913	\$1,677,267	(\$65,838)	\$147,339	\$3,536	\$75,422	\$68,947	\$46,367	\$1,895,164
Payments to Suppliers	(138,928)	(111,522)	(360,731)	(613,795)	(35)	(26,833)	(790,114)	(946,947)	(524,259)	(114,751)	69,693	(11,312)	(8,953)	(43,295)	(1,753,327)
Payments to Employees	(203,901)	(204,325)	0	0	0	0	(820,052)	(825,479)	0	(147,340)	(72,660)	(69,325)	0	0	(1,096,613)
Net Cash Provided (Used) By Operating Activities	(56,259)	58,633	(360,731)	(613,795)	1	(26,670)	(8,253)	(95,159)	(590,097)	(114,752)	569	(5,215)	59,994	3,072	(954,776)
Cash Flows from Non-Capital and Related Financing Activities															
Transfers In (Out) - Net	0	0	0	0	0	0	334,611	270,811	0	0	0	3,400	0	0	334,611
Assignment of Prison Facility to the Bond Trustee			2,747,793	0	0	0			500,000						3,247,793
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	0	0	2,747,793	0	0	0	334,611	270,811	500,000	0	0	3,400	0	0	3,582,404
Cash Flows from Capital and Related Financing Activities															
Payment of Revenue Bonds, Notes and Capital Leases			(36,975,000)	0			(394,378)	(251,090)							(37,369,378)
Amortization of City of Eagle Pass Liability	0	0	0	0	0	0	(96,336)	(96,336)	0	0	0	0	0	0	(96,336)
Unamortized Discount on Bonds			1,608,394	123,723											1,608,394
Interest and Fiscal Charges			(51,551)	(123,723)			(25,574)	(27,802)							(77,125)
Acquisition of Capital Assets			28,227,115				(235,560)	(28,490)							27,991,555
Net Cash Provided (Used) By Capital and Related Financing Activities	0	0	(7,191,042)	0	0	0	(751,848)	(403,718)	0	0	0	0	0	0	(7,942,890)
Cash Flows from Investing Activities															
Interest Received	0	0	238	516	0	0	3,139	3,395	0	0	0	0	0	0	3,377
Net Cash Provided (Used) by Investment Activities	0	0	238	516	0	0	3,139	3,395	0	0	0	0	0	0	3,377
Net Increase (Decrease) in Cash Equivalents	(56,259)	58,633	(4,803,742)	(613,279)	1	(26,670)	(422,351)	(224,671)	(90,097)	(114,752)	569	(1,815)	59,994	3,072	(5,311,885)
Cash and Cash Equivalents at Beginning of Year	142,082	83,449	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	7,780,413
Cash and Cash Equivalents at End of Year	\$85,823	\$142,082	\$0	\$4,803,742	\$724,512	\$724,511	\$1,519,925	\$1,942,276	\$258	\$90,355	\$40,373	\$39,804	\$97,637	\$37,643	\$2,468,528
Unrestricted Assets:															
Cash and Cash Equivalents	\$85,823	\$142,082	\$0	\$0	\$0	\$0	\$1,519,925	\$1,942,276	\$258	\$90,355	\$40,373	\$39,804	\$97,637	\$37,643	\$1,744,016
Restricted Assets:															
Cash and Cash Equivalents	0	0	0	4,803,742	724,512	724,511	0	0	0	0	0	0	0	0	724,512
Total	\$85,823	\$142,082	\$0	\$4,803,742	\$724,512	\$724,511	\$1,519,925	\$1,942,276	\$258	\$90,355	\$40,373	\$39,804	\$97,637	\$37,643	\$2,468,528

(continued)

