

MARTINEZ, ROSARIO & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

# **MAVERICK COUNTY, TEXAS**

## **FINANCIAL STATEMENTS**

**September 30, 2012**



**MAVERICK COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**

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**MAVERICK COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**

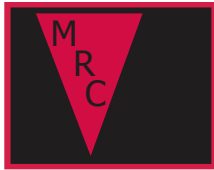
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## **FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

Honorable County Judge and  
Members of Commissioners Court  
Maverick County, Texas

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major governmental fund, the aggregate remaining governmental funds information, the major proprietary fund for the Water Utility Operation, aggregate remaining proprietary funds information and the agency funds of Maverick County, Texas (the "County") as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the County's management.

The County does not have adequate accounting records for all internal due to/due from amounts as of September 30, 2011 and 2012. Also, the County does not have adequate accounting records for its capital assets, debt transactions, self-insurance liabilities and estimated liability costs of closure and post closure for the Landfill operations as of September 30, 2012, and expenses and expenditures for the year ended September 30, 2012. In addition, we were unable to perform certain audit procedures necessary for certain related party contingencies and other matters. The County's records do not permit the application of other auditing procedures to its capital assets, all of its internal due to/due from amounts, its debt transactions, self-insurance liabilities and estimated liability costs of closure and post closure for the Landfill operations, expenses and expenditures, certain related party contingencies and other matters. Furthermore, we were unable to obtain written representations from management of the County as required by generally accepted auditing standards.

The County's financial statements do not report and disclose sufficient information in regards to capital assets and related depreciation expense, its debt transactions, self-insurance liabilities and estimated costs of closure and post closure for the Landfill operations and related expenses and expenditures. The financial statements of the Maverick County Solid Waste Authority (MCSWA), a component unit, have not been audited, and we were not engaged to audit the MCSWA financial statements as part of our audit of the County's basic financial statements. MCSWA's financial activities are not included in the County's basic financial statements as a blended component unit in the business-type activities and as a major fund in the proprietary funds. In our opinion, the reporting and disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

Since the County's accounting records are inadequate, and we were not able to apply other auditing procedures to satisfy ourselves as to its capital assets, all of its internal due to/due from amounts, its debt transactions, self-insurance liabilities and estimated liability costs of closure and post closure for the Landfill operations, expenses and expenditures, certain related party contingencies and other matters, since the MCSWA's financial statements are not included and audited and since we were unable to obtain written representations from management of the County the scope of our work was not sufficient to enable us to express, and we do not express, any opinions on these financial statements.

As discussed in Note 7 to the financial statements, current and former Solid Waste Authority or County governing board members and employees of the County, including the former Landfill Manager, have been indicted and arrested on various criminal charges, including charges involving Solid Waste Authority or County business. One individual had all charges dropped. Four of these individuals have pled guilty; however, the resolution of the remaining indictments is currently not determinable.

As discussed in Note 14 to the financial statements, certain errors resulting in the misstatement of cash, interfund receivables and payables, certain accounts receivable, accounts payable, inventory and other miscellaneous items as of September 30, 2011, were discovered in March 2014. Accordingly, adjustments have been made to net assets and fund balances as of September 30, 2011 to correct the errors.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 14, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund on page 89 and Schedule of Funding Progress on page 90 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.



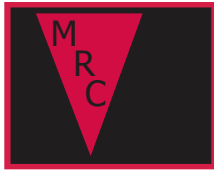
We were engaged for the purpose of forming opinions on the basic financial statements as a whole. The Supplemental Information on pages 91 through 114 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matters discussed above, it is inappropriate to and we do not express an opinion on the Supplemental Information on pages 91 through 114.

*Martinez, Rosario & Company, LLP*

Martinez, Rosario & Company, LLP  
Certified Public Accountants  
San Antonio, Texas

March 17, 2014





## INDEPENDENT AUDITORS' REPORT

Honorable County Judge and  
Members of Commissioners Court  
Maverick County, Texas

We have audited the accompanying fund financial statements of the Maverick County Public Facility Corporation (the "MCPFC"), a blended component unit in the business-type activities and a major enterprise fund of Maverick County, Texas (the "County") and the business-type activity of the Maverick County Public Facility Corporation Detention Center (the "MCPFC Detention Center"), and a major enterprise fund of the County as of and for the year ended September 30, 2012, as listed in the table of contents. These fund financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these fund financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the MCPFC Detention Center are intended to present the financial position and the changes in financial position and, where applicable, cash flows of only that portion of the business-type activity of the County that is attributable to the transactions of the MCPFC Detention Center. They do not purport to and do not present fairly the financial position of the County, as of September 30, 2012, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the fund financial statements referred to above present fairly, in all material respects, the financial position of the MCPFC, a blended component unit in the business-type activities, and a major enterprise fund of the County and the business-type activities of the MCPFC Detention Center, and a major enterprise fund of the County, as of September 30, 2012, and the respective changes in fund financial position and where applicable, fund cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 7 to the financial statements, current and former Solid Waste Authority or County governing board members and employees of the County, including the former Landfill Manager, have been indicted and arrested on various criminal charges, including charges involving Solid Waste Authority or County business. One individual had all charges dropped. Four of these individuals have pled guilty; however, the resolution of the remaining indictments is currently not determinable.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2014 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

*Martinez, Rosario & Company, LLP*

Martinez, Rosario & Company, LLP  
Certified Public Accountants  
San Antonio, Texas

March 17, 2014

**Maverick County, Texas**  
**Management's Discussion and Analysis (MD&A) (Unaudited)**  
**For the Fiscal Year Ended September 30, 2012**

**General Information**

On behalf of Maverick County, Texas (the "County"), we are pleased to provide an overview of the financial activities of the County for the fiscal year ended September 30, 2012. The intended purpose of this MD&A is to provide an introduction to the basic financial statements and notes to the financial statements in an easy to read format, analyzing our financial activities and which will help to determine if the County's financial position has improved or deteriorated over the past year. We encourage readers to consider the information presented here. When referring to prior year data in this analysis, we included information from last year's (2011) financial reports.

**Financial Highlights**

The government-wide assets of the County exceeded its liabilities as of September 30, 2012, by \$33,605,879 (net assets). Net assets are comprised of Investments in Capital Assets, net of related debt of \$32,425,455, Combined Restricted or Committed Net Assets of \$18,367,988 and Unrestricted Deficit Net Assets of (\$17,187,574).

The County's government-wide non-current liabilities at September 30, 2012, were \$69,504,947 inclusive of \$1,051,995 in capital leases, compensated absences of \$522,352, and other long-term obligations and bond discounts/premiums of \$2,124,400.

During the year, the County's governmental funds had expenditures that exceeded revenues by \$133,109. The proprietary funds had a combined operating income of \$2,586,852 excess non-operating expenses over revenues of \$2,490,485 and a net effect in transfers out of \$0 for a total decrease in net assets of \$96,367 resulting in net assets at September 30, 2012 of \$6,592,259.

**Maverick County's Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of four components: (1) government-wide financial statements provide information about the activities of the County as a whole and present a longer-term view of the County's finances (2) fund financial statements for governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds (3) notes to the financial statements amplify and clarify items in the government-wide and fund financial statements and (4) other statements provide financial information about activities for which the County acts solely as trustee or agent for the benefit of those outside of the government. This report also contains

other supplementary information in addition to the basic financial statements themselves. The financial statements for the Maverick County Solid Waste Authority (“MCSWA”) as of and for the year ended September 30, 2012 are not included in the government-wide financial statements or the fund financials as of and for the year ended September 30, 2012.

**Government-wide financial statements:** The government-wide financial statements, which begin on page 15 of this report, are designed to provide readers with a broad overview of the County’s finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the County’s assets and liabilities, with the difference between the two reported net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County’s net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 the County as the Primary Government (page 16-17) include expenses for General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Bond Interest and Fiscal Fees. Of the \$20,237,562 in expenses for these governmental activities, \$5,180,153 were recovered by charging for services, \$1,812,126 were paid by operating grants and contributions, \$0 were capital grants, \$9,273,045 were paid for by property taxes, \$4,785,360 were paid by sales tax and \$670,097 were from penalty and interest on investments and other miscellaneous revenues.

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

*Governmental Funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of those resources, as well as on the balances of such resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because of 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 18 of this report, information is presented separately in the Governmental Fund Balance Sheet for the major funds – General Fund, Road and Bridge, Debt Service, and Landfill/Detention Center. Data from other non-major governmental funds are combined into a single, aggregated presentation. These individual fund data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 91.

*Proprietary funds:* At this time, the County maintains six proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County has enterprise funds to account for (1) Maverick County Public Facility Corporation (MCPFC), (2) Maverick County Public Facility Corporation - Detention Center (MCPFC – Detention Center), (3) Water Utility Operation, and (4) Maverick County Solid Waste Authority (MCSWA). All these are major funds. The County also accounts for two non-major proprietary funds the (5) Airport and (6) Commissary Operations (Jail).

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements, which begin on page 24 of this report, provide separate information for each enterprise fund.

*Fiduciary/Agency Funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County has Agency funds. Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operation. See page 34.

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 35 of this report.

*Other information:* In addition to the basic financial statements and accompanying notes, this report also contains certain required information concerning Budgetary Comparison Schedules for General Fund, Pension Schedule of Funding Progress on pages 89 and 90, respectively and Combining Schedules for non-major governmental funds, this information may be found on pages 91 – 110 of this report.

## Governmental-Wide Financial Analysis

The largest portion of the County's net assets of \$32,425,455 reflect the County's investments in capital assets (e.g., land, building, equipment, improvements, infrastructure, construction in progress deferred charges and water rights), less any outstanding debt used to acquire those assets. The County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County's 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.

The following table provides a summary of the County's current and capital assets; current and long-term liabilities; investment in capital assets, (net of related debt); and restricted and unrestricted amounts of net assets.

	Governmental Activities 2012	Business-type Activities 2012	Total 2012	Governmental Activities 2011	Business-type Activities 2011	Total 2011	Total Increase (Decrease)
Current and other assets	\$ 9,600,631	13,580,493	23,181,124	\$ 6,394,877	\$ 12,102,655	\$ 18,497,532	\$ 4,683,592
Capital assets	56,088,631	39,380,520	95,469,151	56,448,255	48,260,526	104,708,781	(9,239,630)
<b>Total assets</b>	<b>65,689,262</b>	<b>52,961,013</b>	<b>118,650,275</b>	<b>62,843,132</b>	<b>60,363,181</b>	<b>123,206,313</b>	<b>(4,556,038)</b>
Long term liabilities:							
Long term liabilities	32,053,420	37,451,527	69,504,947	26,302,780	40,700,595	67,003,375	2,501,572
Current liabilities	6,622,222	8,917,227	15,539,449	8,941,146	6,933,547	15,874,693	(335,244)
Total liabilities	38,675,642	46,368,754	85,044,396	35,243,926	47,634,142	82,878,068	2,166,328
Net assets:							
Invested in capital assets, net of related debt	23,023,590	9,401,865	32,425,455	30,407,928	9,245,415	39,653,343	(7,227,888)
Restricted for Debt Service	-	4,743,914	4,743,914	69,306	4,638,437	4,707,743	36,171
Restricted for Capital Projects	51,088	-	51,088	50,840	-	50,840	248
Restricted for Other Purposes	6,113,649	7,320,865	13,434,514	3,831,987	5,239,445	9,071,432	4,363,082
Restricted for Special Revenues	-	-	-	-	-	-	-
Restricted for Public Grants	138,482	-	138,482	147,837	-	147,837	(9,355)
Unrestricted	(2,313,189)	(14,874,385)	(17,187,574)	(6,908,692)	(6,394,258)	(13,302,950)	(3,884,624)
Total net assets	27,013,620	6,592,259	33,605,879	27,599,206	12,729,039	40,328,245	(6,722,366)
	<b>\$ 65,689,262</b>	<b>52,961,013</b>	<b>118,650,275</b>	<b>\$ 62,843,132</b>	<b>\$ 60,363,181</b>	<b>\$ 123,206,313</b>	<b>\$ (4,556,038)</b>



The following schedule provides a summary of the County's operations for the years ended September 30, 2011 and 2012.

**Maverick County's Change in Net Assets**

	<b>2012</b>			<b>2011</b>		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Program Revenue						
Charges for Services	\$ 5,180,153	13,996,087	19,176,240	\$ 5,151,083	\$ 14,148,574	\$ 19,299,657
Operating/Capital Grants & Contributions	1,812,126	-	1,812,126	9,921,798	-	9,921,798
<b>Total program revenue</b>	<b>6,992,279</b>	<b>13,996,087</b>	<b>20,988,366</b>	<b>15,072,881</b>	<b>14,148,574</b>	<b>29,221,455</b>
General Revenues:						
Property Taxes, General Purpose	6,149,103	-	6,149,103	5,503,961	-	5,503,961
Property Taxes, Debt Service	3,123,942	-	3,123,942	1,676,339	-	1,676,339
Sales Tax & Other Taxes	4,785,360	-	4,785,360	4,638,074	-	4,638,074
Penalty and Interest	115,906	-	115,906	313,027	-	313,027
Investment Earning	6,472	158,383	164,855	6,487	193,989	200,476
Miscellaneous Revenue	547,719	2,061	549,780	2,585,786	202	2,585,988
Transfers In (Out)	(618,883)	-	(618,883)	384,378	(384,378)	-
Grants and Contributions	-	-	-	-	-	-
<b>Total General Revenue</b>	<b>14,109,619</b>	<b>160,444</b>	<b>14,270,063</b>	<b>15,108,052</b>	<b>(190,187)</b>	<b>14,917,865</b>
<b>Total Program General Revenues</b>	<b>21,101,898</b>	<b>14,156,531</b>	<b>35,258,429</b>	<b>30,180,933</b>	<b>13,958,387</b>	<b>44,139,320</b>
Expenses:						
General Government	7,258,765	-	7,258,765	7,470,884	-	7,470,884
Public Safety	5,940,089	-	5,940,089	8,583,328	-	8,583,328
Culture and Recreation	962,881	-	962,881	1,154,822	-	1,154,822
Public Works	2,963,853	-	2,963,853	4,320,350	-	4,320,350
Health, Welfare and Sanitation	709,193	-	709,193	684,962	-	684,962
Conservation and Development	-	-	-	2,104	-	2,104
Bond Interest	2,377,533	-	2,377,533	2,121,831	-	2,121,831
Other Debt Interest	-	-	-	-	-	-
Fiscal Agents Fee	25,248	-	25,248	1,900	-	1,900
Issuance Costs	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Business-Type Activities	-	-	-	-	-	-
Mav Co Public Fac Corp	-	3,548,505	3,548,505	-	3,617,546	3,617,546
Mav Co Public Fac Corp Detention Ctr	-	9,820,427	9,820,427	-	8,931,020	8,931,020
Water Utility	-	454,966	454,966	-	385,523	385,523
Airport Fund	-	79,831	79,831	-	75,691	75,691
Mav Co Solid Waste Authority	-	-	-	-	3,028,857	3,028,857
Commissary Operations (Jail)	-	156,435	156,435	-	29,079	29,079
<b>Total Expense</b>	<b>20,237,562</b>	<b>14,060,164</b>	<b>34,297,726</b>	<b>24,340,181</b>	<b>16,067,716</b>	<b>40,407,897</b>
Increase (Decrease) in Net Assets	864,337	96,367	960,704	5,840,753	(2,109,329)	3,731,423
Net Assets, Beginning	27,599,206	6,493,252	34,092,458	20,231,588	14,021,413	34,253,001
Prior Period Adjustment	(1,449,923)	2,640	(1,447,283)	1,526,865	816,955	2,343,820
<b>Net Assets, Ending</b>	<b>\$ 27,013,620</b>	<b>\$ 6,592,259</b>	<b>\$ 33,605,879</b>	<b>\$ 27,599,206</b>	<b>\$ 12,729,039</b>	<b>\$ 40,328,244</b>

## **Financial Analysis of the Government's Funds**

*Governmental Funds:* The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's 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.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$23,153. The General Fund had a \$3,917,995 fund balance at the end of September 30, 2012. The Road and Bridge had a deficit of \$(4,907,706). Debt Service Fund ended September 30, 2012 with a fund balance of \$59,765. Landfill/Detention Center Fund ended September 30, 2012, with a \$2,284,327 fund balance. Other non-major governmental funds had a combined deficit fund balance of \$(1,331,228). (Under GASB 34 presentations net asset balances are different); please refer to pages 21-22 of this report for a more detailed presentation of governmental fund balances that reconciles the difference.