(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
Reconciliation of operating income to net cash provided (used) by operating activities:															
Operating Income (Loss)	(179,582)	(101,039)	(472,143)	(1,491,384)	(1,869)	(26,669)	(1,114,345)	(1,200,957)	(64,532)	79,675	(87,486)	(812)	9,443	3,072	(1,910,514)
Adjustments to Reconcile to Net Cash Flow															
Non-Cash Items Included in Net Income															
Depreciation	147,527	143,986	365,662	877,589	0	0	785,550	797,397	0	0	3,334	3,333	0	0	1,302,073
Closure and Post Closure Care Costs	0	0	0	0	0	0	279,930	353,787	0	0	0	0	0	0	279,930
Changes in Current Items															
Decrease (Increase) in Accounts Receivable	(30,418)	(1,249)	0	0	0		(4,858)	(12,757)	0	0	333	(333)	0	0	(34,943)
Decrease (Increase) in Prepaid Items	(1,340)		0	0	0		0	0	0	0	0	0	0	0	(1,340)
Decrease (Increase) in Due from Other Funds	0	43,815	0	0	0		0	0	0	0	82,217	(129)	0	0	82,217
Decrease (Increase) in Due from Others	40,991	(5,692)	0	0	1,870	(1)	0	0	2	1	0	0	0	0	42,863
Decrease (Increase) Deferred Outflow of Res.-Contributions	687	(1,221)					29,511	(93,397)	0	266,767	(369)	(361)			29,829
Decrease (Increase) Deferred Outflow-															
Net difference between projected and actual earnings	(26,755)	(773)								366	(8,815)	(221)			(35,570)
Increase (Decrease) Deferred Inflow-															
Differences between expected and actual experience	34,485	(26,449)							0	0	10,411	(7,778)			44,896
Decrease (Increase) Deferred Outflow-Changes of assumptions	1,454	715					(9,193)		0	70,992	355	210			(7,384)
Increase (Decrease) in Accounts Payable	(5,243)	(6,323)	0	0	0		67,136	(16,619)	(459,729)	(47,088)	32	(181)	0	0	(397,804)
Increase (Decrease) in Accrued Wages	140	(6,773)	0	0	0		(523)	(24,422)	0	0	40	(2,197)	0	0	(343)
Increase (Decrease) in Accrued Interest Payable	0	0	(254,250)	0	0		0	0	0	0	0	0	0	0	(254,250)
Increase (Decrease) in Compensated Absences	0	0	0	0	0		(2,101)	6,938	0	0	0	0	0	0	(2,101)
Increase (Decrease) in Due to Other Funds	(40,832)	7,086	0	0	0		(45,489)	0	(65,838)	0	0	0	0	0	(152,159)
Increase (Decrease) in Due to Others	1,052	1,487	0	0	0		0	0	0	0	0	0	50,551	0	51,603
Increase (Decrease) in Net Pension Liability	1,575	11,063	0	0	0		6,129	94,871	0	(485,465)	517	3,254	0	0	8,221
Decrease (Increase) in Deferred Outflow of Resources	0	0	0	0	0		0	0	0	0	0	0	0	0	0
Net Cash Provided (Used)															
By Operating Activities	(56,259)	58,633	(360,731)	(613,795)	1	(26,670)	(8,253)	(95,159)	(590,097)	(114,752)	569	(5,215)	59,994	3,072	(954,776)
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
Solid Waste Usage Provided at															
at No Cost to Maverick County	0	0	0	0	0	0		166,251	0	0	0	0	0	0	0
Maverick County Road and Bridge	0	0	0	0	0	0		113,233	0	0	0	0	0	0	0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,033,549	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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, 2017

	Agency Funds
ASSETS	
Cash and Cash Equivalents	<u>\$7,751,911</u>
Total Assets	<u><u>\$7,751,911</u></u>
LIABILITIES	
Due to Others	<u>\$7,751,911</u>
Total Liabilities	<u><u>\$7,751,911</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, 2017

I. Summary of significant accounting policies

A. Reporting entity/ Basis of Accounting/Masurement 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 of 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, 2017.

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, 2017, and 10 percent of delinquent outstanding property taxes at September 30, 2017. 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>	Business-Type <u>Activities</u>
Maverick County Public Facility Corporation (MCPFC) - Detention Center	\$724,512
	<u>\$724,512</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 2017 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, 2017, 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, 2017, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$54,087
Restricted	
Debt Service	445,912
General Administration	126,550
Health and Welfare	134,685
Judicial	447,386
Public Safety - Sheriff	345,503
Public Transportation	353,202
Records Management	139,523
Unassigned	618,984
Total Fund Balance	<u>\$2,665,832</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 only has one item that qualifies for reporting in this category. It is deferred under GASB 68.

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 \$25,230,270 difference are as follows:

Tax Notes Payable	\$1,545,000
Bonds Payable	20,745,000
Compensated Absences	496,173
Accrued Interest Payable	127,888
Net Pension Liability	2,490,063
Loss on Bond Refunding	(440,000)
Bond Issuance Premium	312,496
Bond Discount	(46,350)
	<u>\$25,230,270</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 \$8,005,962 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$3,748,880
Capital Outlay - Additions - Being Depreciated (Net)	19,158,077
Capital Outlay - Deletions	0
Depreciation Expense	(14,900,995)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$8,005,962</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 \$2,275,976 difference are as follows:

Property Taxes Receivable	\$2,445,310
Allowance for Doubtful Accounts	<u>(169,334)</u>
Net	<u>\$2,275,976</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") and amounts deferred pursuant to GASB 68. The details of this \$3,213,524 difference are as follows:

Fines Receivable	\$2,786,230
Allowance for Doubtful Accounts	(2,153,140)
GASB 68	
Deferred Outflow of Resources-Contributions (after 12/31/16)	1,117,229
Net difference between projected and actual earnings	1,865,656
Differences between expected and actual experience	(543,146)
Changes of assumptions	<u>140,695</u>
Net	<u>\$3,213,524</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 \$140,749 difference are as follows:

Capital assets not being depreciated	\$0
Capital assets being depreciated	672,080
Depreciation expense	(531,331)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in Net Position of governmental activities	<u>\$140,749</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 2017 fiscal year was adopted for the General Fund.

B. Excess of expenditures over appropriations

For the year ended September 30, 2017, 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, 2017 except for the following. The General fund - \$2,128,116, Border Star No. 1983102 fund - \$15, Stone Garden 2009 fund - \$43,410, and Stone Garden 2011 fund - \$2,182. 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, 2017, the government's depository bank balance of \$14,021,051 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 \$17,307,866 and the FDIC coverage is \$250,000.

The County had \$3,491 in BVA Compass Bank. This amount was covered by FDIC insurance.

At September 30, 2017, the Solid Waste Authority had cash and cash equivalents totaling \$1,628,344. The Solid Waste Authority's deposits at September 30, 2017, 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 cash was \$5,346,062 at September 30, 2017.

Major Reduction in Business-type Cash:

There was a Major Reduction in Business-type Capital Assets due to an Assignment of Prison Facility to the Bond Trustee whereby cash monies in UMB Bank were assigned back to the bond trustee.