In the General Fund, the County budgeted \$10,938,337 in revenues before other financing sources and the actual amount collected at year end was \$11,168,149. Actual current expenditures were \$13,492,393 against a budget of \$12,089,770 for an excess of expenditures over revenues of \$(2,324,244). The \$(2,324,244) and prior period adjustment of \$(981,283), combined with an \$8,743,604 of other financing sources decreased the previous fund deficit of \$(1,520,082) to \$3,917,995. The net change is due to Maverick County issuing bonds totaling \$7,105,000 during the current year to fund budget deficit.

The Road and Bridge Fund had an increase in the fund deficit of \$(327,744) and a prior period adjustment of \$(101,024) for the fiscal year which increased the prior year deficit of \$(4,478,938) to \$(4,907,706).

*Proprietary Funds:* The County's proprietary fund statements beginning on page 24 of this report provide the same type of information found in the government-wide financial statements, but more detail in nature.

Net Assets of the MCPFC Fund increased from \$(369,454) to \$(107,527) as a result of a transfer into the fund of \$3,652,049 offset by a loss of \$(3,390,122).

Net assets of the MCPFC Detention Center Fund increased from \$(1,741,764) to \$(1,697,696) due to a transfer out of the fund of \$(3,652,049) offset by income of \$3,696,117.

### **Capital Assets and Debt Administration**

*Capital Assets:* The County's investment in capital assets for its governmental and business-type activities as of September 30, 2012, totals to \$56,088,631 in the governmental and \$39,380,520 for the business type (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure, construction-in-progress, water rights and permits. This is the result of continued construction of street improvements, public facilities, improvements at the landfill and construction of the detention facility. The following schedule shows the County's capital assets for both the governmental and business-type activities at year end.

#### **Maverick County's Capital Assets at September 30, 2012**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Land	\$ 4,069,041	\$ 537,801	\$ 4,606,842
Buildings	13,912,146	41,971,525	55,883,671
Machinery and equipment	10,953,441	154,899	11,108,340
Infrastructure	16,039,427	-	16,039,427
Construction in progress	24,308,168	-	24,308,168
Cell One	-	-	-
Water Rights	-	761,400	761,400
Permitting	-	-	-
	<u>69,282,223</u>	<u>43,425,625</u>	<u>112,707,848</u>
Less accumulated depreciation	<u>(13,193,592)</u>	<u>(4,045,105)</u>	<u>(17,238,697)</u>
<b>Total Capital Assets</b>	<b><u>\$ 56,088,631</u></b>	<b><u>\$ 39,380,520</u></b>	<b><u>\$ 95,469,151</u></b>

Capital assets increased by \$339,621 in the governmental activity due to construction in progress of \$339,621.

*Debt Administration:* At the end of the current fiscal year, the County had debt comprised of certificates of obligation, revenue bonds, refunding bonds, tax notes, capital lease obligations, and compensated absence obligation of \$69,504,947 inclusive of \$1,051,995 of capital leases, \$522,352 of compensated absence, and other long-term obligations of \$2,124,400. \$30,479,073 of this amount represents debt backed by the full faith and credit of the County, pledged equipment, property taxes, and revenues. \$37,451,527 in debt is backed by revenues from the Detention Facility of the MCPFC, the County's fully blended component unit. The following table schedule summarizes the outstanding debt of the County.

## Outstanding Debt at September 30, 2012

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Certificates of Obligation	\$ 8,780,000	\$ -	\$ 8,780,000
Refunding Bonds	13,960,000	-	13,960,000
Tax Notes	7,755,000	-	7,755,000
Revenue Bonds	-	39,560,000	39,560,000
Less: Discount	(419,888)	(2,108,473)	(2,528,361)
Plus: Premium	403,961	-	403,961
Capital Leases	1,051,995	-	1,051,995
Compensated Absences Obligation	522,352	-	522,352
<b>Total Debt</b>	<b>\$ 32,053,420</b>	<b>\$ 37,451,527</b>	<b>\$ 69,504,947</b>

### Debt Compliance

The County's management has not determined if it is in material compliance with certain debt covenants related to its Series 2011B and Series 2012 Tax Notes.

### Subsequent Events

The following subsequent events have occurred that are financially and organizationally important to note:

#### Debt Issuance

On May 20, 2013, the County issued Tax Notes Series 2013 for \$3,090,000. The proceeds will be used to finance the construction of the MCSWA's cell two.

#### Operational Changes for Maverick County Public Facility Corporation Detention Center

On July 19, 2007, an agreement was signed between the County and the GEO Group (GEO) in which GEO would operate the Detention Center. The contract expired on July 19, 2012, and was on a month to month basis. On October 2, 2013, GEO provided a formal notice that it would terminate its management contract on November 1, 2013. The County assumed management of the Maverick County Detention Center effective November 1, 2013. Also, the PFC intends to request from the bondholders a waiver for the bond payments for the months of November 2013 thru January 2014.

### **Past Period Restatements**

Certain errors resulting in the misstatement of cash, interfund receivables and payables, certain accounts receivable, accounts payable, inventory and other miscellaneous items as of September 30, 2011 were discovered in March 2014. Accordingly, adjustments have been made to net assets and fund balances as of September 30, 2011, to correct the errors. See Note 14 of the Notes to Financial Statements.

### **Related Party Contingencies and Other Matters**

There have been several indictments against former and current County employees and vendors doing business with the County. These matters are part of an ongoing law enforcement investigation and the outcome or impact to the County is not currently determinable. Further explanation is found in Note 7 of the Notes to the Financial Statements

### **Request for Information**

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the County's finances. If you have any questions about this report or need any additional information, contact Mr. Fidencio Ortiz, Maverick County Auditor (effective September 24, 2012) at:

Mailing Address:     County Auditor's Office  
                              Maverick County, Texas  
                              370 Monroe, Suite 1  
                              Eagle Pass, Texas 78852

Telephone:           (830) 773-3708  
Fax:                   (830) 773-4749



## **BASIC FINANCIAL STATEMENTS**





**MAVERICK COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**AS OF SEPTEMBER 30, 2012**

**EXHIBIT A-1**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Equivalents	\$ 1,113,781	\$ 16,772	\$ 1,130,553
Investments - Current	235,402	-	235,402
Receivables (Net of Allowance for Uncollectible)	2,709,777	9,439	2,719,216
Intergovernmental Receivables	2,093,820	-	2,093,820
Due from Other Governments - Restricted	-	3,953,767	3,953,767
Internal Balances	183,211	1,287,299	1,470,510
Due from Fiduciary Funds	-	-	-
Inventories	80,817	-	80,817
Prepaid Items	20,657	-	20,657
Restricted Assets:			
Cash and Equivalents	2,228,270	7,952,606	10,180,876
Deferred Charges	934,896	360,610	1,295,506
Capital Assets:			
Land and Improvements Not Being Depreciated	4,069,041	537,801	4,606,842
Landfill Cell One, Net of Depreciation	-	-	-
Infrastructure and Infrastructure in Progress, Net of Depreciation	-	-	-
Buildings, Net of Depreciation	-	38,218,901	38,218,901
Equipment and Furniture, Net of Depreciation	-	(105,857)	(105,857)
Other Capital assets, Net of Depreciation	27,711,422	729,675	28,441,097
Construction in Progress	24,308,168	-	24,308,168
Landfill Permit, Net of Depreciation	-	-	-
Total Capital Assets	<u>56,088,631</u>	<u>39,380,520</u>	<u>95,469,151</u>
Total Assets	<u>\$ 65,689,262</u>	<u>\$ 52,961,013</u>	<u>\$ 118,650,275</u>
<b>LIABILITIES</b>			
Outstanding Checks in Excess of Bank Balance	147,456	-	147,456
Accounts Payable and Accrued Expenses	4,003,354	57,603	4,060,957
Due to Other Governmental Agencies	638,834	8,444,278	9,083,112
Due to Fiduciary Funds	679,259	(531)	678,728
Accrued Interest Payable	155,659	415,877	571,536
Deferred Revenues	413,902	-	413,902
Other Current Liabilities	583,758	-	583,758
Noncurrent Liabilities:			
Due Within One Year	4,415,631	1,255,000	5,670,631
Due in More Than One Year	<u>27,637,789</u>	<u>36,196,527</u>	<u>63,834,316</u>
Total Liabilities	<u>38,675,642</u>	<u>46,368,754</u>	<u>85,044,396</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	23,023,590	9,401,865	32,425,455
Restricted or Committed for:			
Public Grants	138,482	-	138,482
Debt Service	-	4,743,914	4,743,914
Capital Projects	51,088	-	51,088
Other Restricted Fund Balance	6,113,649	7,320,865	13,434,514
Unassigned	<u>(2,313,189)</u>	<u>(14,874,385)</u>	<u>(17,187,574)</u>
Total Net Assets	<u>\$ 27,013,620</u>	<u>\$ 6,592,259</u>	<u>\$ 33,605,879</u>

The notes to the Financial Statements are an integral part of this statement.

MAVERICK COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental Activities				
General Government	\$ 7,258,765	\$ 1,295,038	\$ 36,243	\$ -
Public Safety	5,940,089	3,108,092	851,700	-
Public Works	2,963,853	673,420	797,336	-
Health, Welfare and Sanitation	709,193	59,054	126,848	-
Culture and Recreation	962,881	44,549	-	-
Bond Interest	2,377,533	-	-	-
Fiscal Agent's Fees	25,248	-	-	-
Total Governmental Activities	20,237,562	5,180,153	1,812,126	-
Business-Type Activities				
Utility Fund 180	454,966	352,009	-	-
MCPFC	3,548,505	-	-	-
PFC-GEO	9,820,427	13,516,544	-	-
MCSWA	-	-	-	-
Airport	79,831	-	-	-
Commissary Fund	156,435	127,534	-	-
Total Business-type Activities	14,060,164	13,996,087	-	-
Total Primary Government	\$ 34,297,726	\$ 19,176,240	\$ 1,812,126	\$ -

**General Revenues:**

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Penalty & Interest

Miscellaneous

Unrestricted Investment Earnings

Transfers

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets - Beginning

Prior Period Adjustment

Net Assets - Ending

The notes to the Financial Statements are an integral part of this statement.

**EXHIBIT B-1**

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (5,927,483)	\$ -	\$ (5,927,483)
(1,980,297)	-	(1,980,297)
(1,493,097)	-	(1,493,097)
(523,291)	-	(523,291)
(918,332)	-	(918,332)
(2,377,533)	-	(2,377,533)
(25,248)	-	(25,248)
<u>(13,245,282)</u>	<u>-</u>	<u>(13,245,282)</u>
-	(102,957)	(102,957)
-	(3,548,505)	(3,548,505)
-	3,696,117	3,696,117
-	-	-
-	(79,831)	(79,831)
<u>-</u>	<u>(28,901)</u>	<u>(28,901)</u>
<u>-</u>	<u>(64,077)</u>	<u>(64,077)</u>
<u>(13,245,282)</u>	<u>(64,077)</u>	<u>(13,309,359)</u>
6,149,103	-	6,149,103
3,123,942	-	3,123,942
4,785,360	-	4,785,360
115,906	-	115,906
547,719	2,061	549,780
6,472	158,383	164,855
<u>(618,883)</u>	<u>-</u>	<u>(618,883)</u>
<u>14,109,619</u>	<u>160,444</u>	<u>14,270,063</u>
864,337	96,367	960,704
27,599,206	6,493,252	34,092,458
<u>(1,449,923)</u>	<u>2,640</u>	<u>(1,447,283)</u>
<u>\$ 27,013,620</u>	<u>\$ 6,592,259</u>	<u>\$ 33,605,879</u>

The notes to the Financial Statements are an integral part of this statement.

**MAVERICK COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2012**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 263,706	\$ 2,696	\$ 140,766
Cash and Cash Equivalents - Restricted	2,228,270		
Investments	235,402	-	-
Taxes Receivable, Net	2,261,468	-	760,780
Allowance for Uncollectible Taxes (Credit)	(339,220)	-	(114,117)
Receivable, Net	220,178	-	(5,826)
Intergovernmental Receivables	815,658	-	-
Due From Other Funds	17,575,733	3,195,110	-
Inventories	80,817	-	-
Prepaid Items	20,657	-	-
Total Assets	<u>\$ 23,362,669</u>	<u>\$ 3,197,806</u>	<u>\$ 781,603</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Outstanding Checks in Excess of Bank Balance	-	49,573	-
Accounts Payable	2,637,273	270,529	900
Wages and Salaries Payable	216,048	57,726	-
Intergovernmental Payable	561,164	-	-
Due to Other Funds	13,490,155	7,727,512	74,275
Due to Others	13,195	-	-
Deferred Revenue	1,943,081	172	646,663
Other Current Liabilities	583,758	-	-
Total Liabilities	<u>19,444,674</u>	<u>8,105,512</u>	<u>721,838</u>
Fund Balances:			
Nonspendable:			
Inventories	80,817	-	-
Prepaid Expenses	20,657	-	-
Restricted for:			
Federal or State Funds Grant Restriction	-	-	-
Capital Projects	-	-	-
Other Restricted Fund Balance	2,228,270	-	140,766
Unassigned:			
Unassigned	<u>1,588,251</u>	<u>(4,907,706)</u>	<u>(81,001)</u>
Total Fund Balances	<u>3,917,995</u>	<u>(4,907,706)</u>	<u>59,765</u>
Total Liabilities and Fund Balances	<u>\$ 23,362,669</u>	<u>\$ 3,197,806</u>	<u>\$ 781,603</u>

The notes to the Financial Statements are an integral part of this statement.

**EXHIBIT C-1**

<b>Landfill/Detention Ctr</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,062	\$ 701,551	\$ 1,113,781
-	-	2,228,270
-	-	235,402
-	-	3,022,248
-	-	(453,337)
-	(73,486)	140,866
396,593	881,569	2,093,820
2,095,798	6,528,790	29,395,431
-	-	80,817
-	-	20,657
<u>\$ 2,497,453</u>	<u>\$ 8,038,424</u>	<u>\$ 37,877,955</u>
-	97,886	147,459
(4,979)	682,417	3,586,140
1,096	35,835	310,705
-	77,671	638,835
217,009	9,002,829	30,511,780
-	(526,986)	(513,791)
-	-	2,589,916
-	-	583,758
<u>213,126</u>	<u>9,369,652</u>	<u>37,854,802</u>
-	-	80,817
-	-	20,657
-	138,482	138,482
-	51,088	51,088
2,284,327	1,460,286	6,113,649
-	(2,981,084)	(6,381,540)
<u>2,284,327</u>	<u>(1,331,228)</u>	<u>23,153</u>
<u>\$ 2,497,453</u>	<u>\$ 8,038,424</u>	<u>\$ 37,877,955</u>

The notes to the Financial Statements are an integral part of this statement.



**MAVERICK COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2012**

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**EXHIBIT C-2**

<b>Total Fund Balance, Governmental Funds</b>	\$ 23,153
Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$69,641,847 and the accumulated depreciation was \$13,193,592.	28,095,476
In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. Long term liabilities at the beginning of the year had the effect of decreasing net assets by \$28,352,780.	
The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.	
Certain year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2012 capital outlays and debt principal payments is to (decrease) net assets.	(3,799,200)
The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	-
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.	2,694,191
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 27,013,620</u></u>

The notes to the Financial Statements are an integral part of this statement.