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	Other Governmental Funds	Water	MCSWA	Total
<u>Receivables</u>							
Taxes	\$1,711,717	\$293,437	\$440,156				\$2,445,310
Accounts	126,942	120,335			77,330	224,392	548,999
Fines	2,786,230						2,786,230
Sales Tax	428,337						428,337
Intergovernmental	45,218			175,579			220,797
Other	159,431			513			159,944
Gross Receivables	5,257,875	413,772	440,156	176,092	77,330	224,392	6,589,617
Less: Allowance for Uncollectibles	2,271,674	20,320	30,480				2,322,474
Net Total Receivables	\$2,986,201	\$393,452	\$409,676	\$176,092	\$77,330	\$224,392	\$4,267,143

C. Capital assets

Capital asset activity for the year ended September 30, 2017 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	3,748,880	\$0	\$0	\$3,748,880
Total capital assets not being depreciated:	3,748,880	0	0	3,748,880
Capital assets being depreciated:				
Building and Improvements	7,239,138	172,183		7,411,321
Machinery and Equipment	8,359,773	402,165	67,105	8,694,833
Infrastructure	2,671,023	97,732		2,768,755
Intangible	283,168		0	283,168
Total capital assets being depreciated:	18,553,102	672,080	67,105	19,158,077
Less: Accumulated Depreciation for:				
Building and Improvements	3,845,851	198,946		4,044,797
Machinery and Equipment	7,849,778	302,113	67,105	8,084,786
Infrastructure	2,671,023	1,955	0	2,672,978
Intangible	70,117	28,317		98,434
Total Accumulated Depreciation	14,436,769	531,331	67,105	14,900,995
Total Capital Assets Depreciated, Net	4,116,333	140,749	0	4,257,082
Governmental Activities capital assets, Net	\$7,865,213	\$140,749	\$0	\$8,005,962
Business-type Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$880,128	\$0	\$500,000	\$380,128
Construction in Progress	0	0	0	0
Total capital assets not being depreciated:	880,128	0	500,000	380,128
Capital assets being depreciated:				
Building and Improvements	40,488,946	0	35,103,568	5,385,378
Landfill Cell One and Two	5,482,492	0	0	5,482,492
Machinery and Equipment	4,771,275	235,560	0	5,006,835
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:	55,614,957	235,560	35,103,568	20,746,949
Less: Accumulated Depreciation for:				
Building and Improvements	8,140,081	487,737	7,376,453	1,251,365
Machinery and Equipment	1,285,551	9,752	0	1,295,303
Water Rights	145,935	19,035	0	164,970
MCSWA	6,599,048	785,551		7,384,599
Total Accumulated Depreciation	16,170,615	1,302,075	7,376,453	10,096,237
Total Capital Assets Depreciated, Net	39,444,342	(1,066,515)	27,727,115	10,650,712
Business-type Activities capital assets, Net	\$40,324,470	(\$1,066,515)	\$28,227,115	\$11,030,840

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

Governmental Activities	
General Administration	\$55,118
Financial Administration	4,505
Public Facilities	5,412
Public Safety	348,556
Public Transportation	66,803
Culture and Recreation	7,020
Health and Welfare	<u>43,917</u>
Total Depreciation Expense - Governmental Activities	<u>\$531,331</u>
Business-Type Activities	
Water	\$147,527
MCPFC	365,664
MCSWA	785,550
Airport	<u>3,334</u>
Total Depreciation Expense - Business-Type Activities	<u>\$1,302,075</u>

Major Reduction in Business-type Capital Assets:

There was a Major Reduction in Business-type Capital Assets due to an Assignment of Prison Facility to the Bond Trustee whereby capital assets of \$28,227,114 were assigned back to the bond trustee.

Construction commitments:

There were no major construction projects during the 2017 fiscal year.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2017, is as follows:

Due to/from other funds:

DUE TO	DUE FROM					TOTAL
	General Fund	Road and Bridge Fund	Other Governmental Funds	Water Fund	MC Detention Center Fund	
General Fund			\$2,475			\$2,475
Landfill Waste/Criminal Detention Ctr. Fund	2,840,580					2,840,580
Other Governmental Funds	504,447		9,204	108	258	514,017
Airport Fund	1,477,666	351,333				1,828,999
TOTALS	\$4,822,693	\$351,333	\$11,679	\$108	\$258	\$5,186,071

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

The amounts due from the general fund and the road and bridge fund to the various respective funds were 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, 2017, the government made the following recurring transfers:

TRANSFER OUT	TRANSFER IN			TOTAL
	General Fund	Road and Bridge Fund	Other Governmental Funds	
General Fund	\$82,702	\$1,000	\$14,652	\$98,354
Road and Bridge Fund	5,000			5,000
MCSWA Fund	2,045,263			2,045,263
TOTALS	\$2,132,965	\$1,000	\$14,652	\$2,148,617

TRANSFER OUT	TRANSFER IN		TOTAL
	General Fund	MCSWA Fund	
Landfill Waste/Criminal Detention Ctr. Fund		\$2,379,874	\$2,379,874
MCSWA Fund	(2,045,263)		(2,045,263)
TOTALS	(\$2,045,263)	\$2,379,874	\$334,611

The transfers into the general 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 \$8,158 for the year ended September 30, 2017. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	<u>Amount</u>
2018	\$ 8,158
2019	5,043
2020	2,818
2021	1,409
2022	<u>0</u>
Total	<u>\$17,428</u>

Rent expenditures were \$36,985 for the year ended September 30, 2017. Rental income was \$45,760 for the year ended September 30, 2017.