**MAVERICK COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>			
Taxes:			
Property Taxes	\$ 4,245,983	\$ 1,903,120	\$ 3,123,942
General Sales & Use Taxes	2,415,442	-	-
Penalty & Interest on Taxes	84,920	-	30,986
Licenses and Permits	41,193	818,799	-
Intergovernmental Revenue & Grants	-	-	-
Charges for Services	3,775,149	-	-
Fines	369,665	-	-
Investment Earnings	(141)	-	6,333
Rents & Royalties	81,421	-	-
Miscellaneous	154,517	17,402	-
Total Revenues	<u>11,168,149</u>	<u>2,739,321</u>	<u>3,161,261</u>
<b>EXPENDITURES</b>			
Current:			
General Government	6,880,106	-	-
Public Safety	4,828,018	-	-
Public Works	-	2,982,065	-
Health and Welfare	1,648	-	-
Culture and Recreation	978,043	-	-
Conservation and Development	-	-	-
Debt Service:			
Principal Payments of Debt	315,117	-	510,000
Interest and Other Charges	-	-	2,236,188
Fiscal Agent's Fee	-	-	25,248
Issuance Cost	439,774	-	-
Capital Outlay	49,687	-	48
Total Expenditures	<u>13,492,393</u>	<u>2,982,065</u>	<u>2,771,484</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,324,244)</u>	<u>(242,744)</u>	<u>389,777</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Tax Notes	7,105,000	-	-
Transfers In	4,993,481	-	3,576,402
Premium or Discount on Issuance of Bonds	(582,394)	-	-
Transfers Out	(2,772,483)	(85,000)	(3,975,720)
Total Other Financing Sources and Uses	<u>8,743,604</u>	<u>(85,000)</u>	<u>(399,318)</u>
Net Change in Fund Balances	6,419,360	(327,744)	(9,541)
Fund Balances - Beginning	(1,520,082)	(4,478,938)	69,306
Prior Period Adjustment	(981,283)	(101,024)	-
Fund Balances - Ending	<u>\$ 3,917,995</u>	<u>\$ (4,907,706)</u>	<u>\$ 59,765</u>

The notes to the Financial Statements are an integral part of this statement.



**EXHIBIT C-3**

<b>Landfill/Detention Ctr</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 9,273,045
2,369,918	-	4,785,360
-	-	115,906
-	-	859,992
-	1,812,132	1,812,132
-	203,092	3,978,241
-	145,487	515,152
210	70	6,472
-	-	81,421
-	121,147	293,066
<u>2,370,128</u>	<u>2,281,928</u>	<u>21,720,787</u>
-	222,746	7,102,852
-	1,130,286	5,958,304
-	-	2,982,065
46,656	679,846	728,150
-	3,050	981,093
-	(25)	(25)
-	-	825,117
-	-	2,236,188
-	-	25,248
-	-	439,774
-	259,177	308,912
<u>46,656</u>	<u>2,295,080</u>	<u>21,587,678</u>
<u>2,323,472</u>	<u>(13,152)</u>	<u>133,109</u>
-	-	7,105,000
-	-	8,569,883
-	-	(582,394)
<u>(2,355,563)</u>	<u>-</u>	<u>(9,188,766)</u>
<u>(2,355,563)</u>	<u>-</u>	<u>5,903,723</u>
(32,091)	(13,152)	6,036,832
2,316,418	(950,460)	(4,563,756)
-	(367,616)	(1,449,923)
<u>\$ 2,284,327</u>	<u>\$ (1,331,228)</u>	<u>\$ 23,153</u>

The notes to the Financial Statements are an integral part of this statement.



**MAVERICK COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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**EXHIBIT C-4**

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	6,036,832
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Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financials statements. The net effect of removing the 2012 capital outlays and debt principal payments is to increase net assets.

(3,799,200)

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.

-

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.

(1,373,295)

<b>Change in Net Assets of Governmental Activities</b>	\$	<u><u>864,337</u></u>
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The notes to the Financial Statements are an integral part of this statement.

**MAVERICK COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**AS OF SEPTEMBER 30, 2012**

	<b>Water Utility Fund</b>	<b>MCPFC</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 14,227	\$ -
Cash and Equivalents - Restricted	-	5,159,791
Accounts Receivable, Net of Uncollectible Allowance	9,439	-
Due from Other Governments-Restricted	-	-
Due from Other Funds	4,244	-
Investments - Restricted	-	-
Total Current Assets	27,910	5,159,791
Capital Assets:		
Land Purchase and Improvements	37,800	500,000
Landfill Cell One, Net	-	-
Infrastructure, Net	-	-
Buildings, Net	6,126,568	31,739,476
Deferred Charges, Net	-	360,610
Equipment and Furniture, Net	-	-
Landfill Permit, Net	-	-
Water Rights, Net	729,675	-
Construction in Progress	-	-
Total Non-Current Assets	6,894,043	32,600,086
Total Assets	\$ 6,921,953	\$ 37,759,877

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

**EXHIBIT D-1 (Cont'd)**

<b>Proprietary Funds</b>			
<b>MCPFC Detention Center</b>	<b>MCSWA</b>	<b>Other Nonmajor Proprietary Funds</b>	<b>Total</b>
\$ -	\$ -	\$ 2,545	\$ 16,772
2,792,815	-	-	7,952,606
-	-	-	9,439
3,953,767	-	-	3,953,767
-	-	2,240,017	2,244,261
-	-	-	-
<u>6,746,582</u>	<u>-</u>	<u>2,242,562</u>	<u>14,176,845</u>
-	-	1	537,801
-	-	-	-
-	-	-	-
-	-	352,857	38,218,901
-	-	-	360,610
-	-	(105,857)	(105,857)
-	-	-	-
-	-	-	729,675
-	-	-	-
<u>-</u>	<u>-</u>	<u>247,001</u>	<u>39,741,130</u>
<u>\$ 6,746,582</u>	<u>\$ -</u>	<u>\$ 2,489,563</u>	<u>\$ 53,917,975</u>

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

**MAVERICK COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**AS OF SEPTEMBER 30, 2012**

	<b>Water Utility Fund</b>	<b>MCPFC</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Outstanding Checks in Excess of Bank Balance	\$ -	\$ -
Accounts Payable	48,333	-
Wages and Salaries Payable	8,129	-
Intergovernmental Payable	1,440	-
Due to Other Funds	955,725	-
Due to Fiduciary Funds	-	-
Due to Others	-	-
Accrued Interest Payable	-	415,877
Compensated Absences	-	-
Capital Lease Obligation	-	-
City of Eagle Pass Liability	-	-
Bonds, Notes and Loans Payable	-	1,255,000
Total Current Liabilities	<u>1,013,627</u>	<u>1,670,877</u>
Non-Current Liabilities:		
Unamortized Premiums (Discounts) on Bonds	-	(2,108,473)
Compensated Absences	-	-
City of Eagle Pass Liability	-	-
Bonds, Notes and Loans Payable	-	38,305,000
Other Accrued Liabilities	-	-
Total Non-Current Liabilities	<u>-</u>	<u>36,196,527</u>
Total Liabilities	<u><u>1,013,627</u></u>	<u><u>37,867,404</u></u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	6,894,043	(4,851,441)
Restricted for Debt Service	-	4,743,914
Restricted for Net Assets	-	-
Unrestricted Net Assets	<u>(985,717)</u>	<u>-</u>
Total Net Assets	<u><u>\$ 5,908,326</u></u>	<u><u>\$ (107,527)</u></u>

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

**EXHIBIT D-1 (Cont'd)**

<b>Proprietary Funds</b>			
<b>MCPFC Detention Center</b>	<b>MCSWA</b>	<b>Other Nonmajor Proprietary Funds</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -
-	-	(1,316)	47,017
-	-	1,017	9,146
-	-	-	1,440
-	-	1,238	956,963
-	-	(531)	(531)
8,444,278	-	-	8,444,278
-	-	-	415,877
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	1,255,000
8,444,278	-	408	11,129,190
-	-	-	(2,108,473)
-	-	-	-
-	-	-	-
-	-	-	38,305,000
-	-	-	-
-	-	-	36,196,527
8,444,278	-	408	47,325,717
-	7,112,262	247,001	9,401,865
-	-	-	4,743,914
6,746,582	574,283	-	7,320,865
(8,444,278)	(7,686,545)	2,242,154	(14,874,386)
\$ (1,697,696)	\$ -	\$ 2,489,155	\$ 6,592,258

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 ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>Water Utility Fund</b>	<b>MCPFC</b>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 352,009	\$ -
Rents	-	-
Tipping Fee	-	-
Commissary Sales	-	-
Other Revenue	2,061	-
Total Operating Revenues	354,070	-
<b>OPERATING EXPENSES</b>		
Personal Services - Salaries & Wages	180,929	-
Personal Services - Employee Benefits	61,732	-
Purchased Professional & Technical Services	139,361	-
Other Supplies and Expenses	21,619	-
Supplies	51,325	-
Depreciation	-	877,589
Amortization of Deferred Charges	-	22,048
Insurance Claims and Expenses	-	-
Total Operating Expenses	454,966	899,637
Operating Income (loss)	(100,896)	(899,637)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment Earnings	-	158,383
Interest Expense - Non Operating	-	(2,648,868)
Total Non-Operating Revenue (Expenses)	-	(2,490,485)
Income (Loss) Before Contributions and Transfers	(100,896)	(3,390,122)
Transfers In	-	3,652,049
Transfers Out	-	-
Change in Net Assets	(100,896)	261,927
Total Net Assets - Beginning	5,995,732	(369,454)
Prior Period Adjustment	13,491	-
Total Net Assets - Ending	\$ 5,908,327	\$ (107,527)

The notes to the Financial Statements are an integral part of this statement.



EXHIBIT D-2 (Cont'd)

Proprietary Funds			
MCPFC Detention Center	MCSWA	Other Nonmajor Proprietary Funds	Total
\$ -	\$ -	\$ -	\$ 352,009
13,516,544	-	-	13,516,544
-	-	-	-
-	-	127,534	127,534
-	-	-	2,061
13,516,544	-	127,534	13,998,148
-	-	37,348	218,277
-	-	16,744	78,476
9,395,427	-	-	9,534,788
425,000	-	180,149	626,768
-	-	-	51,325
-	-	-	877,589
-	-	-	22,048
-	-	2,025	2,025
9,820,427	-	236,266	11,411,296
3,696,117	-	(108,732)	2,586,852
-	-	-	158,383
-	-	-	(2,648,868)
-	-	-	(2,490,485)
3,696,117	-	(108,732)	96,367
-	-	-	3,652,049
(3,652,049)	-	-	(3,652,049)
44,068	-	(108,732)	96,367
(1,741,764)	-	2,608,738	6,493,252
-	-	(10,851)	2,640
\$ (1,697,696)	\$ -	\$ 2,489,155	\$ 6,592,259

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, 2012

	Major Fund- Water Utility Fund	Major Fund- MCPFC
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Cash Received from User Charges	\$ 344,631	\$ -
Cash Payments to Employees for Services	(240,897)	-
Cash Payments for Suppliers	(185,322)	-
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>(81,588)</b>	<b>-</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>		
Advances from Other Funds	95,653	-
Operating Transfers In	-	3,652,049
Operating Transfers Out	-	-
<b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>	<b>95,653</b>	<b>3,652,049</b>
<b><u>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</u></b>		
Payment of Debt Principal	-	(1,185,000)
Payment of Debt Interest	-	(2,532,300)
Purchase of Capital Assets	-	-
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>(3,717,300)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Proceed from Maturity of Certificate Deposit	-	3,785,758
Interest and Dividends on Investments	-	158,383
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>3,944,141</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>14,065</b>	<b>3,878,890</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR:</b>	<b>162</b>	<b>1,280,901</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR:</b>	<b>\$ 14,227</b>	<b>\$ 5,159,791</b>

The notes to the Financial Statements are an integral part of this statement.

**EXHIBIT D-3**

Proprietary Funds			
Major Fund- MCPFC Detention Ctr.	Major Fund MCSWA	Nonmajor Proprietary Funds	Total
\$ 13,064,014	\$ -	\$ 127,534	\$ 13,536,179
-	-	(54,961)	(295,858)
(7,783,075)	-	(193,827)	(8,162,224)
5,280,939	-	(121,254)	5,078,097
-	-	80,008	175,661
-	-	-	3,652,049
(3,652,049)	-	-	(3,652,049)
(3,652,049)	-	80,008	175,661
-	-	-	(1,185,000)
-	-	-	(2,532,300)
-	-	-	-
-	-	-	(3,717,300)
-	-	-	3,785,758
-	-	-	158,383
-	-	-	3,944,141
1,628,890	-	(41,246)	5,480,599
1,163,925	-	43,791	2,488,779
\$ <u>2,792,815</u>	\$ <u>-</u>	\$ <u>2,545</u>	\$ <u>7,969,378</u>

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 SEPTMEBER 30, 2012

	Major Fund- Water Utility Fund	Major Fund- MCPFC
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating Income (Loss):	\$ (100,896)	\$ (899,637)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Depreciation	-	899,637
Closure/Post Closure Care	-	-
Amortization of City of Eagle Pass Liability	-	-
<b>EFFECTS OF INCREASES AND DECREASES IN CURRENT ASSETS AND LIABILITIES:</b>		
Decrease (Increase) in Receivables	(9,439)	-
Decrease (Increase) in Due From Other Governments	-	-
Increase (Decrease) in Accounts Payable	14,020	-
Increase (Decrease) in Due to Others	-	-
Increase (Decrease) in Wages & Salaries Payable	1,764	-
Increase (Decrease) in Intergovernmental Payables	12,963	-
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ (81,588)</b>	<b>\$ -</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>		
Assumption of County Liability with the City of Eagle Pass	\$ -	\$ -
<b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:</b>		
Cash and Cash Equivalents - Statement of Net Assets	14,227	-
Restricted Cash - Statement of Net Assets	-	5,159,791
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 14,227</b>	<b>\$ 5,159,791</b>

The notes to the Financial Statements are an integral part of this statement.

**EXHIBIT D-3 (Cont'd)**

Proprietary Funds			
Major Fund- MCPFC Detention Ctr.	Major Fund MCSWA	Nonmajor Proprietary Funds	Total
\$ 3,696,117	\$ -	\$ (108,732)	\$ 2,586,852
-	-	-	899,637
-	-	-	-
-	-	-	-
-	-	-	(9,439)
(452,530)	-	-	(452,530)
-	-	(11,653)	2,367
2,037,352	-	-	2,037,352
-	-	(869)	895
-	-	-	12,963
<u>\$ 5,280,939</u>	<u>\$ -</u>	<u>\$ (121,254)</u>	<u>\$ 5,078,097</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	2,545	16,772
2,792,815	-	-	7,952,606
<u>\$ 2,792,815</u>	<u>\$ -</u>	<u>\$ 2,545</u>	<u>\$ 7,969,378</u>

The notes to the Financial Statements are an integral part of this statement.



MAVERICK COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AS OF SEPTEMBER 30, 2012

---

EXHIBIT E-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,931,741
Accounts Receivable - Net of Uncollectible Allowance	98,877
Due from Other Governments	6,807,048
Due from Other Funds	914,205
Due from Others	314,561
Interest Receivable	(3,673)
	<hr/>
Total Assets	\$ 13,062,759
	<hr/>
<b>LIABILITIES</b>	
Outstanding checks in Excess of Bank Balance	\$ 136,666
Accounts Payable	247,931
Wages and Salaries Payable	324,169
Intergovernmental Payable	735,619
Due to Other Funds	1,026,222
Due to Others	10,592,152
	<hr/>
Total Liabilities	\$ 13,062,759
	<hr/>

The accompanying notes are an integral part of this statement.





# MAVERICK COUNTY, TEXAS

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**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Maverick County (the “County”) have been prepared in conformance with generally accepted accounting principles (GAAP) as applicable to local government units. The Governmental Accounting Standards Board (GASB) is the accepted body for establishing governmental accounting and financial reporting standards. The following is a summary of the more significant policies of the County.

**Reporting Entity**

The County is a public corporation and a political subdivision of the State of Texas. The general governing body of the County is Commissioners’ Court, which has none of the functions of a court but has powers and duties defined by the Texas constitution and statutes. The court is comprised of five elected officials consisting of the County Judge elected county-wide and four Commissioners elected by precinct. The County Judge is the administrative officer of the County. The general functions of Commissioners’ Court as established by state statutes are to establish a courthouse and jail, appoint numerous minor officials, fill vacancies in certain County offices, get contracts in the name of the County, build roads and bridges, administer the County’s public welfare services, perform numerous duties in regard to elections, set the County tax rate, issue bonds or other forms of debt, adopt the County budget and any other lawful functions authorized by law.

In the evaluation of how to define the County for financial reporting purposes, management considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*. The underlying concept of the financial reporting entity is that elected officials are “accountable” to their constituents for their actions. One of the objectives of this concept is to provide users of governmental financials statements with a basis for assessing the accountability of those elected officials.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Reporting Entity – Continued**

The financial reporting entity consists of: (a) the primary government (in these financial statements the primary government is the County), (b) component units, which are legally separate organizations for which the County is financially accountable or the services rendered by the component unit are provided entirely or almost entirely to the County (blended), and (c) component units, the nature and significance of their relationship with the County is such that exclusion from the reporting entity's financial statements would be misleading or incomplete (discretely presented).

Using the criteria of GASB Statements No. 14 and No. 39 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. Based on their individual relationships with the County, some component unit financial statements were blended as though they are part of the County. The County has no component units that are discretely presented.

The following criteria (as set forth in GASB Statements No. 14 and No. 39) were used in the evaluation of potential component units of the County:

1. Legally separate
2. Financial accountability
  - a. Appointment of a voting majority
  - b. Imposition of will
  - c. Financial benefit to or burden on the County
  - d. Fiscal dependency
3. The relationship with the County is such that exclusion would cause these financial statements to be misleading or incomplete
4. Service rendered by the potential component unit is provided entirely or almost entirely to the County
5. The County or its component units, are entitled to, or have the ability to access the majority of the resources received or held by the separate organization

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
**For the Year Ended September 30, 2012**

---

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Reporting Entity – Continued**

The criteria outlined above were excerpted from GASB Statements No. 14 and No. 39. For more detailed explanation of the criteria established by the Statements, the reader is referred to the *Codification of Governmental Accounting and Financial Reporting Standards*, as of June 30, 2011, published by GASB, Section-2600. GASB Statement No. 39 further clarifies that a “not for profit” may not be financially accountable to the County, but may be considered a component unit based on the nature and significance of its relationship with the County. Predicated upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity.

**Blended Component Units**

The relationships among the following component units and the County meet the criteria, as set forth in GASB Statements No. 14 and No. 39, for inclusion in the reporting entity and are such that the financial statements are blended with those of the County.

As set forth in GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the County excludes fiduciary funds and component units that are fiduciary in nature from the government-wide financial statements. The County does not have component units that are fiduciary in nature.

These financial statements include one blended component units, the ***Maverick County Public Facility Corporation*** (MCPFC). The County’s financial statements do not include the ***Maverick County Solid Waste Authority, Inc.*** (MCSWA) financial statements.

**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.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Blended Component Units – Continued**

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.

In order to construct the landfill operations and cell one, the County issued Prior Lien Bonds. These bonds state that the County hereby covenants and agrees that all Gross Revenue derived from the operation of the Solid Waste Management System shall be kept separate and apart from all other funds, accounts and money of the County and shall be deposited as collected into the "MAVERICK COUNTY SOLID WASTE MANAGEMENT SYSTEM REVENUE FUND" (the "Reserve Fund"). All money deposited in the Revenue Refund shall be pledged and appropriated to the extent required for the following purposes and in order of priority shown:

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Blended Component Units – Continued**

First: to the payment of the reasonable and proper Maintenance and Operating Expenses of the Solid Waste Management System required by statute or orders authorizing the issuance of any indebtedness of the County to be a first charge on and claim against the Gross Revenues of the Solid Waste Management System;

Second: to the payment of all amounts required to be deposited in the special fund and account established for the payment, security, and benefit of any Prior Lien Bond hereafter issued by the County in accordance with the terms and provisions of any orders authorizing their issuance;

Third: to the payment of all amounts required to be deposited in the special funds and accounts established for the payment, security, and benefit of any Additional Revenue Obligations hereafter issued by the County in accordance with the terms and provisions of any orders authorizing their issuance; and

Fourth: to the payment of the amounts required to be deposited in the special funds and accounts created and established for the payment, security, and benefit of the Obligations Similarly Secured or any Additional Parity Obligations hereafter issued by the County in accordance with the terms and provisions of the orders authorizing their issuance.

Any Net Revenues remaining in the Revenue Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment, securing any benefit thereof, may be appropriate and used for any other County purpose now or hereinafter permitted by law.

The County is a public corporation and a political subdivision of the State of Texas. The general governing body of the County is the Commissioners' Court, which has none of the functions of a court, but has powers and duties defined by the Texas Constitution and state statutes. The court is comprised of five elected officials consisting of the County Judge (elected county-wide) and four Commissioners elected by precinct. The County Judge is the administrative officer of the County. The general functions of the Commissioners' Court as established by State statutes are to establish a courthouse and jail, appoint numerous minor public officials, fill vacancies in certain County offices, authorize contracts in the name of the County, build roads and bridges, administer

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Blended Component Units – Continued**

the County's public welfare services, perform numerous duties in regard to elections, set the County tax rate, issue bonds or other forms of debt, adopt the County's budget, and any other functions authorized by law.

On July 19, 2011, the County Commissioners, on behalf of the County, entered into an Interlocutory Governmental Agreement with the Maverick County Solid Waste Authority (the "Landfill Authority") whereby the Landfill Authority has agreed to pledge monetary funds from tipping fees and the County has agreed to accept the monetary funds pledged by the Landfill Authority.

Per the terms of the agreement, the Landfill Authority has agreed to pledge and transfer monetary funds from its tipping fees collection for a period of three fiscal years commencing in the fiscal year 2011-2012. The amounts pledged by the Landfill Authority are as follows: the first fiscal year 2011-2012 will be in the amount of \$1,000,000; the second fiscal year 2012-2013 will be in the amount of \$1,200,000; and, the third fiscal year 2013-2014 will be in the amount of \$1,400,000. No amounts shall be pledged and/or transferred following the expiration of the 2013-2014 fiscal year.

The monies pledged are contingent upon the Landfill Authority receiving sufficient tipping revenues for the respective fiscal years indicated and the Landfill Authority maintains the right to annually review its ability to satisfy any pledge at the end of each fiscal year in order to make a determination that a pledge can in fact be satisfied without financial detriment to the operation and maintenance of the Landfill Authority for each fiscal year.

**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.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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.

**Interlocal Agreement with the City of Eagle Pass, Texas**

The County has an interlocal agreement whereby the City of Eagle Pass, Texas ("City") provides landfill services to the County for Type IV refuse. In return, the County shares in certain operating expenses related to the City's Type IV landfill operations. The County has agreed to continue to deposit its Type IV refuse in the City's landfill for the next 4 fiscal years starting in fiscal year 2010-2011, or until the County has fully discharged its indebtedness to the City pursuant to the agreement discussed in Note 5, whichever occurs first.

**Government-wide and Fund Financial Statements**

The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. The government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units. Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

*The Statement of Net Assets* reflects both short-term and long-term assets and liabilities. In the government-wide statement of net assets, governmental activities are reported separately from business-type activities. Governmental activities are supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges for services. Long-term assets, such as capital assets, infrastructure assets, and long-term obligations are reported with the assets and liabilities of the governmental activity. The components of net assets, previously shown as fund balances, are presented in three separate components: (1) Invested Capital Assets, net of related debt, (2) Restricted, and (3) Unrestricted. Interfund receivables and payables between



MAVERICK COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS – Continued  
For the Year Ended September 30, 2012

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**Government-wide and Fund Financial Statements – Continued**

governmental and business-type activities are eliminated in the government-wide Statement of Assets, which minimizes the duplicating of assets and liabilities within governmental and business-type activities.

*Statement of Activities* reflects both gross and net cost format. The net cost (by function or business-type activity) is usually covered by general revenues (property taxes, sales tax, intergovernmental revenues, etc.) Direct (gross) expenses of a given function or segment are offset by program revenues, such as licenses and permits, fines, fees and fire and ambulance services to others, and operating and capital grants. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue*, must be directly associated with the function of business-type activity. This presentation allows users to determine which functions are self-supporting, and which rely on the tax base in order to complete County requirements.

A reconciliation detailing the change in net assets between the government-wide financial statements and fund financial statements is presented separately for governmental funds.

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements present information about the County as a whole. Government-wide financial statements exclude both fiduciary funds and fiduciary component units. The statement of net assets and statement of activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which

MAVERICK COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS - Continued  
For the Year Ended September 30, 2012

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued**

they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

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 and other debits, liabilities, fund equity and other credits, revenues and expenditures, or expenses, as appropriate. Government 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. The County has three (3) types of funds: (1) Governmental Funds, (2) Proprietary Funds, and (3) Fiduciary Funds. The Fund Financial Statements provide more detail information about the County's most significant funds, but not on the County as a whole. Major individual governmental funds and major enterprise funds are reported separately in the Fund Financial Statements. Non-major funds are independently presented in the combining statements.

The criteria used to determine if a governmental or enterprise fund should be reported as a major fund is as follows:

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued**

The total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten (10%) of the corresponding total for all funds of the category or type (that is, total governmental or total enterprise funds), and total assets and liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least five (5%) of the corresponding total for all governmental and enterprise funds combined. The following is a brief description of the major governmental funds that are each presented in a separate column in the fund financial statements:

The General Fund is always presented as major fund and the other governmental major funds this year are the Road and Bridge, the Debt Service Fund and the Landfill/Detention Center Fund.

The following is a brief description of the major enterprise funds that are presented in a separate column in the fund financial statements:

1. The Water Utility Fund accounts for the operation of the County's water utility.
2. 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.
3. The MCPFC Detention Center Fund accounts for the operation of the County's Detention Center that it rents from the MCPFC and is operated by the GEO Group, Inc.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Fund Accounting**

The County's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenue and expenditures. The following is a description of the fund types used by the County in the accompanying financial statements.

**Governmental Funds**

**General Fund** - The General Fund accounts for the resources used to finance the fundamental operations of the County. It is the general operating fund of the County and covers all activities for which a special fund has not been established.

**Special Revenue Funds** - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds) that are legally restricted to expenditures for specified purposes.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Capital Project Funds** - The Capital Project Funds are used to account for certain capital assets, acquisitions, use or purchase of certain items of personal property and lease purchase agreements. Additionally, it accounts for certain projects funded by grants.

**Proprietary Funds**

The Proprietary Fund is accounted for on the flow of economic resources, measurements focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The Proprietary fund consists of the following funds:

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Proprietary Funds - Continued**

**Enterprise Funds** - Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales, services and fees for use of water and sewer service and refuse collection. Operating expenses for Enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets, operating revenue and expenses. The County's proprietary funds apply all applicable GASB Statements as well as FASB Statements and Interpretations, APB Opinions and ARBs issued on or before November 30, 1989, in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The County has elected not to apply any FASB Statements and Interpretations issued after November 30, 1989.

The MCPFC's basic financial statements are presented as a single Enterprise Fund. This Enterprise 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 measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The enterprise fund is accounted for using the accrual basis of accounting. Its revenue is recognized when it is earned and its expenses are recognized when they are incurred.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Proprietary Funds - Continued**

The MCPFC distinguishes *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services. The MCPFC had no operating revenues for the year. Operating expenses for the MCPFC include MCPFC's operation expenses and administrative expenses. All revenues and expenses not meeting this criterion are reported as non-operating revenues and expenses. The MCPFC had no operating revenues because the rental payments received from the MCPFC Detention Center are considered non-reciprocal interfund activity and because the MCPFC is a blended component unit of the County. All mandatory rental payments received in accordance with the MCPFC lease and debt agreements are classified and reported as non-operating transfers in from the MCPFC Detention Center.

**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.

**Assets, Liabilities and Net Assets or Equity**

**Cash and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, government securities and time deposits. Cash and cash equivalents include amounts in demand deposits as well as highly liquid and short-term investments with an original maturity date of approximately three months or less from the date acquired by the County.

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

All cash and temporary investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Investments are stated at cost or amortized costs, which approximates market value.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Assets, Liabilities and Net Assets or Equity – Continued**

**Estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheet, and the reported revenues and expenses for the period. Actual results could differ significantly from those estimates.

**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 as net of an allowance for uncollectible. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is equal to 15 percent of outstanding property taxes September 30, 2012.

Property taxes are levied on October 1 and attached as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Assets, Liabilities and Net Assets or Equity – Continued**

**Budgets**

An annual budget is legally approved and adopted for the general fund. Budgets for grants, which are part of special revenue funds, are employed as a management control device in order to comply with grantor provisions. All appropriations expire at the end of the fiscal year except for grant and capital project funds, if any, many of which are funded for periods longer than one year. The adopted General Fund budget is adopted by Commissioners' Court and filed with the County Clerk. Amendments are made during the year based on approval by Commissioners' Court. The final amended budget is used in this report. Under state law the budget should not be exceeded in any expenditure category. The Commissioners' Court is authorized to transfer budget amounts between departments or accounts; however, public hearings must be conducted before any revisions that alter the total expenditures are effective.

The County does not employ encumbrance accounting whereby purchase orders, contracts and other commitments for expenditures of monies are recorded in order to reserve a portion of the applicable budgeted appropriation. Under the County's budgetary process, budgetary data are compared with actual expenditures incurred during the current year. Although General fund appropriations lapse at year-end, it is the County's intention to honor such commitments with the subsequent year's appropriations, except jail lease payments.

**Inventory**

Inventory of materials and supplies consist principally of expendable items held for consumption. The County uses the consumption method to account for its inventory. Under this method, inventory items are considered expenditures when used. Inventory is valued at the lower cost or market.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond September 30, 2012, are recorded as prepaid items.



**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Assets, Liabilities and Net Assets or Equity – Continued**

**Restricted Assets**

Restricted funds primarily consist of funds related to the MCPFC bond covenant accounts in possession of the appointed trustee. Additionally, restricted assets consist of funds collected pursuant to legal proceedings which require bonds be paid pending the resolution of said proceedings. Certain proceeds from state fees collected are classified as restricted assets on the balance sheet because their use is limited by state law. Monthly state motor vehicle fees collected by the tax collector are by state statute allowed to be deposited with the County Treasurer in interest bearing accounts for a specified time period. Interest earned during this period is retained by the County. At the end of the statutory time period the fees less interest are returned to the tax collector for remittance to the state.

The MCPFC Detention Center Fund had cash and cash equivalents and due from other governments at September 30, 2012 at \$2,792,815 and \$3,953,767, respectively, that are restricted by the County's Lease Agreement and the Bond Indenture administered by the County.

**Capital Assets**

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

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Assets, Liabilities and Net Assets or Equity – Continued**

Capital assets acquired with grant funds are owned by the County while used in the program for which it was acquired or in other future authorized programs. However, the grantor agency retains a reversionary interest in such equipment. Its disposition, as well as the ownership of any proceeds, is subject to funding source regulations. These fixed assets are fully expensed and charged to grant and program operation in the Statement of Activities and are not capitalized in the Statement of Revenues, Expenditures and Changes in Fund Balance, but the County maintains custodial records of these fixed assets.