F. Long-term debt

Certificates of Obligation Bonds

The government issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation bonds have been issued for governmental activities

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, 2017 is \$36,975,000. There was a defeasance to the Bond Trustee of \$36,975,000 during the year.

Certificates of Obligation bonds currently outstanding are as follows:

PURPOSE	RATE	ORIGINAL	CURRENT	SERIES	MATURITY	COVENANTS	SECURITY
		AMOUNTS	AMOUNTS		DATE		
Governmental activities	4.00-5.00%	\$5,000,000	\$2,055,000	2004	2020	Sinking Fund	Ad Valorem Tax
Governmental activities	7.00%	\$18,690,000	\$18,690,000	2016	2034	Sinking Fund	Ad Valorem Tax
			<u>\$20,745,000</u>				

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
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	815,000	1,131,375
2023-2027	5,015,000	4,684,925
2028-2032	7,120,000	2,582,650
2033-2034	3,620,000	257,950
TOTALS	<u>\$20,745,000</u>	<u>\$13,832,475</u>

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, 2017, 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 \$870,932. The security for the equipment is the equipment financed.

ASSET	Business-Type Activities	
	Equipment	TOTAL
COST	\$1,755,020	\$1,755,020
ACCUMULATED DEPRECIATION	<u>(870,932)</u>	<u>(870,932)</u>
NET ASSET	<u>\$884,088</u>	<u>\$884,088</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

YEAR	Business-Type	
	Activities Amount	Total Amount
2018	\$281,338	\$281,338
2019	163,400	163,400
2020	163,400	163,400
2021	67,737	67,737
Total Minimum Lease Payments	<u>675,875</u>	<u>675,875</u>
Less: Amount Representing Interest	<u>32,123</u>	<u>32,123</u>
Present Value of Net Minimum Lease Payments	<u>\$643,752</u>	<u>\$643,752</u>

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 \$2,753,809 reported as accrued landfill closure and post closure care costs at September 30, 2017, 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 \$279,930 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 \$1,010,151 as the remaining estimated capacity is filled. The Solid Waste Authority estimates the useful life as of September 30, 2017, 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, 2017. 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 November 15, 2017.

Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
General Obligation Bonds	\$21,365,000	\$0	\$620,000	\$20,745,000	\$650,003	\$20,094,997
Add Deferred Amounts:						
For Issuance Premium	330,789		18,293	312,496		312,496
TAN Note	1,300,000		1,300,000	0		0
Tax Notes	2,060,000		515,000	1,545,000	515,000	1,030,000
Less Deferred Amounts:						
For Tax Note Discount	(55,620)	9,270		(46,350)		(46,350)
Total Bonds Payable	25,000,169	9,270	2,453,293	22,556,146	1,165,003	21,391,143
Net Pension Payable	2,383,310	106,753		2,490,063		2,490,063
Compensated Absences	433,739	496,173	433,739	496,173	496,173	0
Total Governmental Activities	27,817,218	612,196	2,887,032	25,542,382	1,661,176	23,881,206
<u>Business-Type Activities:</u>						
Revenue Bonds	36,975,000		36,975,000	0		0
Less Deferred Amounts:						
For Bond Discount	(1,608,394)		(1,608,394)	0		0
Total Bonds Payable	35,366,606	0	35,366,606	0	0	0
Compensated Absences	48,028	45,927	48,028	45,927	5,013	40,914
Net Pension Payable	188,338	8,221		196,559		196,559
Capital Lease Obligation	1,038,131		394,378	643,753	264,802	378,951
Compromise and Settlement Note Payable	385,345		96,336	289,009	96,336	192,673
Accrued Landfill Closure and Postclosure Care Costs	2,473,878	279,931		2,753,809		2,753,809
Total Business-Type Activities	39,500,326	334,079	35,905,348	3,929,057	366,151	3,562,906
Grand Total	\$67,317,544	\$946,275	\$38,792,380	\$29,471,439	\$2,027,327	\$27,444,112

The government-wide statement of net assets includes \$2,027,327 as "noncurrent liabilities, due within one year".

Note: Compensated absences are considered to be short term liabilities with the exception of \$5,013 or 11% 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>09/30/17</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 reinsure 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

County Judge belongs to TPS which provides P&C and Workmen's Comp Insurance.

County Judge's brother is Sheriff Grant Administrator.

County Treasurer's - family owns Memorial Funeral Home. The amount paid to the home for the year ended September 30, 2017 was \$4,665.

Commissioner Pct. No. One's brother owns a Tortilleria that sells to the Maverick County Nutrition Center. The amount paid to the home for the year ended September 30, 2017 was \$2,739

C. Subsequent Events

None noted.

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.