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

Major outlays for capital assets and improvements are presented as Construction-In-Progress and are capitalized when substantially completed.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

<b><u>Assets</u></b>	<b><u>Years</u></b>
Buildings	20-50
Improvements other than buildings	5-50
Equipment	5-20
Infrastructure	40
Water Rights	40
Deferred Charges	5-25

Deferred charges consist of unamortized bond issue costs. Bond issue costs are amortized over the term of the bond.

**Unamortized Premiums (Discounts) on Bonds**

Bond premiums and discounts are deferred and amortized over the life of the bond.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Assets, Liabilities and Net Assets or Equity – Continued**

**Federal and State Grants**

Revenues from Federal and State grants are recognized on the basis of actual expenditures incurred, limited to the amount of the total grant award. However, certain grants permit the use of funds not expended in the current year; therefore a fund balance is reflected in the Special Revenue Funds.

**Compensated Absences**

County's policy is to allow earned vacation days on a pre-determined schedule based on the length of service, with the minimum of ten (10) days and maximum of twenty (20) days. The policy does not allow employees to accumulate vacation hours beyond their annual anniversary date. Upon termination any earned and unused days are paid as long as the employee has worked for at least one year.

Sick leave policy allows employees to earn days at the rate of one (1) day per month with a maximum accumulation of sixty (60) days. Employees shall not be paid for unused sick leave at the termination of employment, including retirement and demise during employment.

The County allows employees to take compensatory time in lieu of overtime pay. Compensatory hours cannot be accumulated past the pay period earned; however, the County historically has not enforced this policy.

The County has implemented the provisions of GASB 16 Compensated Absences. The County has reported the accrued liability for accumulated vacation and compensatory time in the government-wide statements.

**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 straight-line 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.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Assets, Liabilities and Net Assets or Equity – Continued**

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.

**Property Taxes**

On January 1<sup>st</sup> of each year, a tax lien attaches to the property to secure the payment of all ad valorem taxes, penalties and interest ultimately imposed on the property for the year. In September of each year or as soon as practicable thereafter, Commissioner's Court sets the tax rate and levies taxes. The Tax Assessor bills the taxes and they are payable from October 1<sup>st</sup> in the year in which they are levied to January 31<sup>st</sup> of the following year without penalty or interest. Taxes become delinquent on February 1<sup>st</sup> and are subject to penalty or interest. On that date, the County may file suit for collection of unpaid taxes. On July 1<sup>st</sup>, unpaid taxes are subject to additional penalties for collection expenses.

As previously stated in Note 1 – Basis of Accounting, property tax revenues are recognized when they become available, which means when due, or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. The amount of delinquent taxes collected in October and November 2011 was not material to these financial statements and therefore, has not been accrued. Uncollected property taxes (delinquent) and related penalty and interest at September 30, 2012, have been reflected as deferred revenues.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Assets, Liabilities and Net Assets or Equity – Continued**

**Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operation transfers.

Short-term amounts owed between funds are classified as “Due To/From Other Funds”.

**Non-Operating Transfers in from Detention Center**

These transfers are mandatory transfers required by the County lease and the MCPFC’s bond indenture. The total received for the year ended September 30, 2012 was \$3,652,049.

**Fund Equity**

***Governmental Funds***

During the year, the County implemented GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. In the application of this Statement, the initial distinction made in reporting fund balance information is identifying amounts that are considered non-spendable i.e. fund balance associated with inventories, then identifying other amounts to be classified as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Assets, Liabilities and Net Assets or Equity – Continued**

A description of the classification of fund balance, the spending order and the use of restricted and unrestricted resources under GASB 54 adopted by the County follows:

- Non-spendable – is amounts not available for appropriation or legally earmarked for a specific use. Such as inventories, prepaid items, and deferred expenditures.
- Restricted – is amounts that have been legally separated for a specific purpose. Such as grants, capital acquisitions from bond proceeds and liquidation of long-term debt.
- Committed – is amounts that can be used only for the specific purposes determined by formal action a resolution of the Commissioner's Court (the highest level of decision-making authority). Such as construction improvements not funded by bond proceeds. Formal action of the County would be those actions which are voted on at Commissioner's Court meetings that are in compliance with Texas law. Similar action of the Commissioner's Court is required to modify or rescind such commitments.
- Assigned – is amounts that are intended to be used by the County for specific purposes as determined by the County Manager or his designee. The County does not have a formal fund balance policy; however, this authority has been delegated by the Commissioner's Court. Constraints imposed on the use of assigned amounts do not rise to the level required to be classified as either restricted or committed.
- Unassigned – are residual amounts reported in the general fund which are available to finance operating expenditures. In other funds, the classification is used only to report a deficit balance related to previously restricted or assigned amounts.
- Spending Order – fund balances shall be considered released from restriction, commitment or assignment as expenditures are incurred for the purpose of the restrictions, commitment or assignment. Where expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, assigned and unassigned fund balance.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Assets, Liabilities and Net Assets or Equity – Continued**

***Net Assets Invested in Capital Assets, Net of Related Debt***

The unspent proceeds of capital debt are not considered to be capital assets until they are actually spent. Accordingly, only the portion of debt equal to the amount spent is included in the calculation of net assets invested in capital assets, net of related debt. Upon completion of the project, all of the remaining debt will be considered to be capital-related and included as part of future calculations of net assets invested in capital assets, net of related debt.

**Fund Balance Policy**

The County does not have a fund balance policy.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Stewardship, Compliance, and Accountability**

**Debt Service**

The ad valorem tax rate is allocated each year between the General Fund, Road and Bridge Fund and the Debt Service Fund. Amounts estimated to be required for debt service on debt are provided by allocated property taxes, interest earned within the Debt Service Fund and transfers from other funds.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to current year presentations.

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

As of September 30, 2012, the County had the following cash:

<u>Description</u>	<u>Governmental</u>	<u>Enterprise</u>	<u>Agency</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,113,781	\$ 16,772	\$ 4,931,741	\$ 6,062,294
Cash and Cash Equivalents-Restricted	2,228,270	7,952,606	-	10,180,876
Investments - Restricted	-	-	-	-
Outstanding Checks in Excess of Bank Balance	(147,456)	-	(136,666)	(284,122)
<b>Total</b>	<b>\$ 3,194,595</b>	<b>\$ 7,969,378</b>	<b>\$ 4,795,075</b>	<b>\$ 15,959,048</b>

As of September 30, 2012, the MCPFC had a money market totaling \$3,754,331 with the bank that serves as the Public Facility Corporation's indenture trustee.

**Credit Risk for Deposits**

Except for investments held in trust by the District Clerk, the County has only demand accounts. The investments held in trust by the District Clerk consist of savings accounts and certificates of deposit.



**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued**

**Policies and Legal and Contractual Provisions Governing Deposits and Investments**

The County is required by the Public Funds Investment Act, Chapter 2256, State of Texas Government Code to adopt and implement an investment policy. The County has adopted such a policy. That policy addresses the following areas: safety of principal and liquidity, portfolio diversification, allowable investments, acceptable risk levels, expected rates of return, maximum allowable stated maturity of portfolio investments, maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, investment staff quality and capabilities and bid solicitation preferences for certificates of deposit.

State statutes and Board policy authorize the County to invest in the following types of investments meeting criteria and eligibility requirements established by Texas Government Code 2256: obligations of, or guaranteed by, governmental entities, certificates of deposit and share certificates, fully collateralized repurchase agreements, a securities lending program, bankers acceptance, commercial paper, no-load money mutual funds and no-load mutual funds, guaranteed investment contracts as an investment vehicle for bond proceeds and public funds investment pools. The County is not in substantial compliance with the requirements of the Act and County policy.

The MCPFC has a fiduciary relationship with the bank, which also serves as its fiscal agent. The CD of the MCPFC has been insured or collateralized with securities held by the MCPFC fiscal agent in the name of the MCPFC. The MCPFC is authorized to make investments as permitted by the Public Facility Corporation bond indenture which are comparable to investments listed in Chapter 2256 of the Texas Government Code following the “prudent person rule”. There were no significant violations of legal provisions during the period. At September 30, 2012, the MCPFC had cash and cash equivalents totaling \$5,159,791. Currently the cash and cash equivalents consist of Treasury Obligations with daily liquidity rights. These Treasury Obligations are held by the trustee in name of the MCPFC.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued**

**Custodial Credit Risk for Deposits**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Neither the County nor its component units have a formal policy on credit risk, custodial risk, and concentration of credit risk; however, the MCPFC's investment policy and Government Code Chapter 2257, *Collateral for Public Funds*, contains legal or policy requirements that would limit the exposure to custodial risk for deposits or investments.

To limit the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of deposits and investments or collateral securities that are in the possession of an outside party, the County and its component units, except for the MCPFC, require counterparties to register the securities in the name of the County and its component units, except for the MCPFC, and hand them over to the County and its component units, except for the MCPFC, or their designated agent. All securities are held in the name of the County, by the County and its component units, except for the MCPFC, or their agent.

The County and its component units, except for the MCPFC, while not having a formal policy regarding types of deposits allowed and collateral requirements, does require all deposits in excess of insurance be secured by pledged collateral. The County and its component units, except for the MCPFC, were not exposed to custodial risk for its deposits as all were covered by depository insurance and collateral coverage.

The MCPFC requires counterparties to register the securities in the name of the MCPFC and hand them over to the MCPFC or its designated agent. All securities are held in the name of the MCPFC, by the MCPFC, or its agent.

The MCPFC is not exposed to custodial risk for its deposits as all are covered by depository insurance and collateral coverage.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

**NOTE 3: INTERFUND RECEIVABLE AND PAYABLE BALANCES**

The following summary of Interfund receivables and payables for the County of September 30, 2012:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<u>Governmental Funds:</u>		
General Fund	\$ 17,575,733	\$ 13,490,155
Special Revenue Funds		
Road and Bridge Fund	3,195,110	7,727,512
Landfill/Detention Center	2,095,798	217,009
Non-Major Special Revenue Funds	2,803,076	2,738,156
Total Special Revenue Funds	8,093,984	10,682,677
Debt Service Funds:		
Debt Service Fund	-	74,275
Total Debt Service Funds	-	74,275
Capital Projects Funds:		
Non-Major Capital Projects Funds	3,725,714	6,264,673
Total Capital Project Funds	3,725,714	6,264,673
Total Governmental Funds	29,395,431	30,511,780
<u>Enterprise Funds:</u>		
Utility Fund	4,244	955,725
Solid Waste Authority Fund	359,050	417,982
Non-Major Enterprise Fund	2,240,017	1,238
Total Enterprise Funds	2,603,311	1,374,945
<u>Fiduciary Funds:</u>		
Agency Funds	914,205	1,026,222
Total Fiduciary Funds	914,205	1,026,222
<b>Total</b>	<b>\$ 32,912,947</b>	<b>\$ 32,912,947</b>

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 3:      INTERFUND RECEIVABLE AND PAYABLE BALANCES – Continued**

**Inter Fund Receivables/Payable**

The Interfund Receivables and Payables are short-term amounts owed between funds. The above balances, classified as “Due To/From Other Funds”, for the most part are not “short-term” in nature, but rather the result of transactions over a period of time. These amounts are eliminated in the Statement of Net Assets in accordance with GASB 34.

The County’s Commissioners’ Court has approved a plan to liquidate these Interfund balances in the fiscal year ending September 30, 2014.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2012, was as follows:

	Beginning Balance 9/30/11	Prior Year Adjustments	Restated Balance at 09/30/11	Additions	Decreases	Ending Balance 9/30/12
Government Activities:						
Capital Assets, not being depreciated:						
Land	\$ 4,069,041	\$ -	\$ 4,069,041	\$ -	\$ -	\$ 4,069,041
Construction in Progress	23,968,547	-	23,968,547	339,621	-	24,308,168
Total Assets not being depreciated	<u>28,037,588</u>	<u>-</u>	<u>28,037,588</u>	<u>339,621</u>	<u>-</u>	<u>28,377,209</u>
Capital Assets, being depreciated:						
Buildings	13,912,146	-	13,912,146	-	-	13,912,146
Equipment	10,953,441	-	10,953,441	-	-	10,953,441
Infrastructure	16,039,427	-	16,039,427	-	-	16,039,427
Total Capital Assets being depreciated	<u>40,905,014</u>	<u>-</u>	<u>40,905,014</u>	<u>-</u>	<u>-</u>	<u>40,905,014</u>
Less Accumulated Depreciation:	<u>13,193,592</u>	<u>-</u>	<u>13,193,592</u>	<u>-</u>	<u>-</u>	<u>13,193,592</u>
Total Capital Assets being depreciated, net	<u>27,711,422</u>	<u>-</u>	<u>27,711,422</u>	<u>-</u>	<u>-</u>	<u>27,711,422</u>
Governmental activities capital assets, net	<u>\$ 55,749,010</u>	<u>\$ -</u>	<u>\$ 55,749,010</u>	<u>\$ 339,621</u>	<u>\$ -</u>	<u>\$ 56,088,631</u>
Business-type Activities:						
Capital Assets, not being depreciated:						
Land - MCPFC	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ -	\$ 500,000
Land - Water Plant	37,800	-	37,800	-	-	37,800
Land - Airport	1	-	1	-	-	1
Total Assets not being depreciated	<u>537,801</u>	<u>-</u>	<u>537,801</u>	<u>-</u>	<u>-</u>	<u>537,801</u>
Capital Assets, being depreciated:						
Water Plant	6,515,100	-	6,515,100	-	-	6,515,100
Buildings - MCPFC	35,103,568	-	35,103,568	-	-	35,103,568
Buildings - Airport	352,857	-	352,857	-	-	352,857
Equipment - Airport	154,899	-	154,899	-	-	154,899
Water Rights	761,400	-	761,400	-	-	761,400
Total Capital Assets being depreciated	<u>42,887,824</u>	<u>-</u>	<u>42,887,824</u>	<u>-</u>	<u>-</u>	<u>42,887,824</u>
Less Accumulated Depreciation:	<u>3,167,516</u>	<u>-</u>	<u>3,167,516</u>	<u>877,589</u>	<u>-</u>	<u>4,045,105</u>
Total Capital Assets being depreciated, net	<u>39,720,308</u>	<u>-</u>	<u>39,720,308</u>	<u>(877,589)</u>	<u>-</u>	<u>38,842,719</u>
Business-type activities capital assets, net	<u>\$ 40,258,109</u>	<u>\$ -</u>	<u>\$ 40,258,109</u>	<u>\$ (877,589)</u>	<u>\$ -</u>	<u>\$ 39,380,520</u>

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 4: CAPITAL ASSETS – Continued**

The County currently does not have adequate accounting records to support any cost basis for the land used in the Airport Operations. It is reported at \$1 as of September 30, 2012.

Depreciation expense was charged to functions/programs of the primary government as follows, with depreciation charged from 5 to 33 years:

	<u>Amount</u>
Governmental Activities	
General Government	\$ -
Public Safety	-
Road and Bridge	-
Education and Recreation	-
Health and Welfare	-
	<u>-</u>
<b>Total Depreciation Expenses-Governmental Activities</b>	<b>\$ <u><u>-</u></u></b>

At September 30, 2012, the County did not have adequate support for capital assets for governmental activities, water utility, or the airport. The additions, deletions and depreciation columns are zero since the County does not have adequate support for these items. The County is conducting an analysis on these balances and adjustments will be made during FY 2013.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

**NOTE 5: DEBT**

During the year ended September 30, 2012, the following changes occurred in the County's debt:

Issue	Original Issue Amount	Final Due	Interest Rate	Balance 9/30/2011	Additions	Reductions	Balance 9/30/2012	Due within One Yr.
<b>Governmental Activities:</b>								
Certificates of Obligations								
Series 2004	\$ 5,000,000	2020	2.0 - 5.0%	\$ 3,995,000	\$ -	\$ 215,000	\$ 3,780,000	\$ 245,000
Series 2009	5,000,000	2020	8.75%	5,000,000	-	-	5,000,000	-
Refunding Bonds Series 2009	13,960,000	2020	8.75%	13,960,000	-	-	13,960,000	-
Tax Notes								
Series 2009	1,500,000	2014	6.0%	945,000	-	295,000	650,000	315,000
Series 2010	2,050,000	2011	4.0%	2,050,000	-	2,050,000	-	-
Series 2011A	2,255,000	2012	6.0%	-	2,225,000	2,225,000	-	-
Series 2011B	5,805,000	2016	6.0%	-	5,805,000	-	5,805,000	1,785,000
Series 2012	1,300,000	2013	6.0%	-	1,300,000	-	1,300,000	1,300,000
Series 2009 Bond Premium	-			422,254	-	18,293	403,961	18,293
Series 2011B Bond Discount	-			-	550,024	137,506	(412,518)	183,341
Series 2012 Bond Discount	-			-	7,370	-	(7,370)	7,370
Capital Leases	-	2010	Varies	1,367,112	-	315,117	1,051,995	248,279
Compensated Absences	-			613,414	-	91,062	522,352	522,352
<b>Total Governmental Activities</b>				<u>\$ 28,352,780</u>	<u>\$ 9,887,394</u>	<u>\$ 5,346,978</u>	<u>\$ 32,053,420</u>	<u>\$ 4,624,635</u>
<b>Business-Type Activities:</b>								
Revenue Bond Series 2007	\$ 42,875,000	2029	6.25 - 9.0%	\$ 40,745,000	\$ -	\$ 1,185,000	\$ 39,560,000	\$ 1,255,000
Series 2007 Bond Discount				(2,237,385)	-	128,912	(2,108,473)	-
<b>Total Business-Type Activities</b>				<u>\$ 38,507,615</u>	<u>\$ -</u>	<u>\$ 1,056,088</u>	<u>\$ 37,451,527</u>	<u>\$ 1,255,000</u>

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

**NOTE 5: DEBT – Continued**

The annual requirements to amortize all debt (excluding compensated absences) outstanding at September 30, 2012, are as follows:

Year End 9/30	Certificates of Obligation		Refunding Bonds		Tax Notes		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 245,000	\$ 612,448	\$ -	\$ 1,221,500	\$ 3,400,000	\$ 518,183	\$ 248,279	\$ 29,864
2014	265,000	603,069	-	1,221,500	2,215,000	194,850	173,320	17,556
2015	385,000	588,144	270,000	1,209,688	1,200,000	92,400	168,862	7,600
2016	410,000	565,969	295,000	1,184,969	940,000	28,200	-	-
2017	735,000	533,219	320,000	1,158,063	-	-	-	-
2018 to 2022	2,810,000	2,054,407	2,095,000	5,293,969	-	-	-	-
2023 to 2027	1,160,000	1,483,125	3,245,000	4,143,344	-	-	-	-
2028 to 2032	1,800,000	845,251	5,025,000	2,362,282	-	-	-	-
2033 to 2036	970,000	86,625	2,710,000	242,375	-	-	-	-
<b>Total</b>	<b>\$ 8,780,000</b>	<b>\$ 7,372,257</b>	<b>\$ 13,960,000</b>	<b>\$ 18,037,690</b>	<b>\$ 7,755,000</b>	<b>\$ 833,633</b>	<b>\$ 590,461</b>	<b>\$ 55,020</b>

The County's management believes that it is in material compliance with its Certificates of Obligation, Refunding Bonds and Revenue Bonds; however, the County's management has not determined if it is in material compliance with certain debt covenants related to its Tax Notes.

**Issuance of Tax Notes, Series 2010**

On December 1, 2010 the County issued \$2,050,000 in Tax Notes, Series 2010. The proceeds of this issuance were used to pay outstanding liabilities of the County. This was liquidated in the current year.

**Issuance of Tax Notes, Series 2011A**

On November 30, 2011 the County issued \$2,225,000 in Tax Notes, Series 2011A. The proceeds of this issuance were used to pay Tax Notes, Series 2010. This was liquidated in the current year.



**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 5: DEBT – Continued**

**Issuance of Tax Notes, Series 2011B**

On December 28, 2011 the County issued \$5,805,000 in Tax Notes, Series 2011B. The proceeds of this issuance were restricted and intended to pay outstanding liabilities of the County.

**Issuance of Tax Notes, Series 2012**

On September 28, 2012 the County issued \$1,300,000 in Tax Notes, Series 2012. The proceeds of this issuance were restricted and intended to pay only outstanding liabilities of the County incurred in the fiscal year ended September 30, 2012.

**Capital Leases**

A summary of the future minimum lease payments under the lease along with the present value of the minimum lease payments as of September 30, 2012 follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2013	\$ 278,143
2014	190,875
2015	176,462
2016	<u>-</u>
Total Minimum Lease Payments	645,480
Less Amount Representing Interest	<u>55,019</u>
Present Value of Lease Payments	<u>\$ 590,461</u>

The certain equipment leased by the County was repossessed in June 2012 because the County was in arrears with the requisite monthly payments. The lessor sold the equipment to offset the lease obligation; however, the proceeds were not sufficient to fully liquidate the lease obligation. The County incurred a deficiency or an additional liability of approximately \$85,390. This deficiency amount is an estimated amount and is not recorded on the financials due to lack of capital asset records being maintained.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 5: DEBT – Continued**

The assets acquired through capital leases are as follows:

		<u>Governmental Activities</u>
Assets:		
Machinery & Equipment	\$	2,168,704
Less: Accumulated Depreciation		<u>-</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>2,168,704</u></b>

The County is currently updating their fixed asset records and they do not have an amount for accumulated depreciation.

**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.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 5: DEBT – Continued**

**Business-Type Activity Debt - Continued**

Interest on the Series 2007A-1 ranges from 6.250% to 6.375% with maturities ranging from February 2012 to February 2029 as follows:

<b>Year End 9/30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	1,255,000	2,456,050	3,711,050
2014	1,330,000	2,375,269	3,705,269
2015	1,415,000	2,289,488	3,704,488
2016	1,500,000	2,198,394	3,698,394
2017	1,590,000	2,101,831	3,691,831
2018 to 2022	9,555,000	8,838,688	18,393,688
2023 to 2027	12,890,000	5,341,069	18,231,069
2028 to 2029	10,025,000	762,291	10,787,291
<b>Total</b>	<b>\$ 39,560,000</b>	<b>\$ 26,363,080</b>	<b>\$ 65,923,080</b>

The lease between the County and the MCPFC covers a lease term starting on July 1, 2007 until the lease is terminated. The lease is terminated when the bond principal and interest are paid or the County elects to purchase the facility under the terms of the lease. The amount of the lease payable by the County is the amount necessary to pay all bond principal and interest, plus additional payments to fund the facility's operation and reserve account. The County's lease payments are payable only from the facility's Project Revenues and from no other source. The County has not appropriated, nor does it intend to appropriate any tax revenues or any other funds for the lease payments.

Operation of the MCPFC Detention Center has been contracted to an independent corporation that runs similar facilities throughout the United States. This corporation collects facility fees on behalf of the County and deposits the amounts with an independent fiscal agent in accordance with the terms of its MCPFC lease and bond covenants.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 5: DEBT – Continued**

For the year ended September 30, 2012, the MCPFC Detention Center generated \$13,516,544 in income; incurred \$9,389,928 in operator fees, paid the County \$425,000 in monitoring and impact fees, and transferred \$3,652,049 to the MCPFC. The MCPFC's independent fiscal agent collected the above amounts and paid all scheduled interest. The MCPFC Detention Center operations are accounted for within the County.

**Compromise and Settlement Agreement – Note Payable**

Effective November 16, 2010, the County, MCSWA and the City of Eagle Pass, Texas ("City") entered into a Compromise and Settlement Agreement ("Agreement").

The Agreement commits the County to provide limited uncompensated use of its Maverick County landfill site (Permit 2316) for deposit of Type I refuse (County Landfill") in discharge of the County's indebtedness to the City for landfill and fire related protection and emergency ambulance services by the City in certain prior years and that had been agreed to by the County and the City in a prior Compromise and Settlement Agreement ("Settlement") dated September 9, 2008. The County agrees to pay \$963,364 ("Indebtedness"), representing \$869,663, plus 6.0% simple annual interest from January 30, 2009 through October 31, 2010, in ten equal annual payments of \$96,336.

In lieu of payment in cash of the amounts stated in the paragraph above, the County and the MCSWA agree that the City shall have the continuing right to make written demand each fiscal year, no later than September 1<sup>st</sup> of each year until the Indebtedness is fully discharged pursuant to the Agreement, for the deposit of 2,408.41 tons of Type I refuse at the County Landfill in said year in lieu of requiring a cash payment that year by County ("Refuse Deposit Option"). The amount of refuse eligible for uncharged deposit by the City into the County Landfill in any one year pursuant to the Refuse Deposit Option has been calculated as the \$963,364 Indebtedness, divided by ten years, further divided by \$40.00/ton. The City and anyone with whom the City contracts to perform trash collection services shall be entitled to use said Refuse Deposit Option with the approval of the MCSWA. The MCSWA agrees not to unreasonably withhold said approval.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 5: DEBT – Continued**

At September 30, 2010, the \$963,364 liability was showing in the Governmental Activities of the County. Once the agreement was signed, the County transferred the liability to the Solid Waste Authority.

**Debt Rating**

The County's debt rating is currently unrated status.

**NOTE 6: RETIREMENT PLAN**

**Plan Description**

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 602 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 78768-2034.

**Plan Description – Continued**

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equal 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

**NOTE 6: RETIREMENT PLAN – Continued**

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

**Funding Policy**

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 7.46% of covered payroll for the months of the accounting year in 2011, and 9.16% of covered payroll for the months of the accounting year in 2012.

The deposit rate payable by the employee members for the calendar years 2008, 2009 and 2010 was 5% as adopted by the governing body of the employer. The employee's deposit rate and the employer's contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

**Annual Pension Cost**

Schedule of Actuarial Liabilities and Funding Progress							
	(1)	(2)	(3)	(4)	(5)	(6)	
Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (1)/(2)	Unfunded AAL (UAAL) (2) - (1)	Covered Payroll	UAAL as a Percentage of Covered Payroll (4)/(5)	
12/31/11	\$ 17,319,528	\$ 19,585,636	88.4%	\$ 2,266,108	\$ 10,974,032	20.6%	

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 6: RETIREMENT PLAN – Continued**

In the fiscal year ended September 30, 2012, the cost of the County's TCDRS pension plan, as well as the county's required and actual contributions, equaled \$830,780. The required contribution was determined as part of the December 31, 2011, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 8.0 percent investment rate of return (net of administrative expense), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of December 31, 2011, was 20 years.

**Funded Status and Funding Progress**

As of December 31, 2012, the most recent actuarial valuation date, the plan was 88.4 percent funded. The actuarial accrued liability for benefits was \$19,585,636 and the actuarial value of assets was \$17,319,528 resulting in an unfunded actuarial accrued liability (UAAL) of \$2,266,108. The covered payroll (annual payroll of active employees covered by the plan) was \$10,974,032 and the ratio of the UAAL to the covered payroll was 20.6 percent.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

**NOTE 6: RETIREMENT PLAN – Continued**

**Actuarial Valuation Information**

	<u><b>12/31/09</b></u>	<u><b>12/31/10</b></u>	<u><b>12/31/11</b></u>
Actuarial Valuation Date	Entry Age	Entry Age	Entry Age
Actuarial Cost Method	Level Percentage of	Level Percentage of	Level Percentage of
Amortization Method	Payroll, closed	Payroll, closed	Payroll, closed
Amortization Period in Years	20	20	20
Asset Valuation Method	SAF: 10 years	SAF: 10 years	SAF: 10 years
	Smoothed value	Smoothed value	Smoothed value
	ESF: Fund Value	ESF: Fund Value	ESF: Fund Value
Assumptions:			
Investment Return (1)	8.00%	8.00%	8.00%
Projected Salary Increases (1)	5.40%	5.40%	5.40%
Inflation	3.50%	3.50%	3.50%
Cost of Living Adjustments	0.00%	0.00%	0.00%
(1) includes inflation at stated rate			

**Contribution Information**

**Trend Information**

For the Retirement Plan for the Employees of Maverick County

<b>Accounting Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percent of APC Contributed</b>	<b>Net Pension Obligation</b>
09/30/10	\$ 653,959	100%	\$ -
09/30/11	\$ 584,525	100%	\$ -
09/30/12	\$ 613,525	100%	\$ -



**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 7: CONTINGENCIES**

**Grants**

The County receives significant financial assistance from federal and state agencies in the form of grants and contracts. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant and/or contract agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of the County Administrators, liabilities resulting from disallowed claims, if any, will not have a material adverse effect on the County's financial position at September 30, 2012.

The County's TXDOT 3 grant program is currently under investigation by law enforcement officials as part of the investigations discussed in the section titled Other Matters of this Note 8. The investigation is currently ongoing and its outcome or impact to the County is not currently determinable.

**Monthly Financial Reporting**

For the 2010-2011 fiscal year, the County Auditor was not presenting monthly financial reports to the Commissioners' Court in accordance with Texas Local Government Code sections 114.024 and 114.025. For this contingency, no provision has been recorded in the financial statements of the County because a final amount due and payable to the State, if any, cannot be estimated. As of September 30, 2012, this matter has not been resolved.

**Arbitrage**

The County has issued certain tax-exempt bonds, which are subject to arbitrage regulation. The Internal Revenue Service has imposed restrictions on the use of proceeds from these bonds, and requires that interest income earned on proceeds in excess of the related interest expense on the tax-exempt bonds be remitted to the federal government. Such bonds are subject to review and audit by the IRS, which could result in liabilities for additional arbitrage rebate due to the federal government, interest, fines, penalties, and lawsuits. No audits have occurred, and the possibility of future audits and an estimate of the possible future impact of such audits cannot be currently determined. Management has estimated that no arbitrage earnings rebate is currently payable as of September 30, 2012.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 7: CONTINGENCIES – Continued**

**Pending Litigation**

The County is a defendant in various lawsuits and pending litigation. The outcome of these lawsuits is not presently determinable, and county commissioners cannot determine if these matters will have a material adverse effect, if any, on the financial condition of the County.

**Other Matters**

The following are indictments against former and current County employees and vendors doing business with the County. These matters are part of an ongoing law enforcement investigation and the outcome or impact to the County is not currently determinable.