- 1) *Cruz, et al vs Maverick County, et al* Civil Action No. 2:14-CV-50-AM-CW – On 8/14/2014 Plaintiffs filed suit against the County and the Sheriff's Department claiming they and others were wrongfully denied overtime compensation for three years. They Court permitted them to identify 13 other employees who may have been deprived of overtime pay. Exposure could rise as high as \$350,000.
- 2) *Herrera vs Maverick County* Civil Action No. 17-05-34268-MCV – On 5/2/17 former Sheriff Herrera filed suit pursuant to the Texas Public Information Act claiming the County failed to respond to a Public Information Request which the County has since provided. The only claim pending at this time is attorney fees to be awarded which is estimated at less than \$80,000.
- 3) *Felan vs Maverick County, et al* Civil Action No. 17-02-33970-MCV – Plaintiff filed suit claiming the County had incorrectly calculated its Rollback Tax Rate because the Tax Assessor failed to include \$3,000,000.00 in additional sales and use tax. The County denied the Petition because the rollback tax rate had never been changed; and the Petition did not contain sufficient signatures. The Court ordered the County to hold a rollback election. The County appealed to the 4th Court of Appeals in Bexar County.

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 Pubic 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 had a prior period adjustment whereby business-type activities Net Assets were increased by \$2,636,524. The restatement was a result of accounts payable being owed to the prison administrator lapsing due to the Statute of Limitations. The County also had a prior period adjustment whereby business-type activities Net Assets were increased by \$254,251. The restatement was a result of prior period accrued interest payable being posted in error. The County also had a prior period adjustment whereby governmental activities and business-type activities Net Assets were decreased by \$960,124 and increased by \$109,784, respectively. The restatement was a result of capital assets purchased in the past being incorrectly capitalized. The County also had a prior period adjustment whereby governmental activities governmental funds, and business-type activities Net Assets were adjusted by a negative \$135,291, a positive \$301,419, and a negative \$135,291, respectively. The restatement was a result of the County "cleaning up" certain inter-county "due to's and froms".

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

	Net Assets, as Previously Reported	Capital Asset Restatement	Other	Net Assets As Restated
Governmental Activities:				
Net Assets	(\$11,427,083)	(\$960,124)	(\$135,291)	(\$12,522,498)
Total Governmental Activities	(\$11,427,083)	(\$960,124)	(\$135,291)	(\$12,522,498)

	Net Assets, as Previously Reported	Accounts Payable Write-off/ Statute of Limitations Lapsed	Capital Asset Restatement	Reversal of Prior Year Accrued Interest	Other, Including Write-off of Due to Other, Funds	Net Assets As Restated
Business-Type Activities:						
Net Assets	\$6,799,559	\$2,636,524	\$109,784	\$254,251	\$301,419	\$10,101,537
Total Business-Type Activities	\$6,799,559	\$2,636,524	\$109,784	\$254,251	\$301,419	\$10,101,537

	FUND BALANCE AS PREVIOUSLY RESTATED	OTHER	FUND BALANCE AS RESTATED
Governmental Funds:			
Fund Balance	\$468,333	(\$135,291)	\$333,042
Total Governmental Funds	\$468,333	(\$135,291)	\$333,042

F. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2015	December 31, 2016
Total pension liability	\$30,344,785	\$32,610,875
Fiduciary net position	27,763,233	29,914,349
Net pension liability/ (asset)	2,581,553	2,696,527
Fiduciary net position as a % of total pension liability	91.49%	91.73%
Pensionable covered payroll ⁽¹⁾	\$11,119,540	\$9,949,012
Net pension liability as a % of covered payroll	23.22%	27.10%

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 ⁽²⁾	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, 2016 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	December 31, 2015	December 31, 2016
Measurement date	December 31, 2015	December 31, 2016
Employer's fiscal year	October 1, 2016	September 30, 2017

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)
2017	\$29,914,349	\$1,520,696	\$1,968,253	\$29,914	\$2,404,101	\$31,840,978
2018	31,840,978	1,526,219	1,613,658	31,841	2,574,382	34,296,081
2019	34,296,081	1,548,200	1,737,045	34,296	2,769,121	36,842,061
2020	36,842,061	1,572,233	1,874,042	36,842	2,970,759	39,474,168
2021	39,474,168	1,595,665	1,963,283	39,474	3,181,241	42,248,317
2022	42,248,317	1,572,652	2,115,706	42,248	3,398,871	45,061,886
2023	45,061,886	1,550,315	2,255,172	45,062	3,620,232	47,932,200
2024	47,932,200	1,531,604	2,435,328	47,932	3,844,717	50,825,261
2025	50,825,261	1,503,849	2,583,752	50,825	4,071,943	53,766,476
2026	53,766,476	1,472,999	2,761,401	53,766	4,301,785	56,726,093
2036	79,539,846	1,082,596	5,152,731	79,540	6,277,938	81,668,108
2046	88,467,185	241,940	7,468,151	88,467	6,875,365	88,027,872
2056	76,198,089	50,118	7,733,637	76,198	5,863,895	74,302,268
2066	59,277,279	3,287	5,575,053	59,277	4,577,842	58,224,078
2076	59,897,463	0	2,919,855	59,897	4,733,364	61,651,074
2086	97,535,565	0	1,029,757	97,536	7,855,614	104,263,887
2096	201,032,550	0	188,725	201,033	16,268,159	216,910,952

- Projection values include no assumed 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, 2015	\$30,344,785	\$27,763,233	\$2,581,553
Changes for the year:			
Service cost	1,355,260		1,355,260
Interest on total pension liability ⁽¹⁾	2,455,239		2,455,239
Effect of plan changes ⁽²⁾	0		0
Effect of economic/demographic gains or losses	(121,441)		(121,441)
Effect of assumptions changes or inputs	0		0
Refund of contributions	(148,893)	(148,893)	0
Benefit payments	(1,274,075)	(1,274,075)	0
Administrative expenses		(22,360)	22,360
Member contributions		596,941	(596,941)
Net investment income		2,054,541	(2,054,541)
Employer contributions		858,985	(858,985)
Other ⁽³⁾	0	85,979	(85,979)
Balances as of December 31, 2016	\$32,610,875	\$29,914,349	\$2,696,527

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

⁽²⁾ No plan changes valued.