- The former County Purchasing Agent and the current Precinct 1 Foreman were arrested October 11, 2012. The Foreman is related to the County Commissioner for Precinct 4. They are charged with two counts of wire fraud and one count of theft concerning programs receiving federal funds. These charges involve their work with the County. The Foreman pleaded guilty on January 24, 2013. Charges were dropped against the former County Purchasing Agent on April 11, 2013.
- A vendor was arrested October 11, 2012. The vendor is charged with two counts of wire fraud and one count of theft concerning programs receiving federal funds.
- The County Commissioner for Precinct 2 was arrested October 18, 2012, on cash smuggling and money laundering charges. None of the charges involve his work with the County. On January 22, 2013, the County Commissioner was indicted in connection with alleged bribery, kickback and bid-rigging scheme involving his work with the County.
- The former Assistant County Auditor was arrested on November 2, 2012, in connection with an alleged bribery scheme involving her work with the County. She pled guilty on January 24, 2013, and will be sentenced on March 31, 2014.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 7: CONTINGENCIES – Continued**

**Other Matters – Continued**

- A current employee was arrested on November 8, 2012, on a charge of receiving bribes in his role as a liaison between the County and private contractors hired to perform work for the County. He pled guilty on January 24, 2013.
- A contractor pled guilty on November 29, 2012, to a theft charge related to a scheme to steal more than \$17,000 in Maverick County funds.
- The County Commissioner for Precinct 1 was arrested on December 6, 2012, in connection with an alleged bribery, kickback and bid-rigging scheme involving his work with the County. He resigned his position on March 1, 2013 and pled guilty on May 2, 2013. He will be sentenced on April 8, 2014.
- A probation officer who also works as a general contractor was arrested December 12, 2012, on a charge of fraud and bribery. He pled guilty on May 2, 2013.
- A general contractor was arrested on December 20, 2012 on three counts of paying bribes to get contract work. He pled guilty on March 12, 2013.
- The Justice of the Peace of Precinct 2 was arrested on January 11, 2013, in connection with engaging in original criminal activity and theft by a public servant.
- The County Commissioner for Precinct 4 was arrested on January 17, 2013, in connection with an alleged bribery, kickback and bid-rigging scheme involving his work with the County. He resigned his position on March 15, 2013 and pled guilty on September 5, 2013.
- A contractor was arrested on April 11, 2013, on two counts of bribery.
- The former Landfill manager, who tendered his resignation on January 8, 2013, was arrested on April 11, 2013, on one count of possessing forged securities and one count of theft. The indictment alleges the former Landfill Manager forged County checks to himself worth \$62,000.
- A contractor was arrested on April 18, 2013 on one count of bribery.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 7: CONTINGENCIES – Continued**

**Other Matters – Continued**

- A contractor was indicted on June 13, 2013, and pled guilty on December 5, 2013, for paying Maverick County Precinct 2 Commissioner approximately \$57,000 in return awarding the contract.
- Seco Mines Community Center Director, was arrested on October 22, 2013, after state authorities executed a warrant for his arrest on one charge of credit card abuse. He is being accused of using Maverick County fuel cards to re-fuel his personal vehicle(s).
- Three Eagle Pass businessmen indicted in connection with Maverick County Bribery, Kickback, and Bid –Rigging Scheme on November 21, 2013. Two businessmen charged with one count of paying bribe and one businessman charged with one count of aiding and abetting theft concerning programs receiving federal funds.

**NOTE 8: RISK FINANCING**

**Property and Casualty Liability**

The County is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The County has contracted with insurance companies for certain coverage relating to the risk of law enforcement and airport liability. Through an interlocal agreement, the County is a member of the Texas Political Subdivisions Property/Casualty Joint Self-Insurance Fund. Through participation in this fund, the County maintains self-insurance coverage for the following risk exposures:

- General liability
- Automobile liability, including physical liability
- Property and equipment damage

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 8: RISK FINANCING – Continued**

**Property and Casualty Liability – Continued**

The above mentioned self-insurance pool is not intended to operate as an insurance company, but rather is intended to be the contracting mechanism by which each member of the pool provides liability coverage for itself and its employees in their official capacity and coverage for its property. The pool will defend and pay on behalf of the member any valid claim less appropriate deductibles and co-insurance, up to the stop-loss limit. The County, as member, agrees to make prompt notices of claims, premium payments, and to cooperate in implementing loss control measures or managed care controls as may be recommended by the pool.

The operator of the MCPFC Detention Center Correctional Facility carries insurance coverage as stipulated in its operator agreement to provide liability insurance coverage for commercial general liability, civil rights liability, property and casualty liability, auto liability, workers' compensation, and employer's liability and umbrella liability. In addition, the operator carries a business interruption policy to fund operating and debt service costs for up to one year from the occurrence of the MCPFC Detention Center business interruption.

**Employee Health Benefits**

The County used its general fund to account for the County self-funded plan for benefits for comprehensive major medical and dental care offered to all full-time County employees and their dependents. The County pays the employee premiums which is recorded as expenditures in the general fund. Dependent coverage is paid by the employee. The general fund is used to pay claims, stop loss insurance and administrative costs of the plan.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

**NOTE 8: RISK FINANCING - Continued**

**Claims Liability**

Liabilities for the Employee Health Insurance Program 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, damage awards (including frequency and amount of payouts), and economic and social trends. Accordingly, claims are re-evaluated periodically to consider the effects of such factors. The estimate of the claims and other 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.

The following is a summary of claims for the County's employee health benefits for the year ended September 30, 2012:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Prior Year Adjustments</u>	<u>Restated Beginning of Year Liability</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2010-2011	\$ 93,557	\$ 345,582	\$ 437,139	\$ 1,005,972	\$ (1,034,131)	\$ 408,980
2011-2012	\$ 408,980	\$ -	\$ 408,980	\$ 985,008	\$ (793,701)	\$ 600,287

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 9: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

**Estimated Cost of Closure and Post Closure Costs.**

The County commenced operations on one active landfill site on October 1, 2010. 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. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the landfill capacity used as of each statement of net assets date. These future closure and post closure care costs will be paid only near or after the date the landfill no longer accepts waste. Since the MCSWA financials are not available and audited, the County has not information regarding the necessary GAAP disclosure for the estimated liability costs of closure and post closure costs.

**Texas Commission on Environmental Quality (TCEQ) Financial Assurance**

The Solid Waste Authority is required under the provision of the Texas Administrative Code to provide financial assurance to the Texas Commission on Environmental Quality (TCEQ), formerly known as the Texas Natural Resource Conservation Commission, related to the closure of municipal solid waste operations including, but not limited to, storage, collection, handling, transportation, processing, and disposal of municipal solid waste. As such, financial assurance is required to ensure that funds are available, when needed, to meet costs associated with the closure of the County's landfill.

On June 13, 2012, the TCEQ gave authorization to International Bank of Commerce to cancel the Letter of Credit. The Letter of Credit was replaced by an Insurance Performance Bond for \$2,856,515 which went into effect on May 1, 2012 for one year. The Performance Bond was renewed on May 1, 2013 in the amount of \$2,907,932 for another year.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 10: INTERFUND TRANSFERS**

	<u>Transfers In</u>	<u>Transfers Out</u>
<i>Governmental Funds:</i>		
General Fund	\$ 4,993,481	\$ 2,772,483
Special Revenue Funds		
Road and Bridge Fund	-	85,000
Landfill/Detention Center	-	2,355,563
Debt Service Fund	3,576,402	3,975,720
	3,576,402	6,416,283
Total Governmental Funds	8,569,883	9,188,766
<i>Enterprise Funds:</i>		
MCPFC	3,652,049	-
MCPFC Detention Center	-	3,652,049
MCSWA	618,883	-
Total Enterprise Funds	4,270,932	3,652,049
<i>Agency Funds</i>		
Adult Community Correction	3,749	-
Adult Probation	-	3,749
Total Agency Funds	3,749	3,749
Total Transfers	\$ 12,844,564	\$ 12,844,564



**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 10: INTERFUND TRANSFERS – Continued**

Transfers from the Enterprise Funds were made to subsidize Governmental operations as is permitted by ordinance. Transfers from Governmental Funds principally the General Fund and the Landfill Waste/Criminal Detention Center Fund, a nonmajor Special Revenue Fund were made to fund Governmental operations principally the Road and Bridge Fund. Receipts collected by other funds that were budgeted for debt services were transferred from the collecting fund to the fund that made the debt payments. The transfer from the MCPFC Detention Center to MCPFC is a non-operating transfer in accordance with MCPFC bond indentures.

**NOTE 11: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets**

The governmental fund balance sheet includes reconciliations between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of assets. One element of that reconciliation explains, “Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements.” The detail of \$3,799,200 difference is as follows.

<b>Description</b>	<b>Amount</b>
Capital Outlays	\$ 339,621
Bond Proceeds	(9,330,000)
Principal payment of debt	5,100,117
Compensated absences	<u>91,062</u>
<b>Net Adjustment To Reduce Fund Balance In Government Fund Balance In Government Funds To Arrive At Net Assets In Governmental Activities</b>	<b>\$ <u>(3,799,200)</u></b>

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 12: EXPENDITURES IN EXCESS OF APPROPRIATIONS**

Departmental expenditures exceeded appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
General Government	\$ 5,757,769	\$ 6,880,106	\$ (1,122,337)
Public Safety	4,688,329	4,828,018	(139,689)
Debt Service	-	754,891	(754,891)
Capital Outlay	26,881	49,687	(22,806)

**NOTE 13: DEFICITS IN NONMAJOR GOVERNMENTAL FUND BALANCE/NET ASSETS**

**TX History Grant Fund**

In the TX History Grant fund, the deficit of \$1,048 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**Health 00/01 Fund**

In the Health 00/01 fund, the deficit of \$149,182 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**FEMA 95 Fund**

In the FEMA 95 fund, the deficit of \$6,126 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 13: DEFICITS IN NONMAJOR GOVERNMENTAL FUND BALANCE/NET ASSETS**  
**– Continued**

**Self Help Fund**

In the Self Help fund, the deficit of \$20,620 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**Outbound Fund**

In the Outbound fund, the deficit of \$8,771 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**Linebacker Fund**

In the Linebacker fund, the deficit of \$6,064 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**Sheriff Stone Guard '09 Fund**

In the Sheriff Stone Guard '09 fund, the deficit of \$75,712 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**Fair Grounds Fund**

In the Fair Ground fund, the deficit of \$20 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**Sheriff Department Tower Lease**

In the Sheriff Department Tower Lease fund, the deficit of \$6,698 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 13: DEFICITS IN NONMAJOR GOVERNMENTAL FUND BALANCE/NET ASSETS**  
**– Continued**

**Capital Projects 2004 Fund**

In the Capital Projects 2004 fund, the deficit of \$191,817 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**Capital Projects 2009 Fund**

In the Capital Projects 2009 fund, the deficit of \$582,478 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**Precinct 2 Water Works Road Improvement**

In the Precinct 2 Water Works Road Improvement fund, the deficit of \$180,715 is attributable to current period activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**TXDOT 04/05 Fund**

In the TXDOT 04/05 fund, the deficit of \$117,284 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**North Side Colonias Precinct 3 Fund**

In the North Side Colonias Precinct 3 fund, the deficit of \$37,683 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**TX DOT 3 Fund**

In the TX DOT 3 fund, the deficit of \$1,683,956 is attributable to current and prior period's activity. The County continues to monitor this deficit and has implemented a plan to curtail expenditures in future periods so as to reduce this deficit.

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

**NOTE 14: PRIOR PERIOD RESTATEMENTS**

Certain errors resulting in the misstatement of cash, interfund receivables and payables, certain accounts receivable, accounts payable, inventory and other miscellaneous items as of September 30, 2011 were discovered in March 2014. Accordingly, adjustments have been made to net assets and fund balances as of September 30, 2011, to correct the errors. The effect of these adjustments is set forth below:

	<b>Governmental Activities As of 9/30/11</b>	<b>Business-Type Activities As of 9/30/11</b>	<b>Total As of 9/30/11</b>
Net Assets, As Previously Reported at September 30, 2011	\$ 27,599,206	\$ 12,729,039	\$ 40,328,245
Exclusion of MCSWA Funds in Current Year	<u>-</u>	<u>(6,235,787)</u>	<u>(6,235,787)</u>
Net Assets, As Previously Reported w/out MCSWA at September 30, 2011	27,599,206	6,493,252	34,092,458
(Overstatement) Understatement of Cash	143	-	143
Overstatement (Understatement) of Accounts Payable	(805,685)	2,640	(803,045)
Overstatement (Understatement) of Due To	(59,156)	-	(59,156)
(Overstatement) Understatement of Accounts Receivable	(31,679)	-	(31,679)
Overstatement of Due From	(441,706)	-	(441,706)
Overstatement of Inventory	(6,321)	-	(6,321)
Other/Miscellaneous	<u>(105,519)</u>	<u>-</u>	<u>(105,519)</u>
Total Prior Period Restatements	<u>(1,449,923)</u>	<u>2,640</u>	<u>(1,447,283)</u>
Net Assets, As Restated at September 30, 2011	<u>\$ 26,149,283</u>	<u>\$ 6,495,892</u>	<u>\$ 32,645,175</u>

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

**NOTE 14: PRIOR PERIOD RESTATEMENTS – Continued**

	Governmental Funds					
	General Fund	Major Fund Road & Bridge	Debt Service Fund	Landfill / Detention Center	Other Non- Major Governmental Funds	Total
	As of 9/30/11	As of 9/30/11	As of 9/30/11	As of 9/30/11	As of 9/30/11	As of 9/30/11
Fund Balance, As Previously Reported at September 30, 2011	\$ (1,520,082)	\$ (4,478,938)	\$ 69,306	\$ 2,316,418	\$ (950,460)	\$ (4,563,756)
(Overstatement) Understatement of Cash	(1,857)	-	-	-	2,000	143
Overstatement (Understatement) of Accounts Payable	(395,665)	(40,404)	-	-	(369,616)	(805,685)
Overstatement (Understatement) of Due To	(59,156)	-	-	-	-	(59,156)
(Overstatement) Understatement of Accounts Receivable	(31,679)	-	-	-	-	(31,679)
Overstatement of Due From	(441,706)	-	-	-	-	(441,706)
Overstatement of Inventory	(6,321)	-	-	-	-	(6,321)
Other/Miscellaneous	(44,899)	(60,620)	-	-	-	(105,519)
Total Prior Period Restatements	(981,283)	(101,024)	-	-	(367,616)	(1,449,923)
Fund Balance, As Restated at September 30, 2011	<u>\$ (2,501,365)</u>	<u>\$ (4,579,962)</u>	<u>\$ 69,306</u>	<u>\$ 2,316,418</u>	<u>\$ (1,318,076)</u>	<u>\$ (6,013,679)</u>

	Proprietary Funds					
	Water Utility Fund	MCPFC	MCPFC Detention Center	MCSWA	Non-Major Enterprise Funds	Total
	As of 9/30/11	As of 9/30/11	As of 9/30/11	As of 9/30/11		As of 9/30/11
Net Assets, As Previously Reported at September 30, 2011	\$ 5,995,732	\$ (369,456)	\$ (1,741,764)	\$ 6,235,787	\$ 2,608,740	\$ 12,729,039
Exclusion of MCSWA Funds in Current Year	-	-	-	(6,235,787)	-	(6,235,787)
Net Assets, As Previously Reported w/out MCSWA at September 30, 2011	5,995,732	(369,456)	(1,741,764)	-	2,608,740	6,493,252
Overstatement (Understatement) of Accounts Payable	13,491	-	-	-	(10,851)	2,640
Total Prior Period Restatements	13,491	-	-	-	(10,851)	2,640
Net Assets, As Restated at September 30, 2011	<u>\$ 6,009,223</u>	<u>\$ (369,456)</u>	<u>\$ (1,741,764)</u>	<u>\$ -</u>	<u>\$ 2,597,889</u>	<u>\$ 6,495,892</u>

**MAVERICK COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**For the Year Ended September 30, 2012**

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**NOTE 15: SUBSEQUENT EVENTS**

**Debt Issuance 2013**

On May 20, 2013, the County issued Tax Notes Series 2013 for \$3,090,000. The proceeds will be used to finance the construction of the MCSWA's cell two.

**Subsequent Events Review**

Subsequent events were evaluated by management of the County through March 17, 2014, which is the date the financial statements were available to be issued.

**Operational Changes for Maverick County Public Facility Corporation Detention Center**

On July 19, 2007, an agreement was signed between the County and the GEO Group (GEO) in which GEO would operate the Detention Center. The contract expired on July 19, 2012, and was on a month to month basis. On October 2, 2013, GEO provided a formal notice that it would terminate its management contract on November 1, 2013. The County assumed management of the Maverick County Detention Center effective November 1, 2013. Also, the PFC intends to request from the bondholders a waiver for the bond payments for the months of November 2013 thru January 2014.