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

Sensitivity Analysis

The following presents the net pension liability of the employer, 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 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$37,180,635	\$32,610,875	\$28,844,151
Fiduciary net position	<u>29,914,349</u>	<u>29,914,349</u>	<u>29,914,349</u>
Net pension liability/ (asset)	\$7,266,287	\$2,696,527	(\$1,070,198)

Pension Expense / (Income)

Pension Expense / (Income)	<u>January 1, 2016 to December 31, 2016</u>
Service cost	\$1,355,260
Interest on total pension liability ⁽¹⁾	2,455,239
	0
Effect of plan changes	22,360
Administrative expenses	(596,941)
Member contributions	(2,252,657)
Expected investment return net of investment expenses	
Recognition of deferred inflows/outflows of resources	(277,305)
Recognition of economic/demographic gains or losses	75,764
Recognition of assumption changes or inputs	684,015
Recognition of investment gains or losses	(85,979)
Other ⁽²⁾	<u>\$1,379,757</u>
Pension expense/ (income)	

⁽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, 2016, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$618,157	\$33,186
Changes of assumptions	0	151,529
Net difference between projected and actual earnings	0	2,009,323
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:	
2017	\$482,474
2018	482,474
2019	571,309
2020	39,623
2021	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

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2016	
Original Amount (a)	Date Established (b)	Original Recognition Period ⁽¹⁾ (c)	Amount Recognized for 2016 ⁽¹⁾ (a)+(c)	Inflows	Outflows
<i>Investment (gains) or losses</i>					
\$198,116	12/31/2016	5.0	\$39,623	\$0	\$158,493
2,810,228	12/31/2015	5.0	562,046	0	1,686,137
411,733	12/31/2014	5.0	82,347	0	164,693
<i>Economic/ demographic (gains) or losses</i>					
(121,441)	12/31/2016	4.0	(30,360)	91,081	0
(1,054,153)	12/31/2015	4.0	(263,538)	527,076	0
82,964	12/31/2014	5.0	16,593	0	33,186
<i>Assumption changes or inputs</i>					
0	12/31/2016	4.0	0	0	0
303,058	12/31/2015	4.0	75,764	0	151,529
0	12/31/2014	5.0	0	0	0

Employer contributions made subsequent to measurement date ⁽²⁾

-----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 deferred outflows as outlined in Appendix D of this report.*

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 2016 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec.31,2015	Dec. 31, 2016
Number of inactive employees entitled to but not yet receiving benefits:	405	412
Number of active employees:	322	315
Average monthly salary*:	\$2,534	\$2,614
Average age*:	42.45	43.39
Average length of service in years*:	7.57	8.15
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	105	110
Average monthly benefit:	\$943	\$964

**Averages reported for active employees. They differ from the prior year's report, which included all active and inactive members. Average service includes all proportionate service.*

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, 2016 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.

- a. The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- b. 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.
- c. 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:

- e 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.
- e 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.
- e 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 Related Ratios

	Year Ending December 31							
	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability								
Service cost	\$1,355,260	\$1,510,500	\$1,543,919	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	2,455,239	2,357,675	2,170,666	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	(301,064)	0	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or Inputs	0	303,058	0	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(121,441)	(1,054,153)	82,964	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(1,422,968)</u>	<u>(1,641,645)</u>	<u>(1,311,566)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total pension liability	2,266,090	1,174,371	2,485,983	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>30,344,785</u>	<u>29,170,414</u>	<u>26,684,432</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$32,610,875</u>	<u>\$30,344,785</u>	<u>\$29,170,414</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position								
Employer contributions	\$858,985	\$965,176	\$1,166,148	N/A	N/A	N/A	N/A	N/A
Member contributions	596,941	667,172	711,066	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	2,054,541	(500,733)	1,733,967	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,422,968)	(1,641,645)	(1,311,566)	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(22,360)	(20,188)	(20,913)	N/A	N/A	N/A	N/A	N/A
Other	85,979	31,275	36,492	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	2,151,116	(498,942)	2,315,193	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>27,763,233</u>	<u>28,262,175</u>	<u>25,946,981</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$29,914,349</u>	<u>\$27,763,233</u>	<u>\$28,262,175</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$2,696,527</u>	<u>\$2,581,553</u>	<u>\$908,239</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	91.73%	91.49%	96.89%	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$9,949,012	\$11,119,540	\$11,851,093	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as % of covered payroll	27.10%	23.22%	7.66%	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/38, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

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
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	11,119,549	8.7%
2016	857,605	858,985	(1,380)	9,949,012	8.6%

⁽¹⁾ 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.

⁽²⁾ 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	11.7 years (based on contribution rate calculated in 12/31/2016 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 of Employer Contributions*	2015: No changes in plan provisions. 2016: No changes in plan provisions.

**Only changes effective 2015 and later are shown in the Notes to Schedule.*

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, 2016 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Maverick County December 31, 2016 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.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix C
Salary Increases	Same as funding valuation: See Appendix C
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	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.
Retirement Age	Same as funding valuation: See Appendix C
Turnover	Same as funding valuation: See Appendix C
Mortality	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.*

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, 2016 financial reporting metrics are the same as those used in the December 31, 2016 actuarial valuation analysis for Maverick County.

Following is a description of the assumptions used in the December 31, 2016 actuarial valuation analysis for Maverick County. This information may also be found in the Maverick County December 31, 2016 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, 2017

	SPECIAL REVENUE										
	911 RESTITU- TION	ALCOHOL AND DRUG ABUSE GRANT	ARCHIVE FEE - COUNTY CLERK	ARCHIVE FEE - DISTRICT CLERK	BORDER STAR NO. 1983102	CHILD WELFARE	CO. CLERK RECORDS MGMT & PRESER.	CONTINUING EDUCATION JUDGE & STAFF	COUNTY & DISTRICT TECH- NOLOGY	COUNTY FAMILY PROTECTION	COUNTY RECORDS PRESER- VATION
ASSETS											
Cash and Cash Equivalents	\$729	\$782	\$30	\$40	\$10,012	\$7,511	\$606	\$783	\$1,063	\$4,638	\$23,329
Receivables (net of allowance for uncollectibles)					7,848			25			50
Prepaid Items											
Due from Other Funds					1,735						
Due from Others											
TOTAL ASSETS	\$729	\$782	\$30	\$40	\$19,595	\$7,511	\$606	\$808	\$1,063	\$4,638	\$23,379
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts Payable					\$7,331						
Bank Overdraft											
Due to Other Funds					11,679						
Due to Others											
Accrued Wages					600						
Total Liabilities	0	0	0	0	19,610	0	0	0	0	0	0
Fund Balances											
Restricted											
General Administration			30				606				23,379
Health and Welfare		782									
Judicial				40		7,511		808	1,063		
Public Safety - Sheriff	729									4,638	
Records Management											
Unassigned					(15)						
Total Fund Balances	729	782	30	40	(15)	7,511	606	808	1,063	4,638	23,379
TOTAL LIABILITIES AND FUND BALANCES	\$729	\$782	\$30	\$40	\$19,595	\$7,511	\$606	\$808	\$1,063	\$4,638	\$23,379

(continued)

SPECIAL REVENUE

COURT INITIATED	COURT- HOUSE SECURITY	D.A. BORDER PROSECUTION	DISTRICT REC. MGMT. & PRESERVATION	E-FILE RECOVERY DISTRICT CLERK #2	ELDERLY NUTRITION	HEALTH	JP FEES	JUDICIAL EFFICENCY OF COURTS	JUVENILE DELINQUENCY PREVENTION	LAW LIBRARY	LBSP 2014	MC JUVENILE PROBATION SERVICE	MULTI-JURISDICTIONAL PLANNING	RECORDS MANAGEMENT
\$1,460	\$168,834	\$20,007	\$12,266	\$18,061	\$63,629	\$162,486		\$427	\$15	\$92,969	\$11,021		\$32,898	\$119,054
20	2	48,028			89,529					174	1,299		28,875	
	150,973									241,971	2,332			104,623
\$1,480	\$319,809	\$68,035	\$12,266	\$18,061	\$153,158	\$162,486	\$0	\$427	\$15	\$335,114	\$14,652	\$0	\$61,773	\$223,677

\$64,392 \$36,448 \$141,981 \$82,471

0	0	2,905	0	0	3,312	39,760	141,981	0	0	0	0	0	0	0	1,683
		67,297													84,154

1,480	319,809	738	12,266	18,061	113,398	20,505		427	15	335,114	14,652		61,773	139,523
1,480	319,809	738	12,266	18,061	113,398	20,505	0	427	15	335,114	14,652	0	61,773	139,523
\$1,480	\$319,809	\$68,035	\$12,266	\$18,061	\$153,158	\$162,486	\$0	\$427	\$15	\$335,114	\$14,652	\$0	\$61,773	\$223,677

MAVERICK COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2017
 (continued)

	SPECIAL REVENUE										
	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	NON-MAJOR GOVERN- MENTAL FUNDS
ASSETS											
Cash and Cash Equivalents	\$5,418			\$747	\$41,208		\$57,718		\$40,762		\$898,503
Receivables (net of allowance for uncollectibles)	242										176,092
Prepaid Items							5,837				5,837
Due from Other Funds							12,383				514,017
Due from Others											0
TOTAL ASSETS	\$5,660	\$0	\$0	\$747	\$41,208	\$0	\$75,938	\$0	\$40,762	\$0	\$1,594,449
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts Payable				\$44,157	\$43,390		\$6,060				\$426,230
Bank Overdraft											0
Due to Other Funds											11,679
Due to Others											0
Accrued Wages											8,500
Total Liabilities	0	0	0	44,157	43,390	0	6,060	0	0	0	446,409
Fund Balances											
Restricted											
General Administration									40,762		126,550
Health and Welfare											134,685
Judicial							69,878				447,386
Public Safety - Sheriff	5,660										345,503
Records Management											139,523
Unassigned				(43,410)	(2,182)						(45,607)
Total Fund Balances	5,660	0	0	(43,410)	(2,182)	0	69,878	0	40,762	0	1,148,040
TOTAL LIABILITIES AND FUND BALANCES	\$5,660	\$0	\$0	\$747	\$41,208	\$0	\$75,938	\$0	\$40,762	\$0	\$1,594,449

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, 2017

	SPECIAL REVENUE									
	911 RESTITU- TION	ALCOHOL AND DRUG ABUSE GRANT	ARCHIVE FEE - COUNTY CLERK	ARCHIVE FEE - DISTRICT CLERK	BORDER STAR NO. 1983102	CHILD WELFARE	CO. CLERK RECORDS MGMT & PRESER.	CONTINUING EDUCATION JUDGE & STAFF	COUNTY & DISTRICT TECH- NOLOGY	COUNTY FAMILY PROTECTION
<i>REVENUES</i>										
Intergovernmental					\$34,606					
Charges for Services			30	40			341	575	667	2,775
Interest										
Miscellaneous										
Total Revenues	0	0	30	40	34,606	0	341	575	667	2,775
<i>EXPENDITURES</i>										
Current:										
General Administration										
General Administration										62
Records Management										
Judicial										
Judicial								62	70	
Public Safety										
Public Safety					34,616					
Probation										
Sheriff										
Public Transportation										
Road and Bridge										
Health and Welfare										
Health		50				1,227				
Total Expenditures	0	50	0	0	34,616	1,227	0	62	70	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(50)	30	40	(10)	(1,227)	341	513	597	2,775
<i>OTHER FINANCING SOURCES (USES):</i>										
Operating Transfers In										
Operating Transfers Out										
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Net Changes in Fund Balances	0	(50)	30	40	(10)	(1,227)	341	513	597	2,775
Fund Balances - Beginning - Restated	729	832	0	0	(5)	8,738	265	295	466	1,863
Fund Balances - Ending	\$729	\$782	\$30	\$40	(\$15)	\$7,511	\$606	\$808	\$1,063	\$4,638

(continued)

SPECIAL REVENUE										SPECIAL REVENUE					
COURT INITIATED	COURT-GUARDIAN SHIP	D.A. BORDER PROSECUTION	DISTRICT REC. MGMT. & PRESERVATION	E-FILE RECOVERY DISTRICT CLERK #2	ELDERLY NUTRITION	HEALTH	JP FEES	JUDICIAL EFFICENCY OF COURTS	JUVENILE DELINQUENCY PREVENTION	LAW LIBRARY	LBSP 2014	MC JUVENILE PROBATION SERVICE	MULTI-JURISDICTIONAL PLANNING	RECORDS MANAGEMENT	
1,080	44,333	\$223,727	6,833	8,120	\$555,223 12,763	\$207,105		317	5	42,595 177	\$37,000		\$11,500	141,506	
1,080	44,333	223,727	6,833	8,120	567,986	207,105	0	317	5	42,772	37,000	0	11,500	141,506	
													14,400	148,080	
		223,727	96	5							37,000				
	368														
0	368	223,727	96	5	564,903 564,903	207,105 207,105	0	0	0	0	37,000	0	14,400	148,080	
1,080	43,965	0	6,737	8,115	3,083	0	0	317	5	42,772	0	0	(2,900)	(6,574)	
											14,652				
0	0	0	0	0	0	0	0	0	0	0	14,652	0	0	0	
1,080	43,965	0	6,737	8,115	3,083	0	0	317	5	42,772	14,652	0	(2,900)	(6,574)	
400	275,844	738	5,529	9,946	110,315	20,505	0	110	10	292,342		0	64,673	146,097	
\$1,480	\$319,809	\$738	\$12,266	\$18,061	\$113,398	\$20,505	\$0	\$427	\$15	\$335,114	\$14,652	\$0	\$61,773	\$139,523	

MAVERICK COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (continued)

	SPECIAL REVENUE										
	SHERIFF	SHERIFF	SHERIFF	STONE	STONE	STONE	TECH- NOLOGY	TOBACCO GRANT	TOWER	TXDOT	NON-MAJOR
	CONFISCATED FUNDS	DEPARTMENT ACCOUNTS	STRATEGIC PLAN	GARDEN 2009	GARDEN 2011	GARDEN 2013		CONSTRUCTION PCT 4	LEASE	3	GOVERN- MENTAL FUNDS
REVENUES											
Intergovernmental								\$4,125			\$1,073,286
Charges for Services							19,513				294,293
Interest											177
Miscellaneous	26,883								9,600		36,483
Total Revenues	26,883	0	0	0	0	0	19,513	4,125	9,600	0	1,404,239
EXPENDITURES											
Current:											
General Administration											
General Administration									40		14,502
Records Management											148,080
Judicial											
Judicial							7,680				231,640
Public Safety											
Public Safety				45							71,661
Probation											0
Sheriff	22,437				50						22,855
Public Transportation											
Road and Bridge											0
Health and Welfare											
Health								4,125			777,410
Total Expenditures	22,437	0	0	45	50	0	7,680	4,125	40	0	1,266,148
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,446	0	0	(45)	(50)	0	11,833	0	9,560	0	138,091
OTHER FINANCING SOURCES (USES):											
Operating Transfers In											14,652
Operating Transfers Out											0
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	0	14,652
Net Changes in Fund Balances	4,446	0	0	(45)	(50)	0	11,833	0	9,560	0	152,743
Fund Balances - Beginning - Restated	1,214	0	0	(43,365)	(2,132)	0	58,045		31,202	0	995,297
Fund Balances - Ending	\$5,660	\$0	\$0	(\$43,410)	(\$2,182)	\$0	\$69,878	\$0	\$40,762	\$0	\$1,148,040

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