**REQUIRED SUPPLEMENTAL INFORMATION -  
OTHER THAN MD&A (UNAUDITED)**



MAVERICK COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT G-1

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 3,351,738	\$ 3,351,738	\$ 4,245,983	\$ 894,245
Sales and Miscellaneous Taxes	2,388,399	2,388,399	2,415,442	27,043
Penalty and Interest on Taxes	250,000	250,000	84,920	(165,080)
Fees and Fines	946,664	946,664	369,665	(576,999)
Licenses and Permits	34,029	34,029	41,193	7,164
Intergovernmental	-	-	-	-
Charges for Services	3,678,448	3,678,448	3,775,149	96,701
Rents and Royalties	105,000	105,000	81,421	(23,579)
Investment Earnings	7,000	7,000	(141)	(7,141)
Miscellaneous	177,059	177,059	154,517	(22,542)
Total Revenues	10,938,337	10,938,337	11,168,149	229,812
<b>EXPENDITURES</b>				
Current:				
General Government	5,766,204	5,757,769	6,880,106	(1,122,337)
Public Safety	4,330,222	4,688,329	4,828,018	(139,689)
Highways and Roads	-	-	-	-
Health and Welfare	646,852	625,393	1,648	623,745
Culture and Recreation	1,035,649	991,398	978,043	13,355
Debt Service:				
Principal	-	-	315,117	(315,117)
Interest and Other Charges	-	-	-	-
Issuance Cost	-	-	439,774	(439,774)
Capital Outlay	19,695	26,881	49,687	(22,806)
Total Expenditures	11,798,622	12,089,770	13,492,393	(1,402,623)
Excess (Deficiency) of Revenues over Expenditures	(860,285)	(1,151,433)	(2,324,244)	(1,172,811)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Tax Note	-	-	7,105,000	(7,105,000)
Transfers In	-	-	4,993,481	(4,993,481)
Premium or Discount on Issuance of Bonds	-	-	(582,394)	582,394
Transfers Out	-	-	(2,772,483)	2,772,483
Total other Financing Sources and Uses	-	-	8,743,604	(8,743,604)
Net Change in Fund Balances	(860,285)	(1,151,433)	6,419,360	(7,570,793)
Fund Balances - Beginning			(1,520,082)	1,520,082
Prior Period Adjustment	-	-	(981,283)	981,283
Fund Balances - Ending	\$ (860,285)	\$ (1,151,433)	\$ 3,917,995	\$ (5,069,428)

**MAVERICK COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION - (UNAUDITED)**  
**PENSION SCHEDULE**  
**SCHEDULE OF FUNDING PROGRESS**  
**LAST THREE FISCAL YEARS**

**Exhibit G-2**

**Schedule of Actuarial Liabilities and Funding Progress**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (1)/(2)	Unfunded AAL (UAAL) (2)-(1)	Covered Payroll	UAAL as a Percentage of Covered Payroll (4)/(5)
12/31/09	14,850,726	16,417,147	90.5%	1,566,421	10,060,905	15.6%
12/31/10	16,438,742	18,838,661	87.3%	2,399,919	11,958,661	20.1%
12/31/11	17,319,528	19,585,636	88.4%	2,266,108	10,974,032	20.6%

## **SUPPLEMENTAL INFORMATION**



# **COMBINING AND INDIVIDUAL FUND STATEMENTS**

MAVERICK COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2012

	JP Fees	ELDNUTR	Law Library	Fema Flood Damage	CSA
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 129,461	\$ 36,278	\$ -	\$ -	\$ -
Receivables, Net	(37,995)	51,619	-	-	-
Intergovernmental Receivables	-	85,018	-	-	-
Due from Other Funds	983,726	11,119	164,305	-	-
Total Assets	<u>\$ 1,075,192</u>	<u>\$ 184,034</u>	<u>\$ 164,305</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Outstanding Checks in Excess of Bank Balance	\$ -	\$ -	\$ 3	\$ -	\$ -
Accounts Payable	1,117	43,074	-	-	-
Other Accrued Expenses	-	8,361	-	-	-
Intergovernmental Payable	58,873	-	-	-	-
Due to Other Funds	918,441	(677)	-	(20,295)	1
Due to Others	16,479	-	-	-	-
Total Liabilities	<u>994,910</u>	<u>50,758</u>	<u>3</u>	<u>(20,295)</u>	<u>1</u>
<b>Fund Balances:</b>					
<b>Restricted For:</b>					
Federal or State Funds Grant Restriction	-	133,276	-	-	-
Capital Projects	-	-	-	-	-
Other Restricted Fund Balance	-	-	164,302	20,295	-
<b>Unassigned:</b>					
Unassigned	<u>80,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Total Fund Balances	<u>80,282</u>	<u>133,276</u>	<u>164,302</u>	<u>20,295</u>	<u>(1)</u>
Total Liabilities and Fund Balances	<u>\$ 1,075,192</u>	<u>\$ 184,034</u>	<u>\$ 164,305</u>	<u>\$ -</u>	<u>\$ -</u>



## EXHIBIT H-1 (Cont'd)

TX History Grant	MC Chase Restoration	DOE 06/07	LIHEAP 07/08	DOE 07/08	HLTH 00/01	FEMA 95
\$ -	\$ 18,299	\$ -	\$ -	\$ -	\$ 3,192	\$ -
-	393	-	-	-	-	-
-	-	-	-	-	-	-
54,486	(37,054)	(1,871)	800	2,573	6,000	-
<u>\$ 54,486</u>	<u>\$ (18,362)</u>	<u>\$ (1,871)</u>	<u>\$ 800</u>	<u>\$ 2,573</u>	<u>\$ 9,192</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	639	-	-	-	11,158	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
55,534	(109,456)	(1,871)	(1,900)	1,840	147,216	6,126
-	-	-	-	-	-	-
<u>55,534</u>	<u>(108,817)</u>	<u>(1,871)</u>	<u>(1,900)</u>	<u>1,840</u>	<u>158,374</u>	<u>6,126</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	90,455	-	2,700	733	-	-
(1,048)	-	-	-	-	(149,182)	(6,126)
(1,048)	90,455	-	2,700	733	(149,182)	(6,126)
<u>\$ 54,486</u>	<u>\$ (18,362)</u>	<u>\$ (1,871)</u>	<u>\$ 800</u>	<u>\$ 2,573</u>	<u>\$ 9,192</u>	<u>\$ -</u>

MAVERICK COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2012

	<u>Shrf Oper Mav</u>	<u>EECBG # CS0595</u>	<u>Self Help</u>	<u>Technology Fund</u>	<u>Records Management</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 31,214	\$ 108
Receivables, Net	-	-	-	-	(82,080)
Intergovernmental Receivables	-	-	-	-	-
Due from Other Funds	-	-	31,948	62,943	252,885
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,948</u>	<u>\$ 94,157</u>	<u>\$ 170,913</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Outstanding Checks in Excess of Bank Balance	\$ 11	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	87	1,417	17,862
Other Accrued Expenses	-	-	-	-	4,140
Intergovernmental Payable	-	-	-	-	-
Due to Other Funds	(11)	-	52,481	50,875	(74,899)
Other Payables	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>52,568</u>	<u>52,292</u>	<u>(52,897)</u>
Fund Balances:					
Restricted For:					
Federal or State Funds Grant Restriction	-	-	-	-	-
Capital Projects	-	-	-	-	-
Other Restricted Fund Balance	-	-	-	41,865	223,810
Unassigned:					
Unassigned	-	-	(20,620)	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>(20,620)</u>	<u>41,865</u>	<u>223,810</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,948</u>	<u>\$ 94,157</u>	<u>\$ 170,913</u>

EXHIBIT H-1 (Cont'd)

Courthouse Security	Outbound Fund	Detention Center Reconstruct	Self Help G#711003	Self Help #727043	Self Help #727023	Linebacker #2010-DD-BX- 0484
\$ -	\$ -	\$ -	\$ 2,112	\$ 4	\$ -	\$ 64,868
-	-	-	-	-	-	-
-	-	-	27,475	-	-	96,104
<u>159,053</u>	<u>-</u>	<u>1</u>	<u>30,630</u>	<u>7,528</u>	<u>2,592</u>	<u>16,822</u>
<u>\$ 159,053</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 60,217</u>	<u>\$ 7,532</u>	<u>\$ 2,592</u>	<u>\$ 177,794</u>
\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -
-	-	-	1,697	94	-	-
-	-	-	2,260	-	-	-
-	-	-	99	(25,834)	-	-
20,750	8,771	-	56,161	32,829	2,546	177,794
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>20,750</u>	<u>8,771</u>	<u>1</u>	<u>60,217</u>	<u>7,089</u>	<u>2,546</u>	<u>177,794</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
138,303	-	-	-	443	46	-
<u>-</u>	<u>(8,771)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>138,303</u>	<u>(8,771)</u>	<u>-</u>	<u>-</u>	<u>443</u>	<u>46</u>	<u>-</u>
<u>\$ 159,053</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 60,217</u>	<u>\$ 7,532</u>	<u>\$ 2,592</u>	<u>\$ 177,794</u>

MAVERICK COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2012

	Linebacker	Linebacker II	Borderstar 4/11- 8/11	Sheriff Stone Guard '09	Sheriffs' BSET Grant
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ 16,932	\$ 47,682	\$ 62,069	\$ 54
Receivables, Net	-	(899)	-	(7,625)	-
Intergovernmental Receivables	-	-	-	(44,157)	-
Due from Other Funds	26,703	101,669	84,980	493,060	37
Total Assets	<u>\$ 26,703</u>	<u>\$ 117,702</u>	<u>\$ 132,662</u>	<u>\$ 503,347</u>	<u>\$ 91</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Outstanding Checks in Excess of Bank Balance	\$ 8,296	\$ -	\$ -	\$ 57,655	\$ -
Accounts Payable	-	391	2,510	159	-
Other Accrued Expenses	-	-	-	-	-
Intergovernmental Payable	-	44,361	-	-	-
Due to Other Funds	24,471	67,744	130,152	521,245	-
Other Payables	-	-	-	-	-
Total Liabilities	<u>32,767</u>	<u>112,496</u>	<u>132,662</u>	<u>579,059</u>	<u>-</u>
Fund Balances:					
Restricted For:					
Federal or State Funds Grant Restriction	-	5,206	-	-	-
Capital Projects	-	-	-	-	-
Other Restricted Fund Balance	-	-	-	-	-
Unassigned:					
Unassigned	(6,064)	-	-	(75,712)	91
Total Fund Balances	<u>(6,064)</u>	<u>5,206</u>	<u>-</u>	<u>(75,712)</u>	<u>91</u>
Total Liabilities and Fund Balances	<u>\$ 26,703</u>	<u>\$ 117,702</u>	<u>\$ 132,662</u>	<u>\$ 503,347</u>	<u>\$ 91</u>

## EXHIBIT H-1 (Cont'd)

Border Star #1983102	MC Law Enforcement Center	Stone Garden 2010	Confiscated Funds	D.A. Border Prosecution	Stone Garden 2011	Fair Grounds
\$ 36,641	\$ -	\$ 50,673	\$ 102,888	\$ 49,709	\$ 18	\$ 3,000
-	-	-	-	-	-	-
57,906	-	271,698	-	12,190	85,068	-
94,701	16	180,338	-	67,996	5,090	-
<u>\$ 189,248</u>	<u>\$ 16</u>	<u>\$ 502,709</u>	<u>\$ 102,888</u>	<u>\$ 129,895</u>	<u>\$ 90,176</u>	<u>\$ 3,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
322	-	116,118	-	(739)	3,388	-
7,331	-	-	3,865	3,783	-	-
-	-	-	-	172	-	-
181,595	16	386,591	(1,424)	125,940	9,957	3,020
-	-	-	(620,296)	-	76,831	-
<u>189,248</u>	<u>16</u>	<u>502,709</u>	<u>(617,855)</u>	<u>129,156</u>	<u>90,176</u>	<u>3,020</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	720,743	739	-	(20)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>720,743</u>	<u>739</u>	<u>-</u>	<u>(20)</u>
<u>\$ 189,248</u>	<u>\$ 16</u>	<u>\$ 502,709</u>	<u>\$ 102,888</u>	<u>\$ 129,895</u>	<u>\$ 90,176</u>	<u>\$ 3,000</u>

MAVERICK COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2012

	<u>G# 711339</u>	<u>G# 2613301 Disposition Compliance</u>	<u>Sheriff Department Tower Lease</u>	<u>Child Welfare Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>Capital Project CO/94</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ 6,151	\$ -	\$ 12,285	\$ 673,638	\$ 372
Receivables, Net	-	-	-	-	(76,587)	-
Intergovernmental Receivables	-	8,768	-	-	600,070	-
Due from Other Funds	-	-	-	-	2,803,076	-
Total Assets	<u>\$ -</u>	<u>\$ 14,919</u>	<u>\$ -</u>	<u>\$ 12,285</u>	<u>\$ 4,000,197</u>	<u>\$ 372</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Outstanding Checks in Excess of Bank Balance	\$ -	\$ -	\$ -	\$ -	\$ 65,966	\$ -
Accounts Payable	45,607	-	6,698	-	251,599	-
Other Accrued Expenses	-	2,719	-	-	32,459	-
Intergovernmental Payable	-	-	-	-	77,671	-
Due to Other Funds	(45,607)	12,200	-	-	2,738,156	-
Other Payables	-	-	-	-	(526,986)	-
Total Liabilities	<u>-</u>	<u>14,919</u>	<u>6,698</u>	<u>-</u>	<u>2,638,865</u>	<u>-</u>
Fund Balances:						
Restricted For:						
Federal or State Funds Grant Restriction	-	-	-	-	138,482	-
Capital Projects	-	-	-	-	-	372
Other Restricted Fund Balance	-	-	(6,698)	12,285	1,410,001	-
Unassigned:						
Unassigned	-	-	-	-	(187,151)	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>(6,698)</u>	<u>12,285</u>	<u>1,361,332</u>	<u>372</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 14,919</u>	<u>\$ -</u>	<u>\$ 12,285</u>	<u>\$ 4,000,197</u>	<u>\$ 372</u>

EXHIBIT H-1 (Cont'd)

Capital Project CO B96	Capital Project CO 2003	Capital Projects CO 2004	Capital Project CO 2009	CDBG #728281	COL.#724125	CDBG P#725589
\$ 4	\$ 457	\$ 3,691	\$ -	\$ 2	\$ 193	\$ 12
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	50,007	85,897	1,270,556	218,190	-	-
\$ 4	\$ 50,464	\$ 89,588	\$ 1,270,556	\$ 218,192	\$ 193	\$ 12
\$ -	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ -
-	-	-	85,133	331	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	281,405	1,767,891	197,956	100	(2,774)
-	-	-	-	-	-	-
-	-	281,405	1,853,034	198,287	100	(2,774)
-	-	-	-	-	-	-
4	50,464	-	-	-	-	-
-	-	-	-	19,905	93	2,786
-	-	(191,817)	(582,478)	-	-	-
4	50,464	(191,817)	(582,478)	19,905	93	2,786
\$ 4	\$ 50,464	\$ 89,588	\$ 1,270,556	\$ 218,192	\$ 193	\$ 12

MAVERICK COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2012

	CEDAP Proj #728055	CDBG #728116	Mav Colonia Const. #729185	Pct#2 WTR Wks Rd Impr	TX CDBG #R729400	TXDOT
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 22,797	\$ 124
Receivables, Net	-	-	-	-	3,101	-
Intergovernmental Receivables	-	-	-	-	-	-
Due from Other Funds	1,440	1,660	118,906	364,854	106,985	-
Total Assets	<u>\$ 1,440</u>	<u>\$ 1,660</u>	<u>\$ 118,906</u>	<u>\$ 364,854</u>	<u>\$ 132,883</u>	<u>\$ 124</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Outstanding Checks in Excess of Bank Balance	\$ -	\$ 49	\$ -	\$ 12,000	\$ -	\$ -
Accounts Payable	7	-	58,806	20,185	9,929	-
Other Accrued Expenses	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	-	-	-
Due to Other Funds	(2,122)	(18,173)	60,100	513,384	122,887	(4,217)
Other Payables	-	-	-	-	-	-
Total Liabilities	<u>(2,115)</u>	<u>(18,124)</u>	<u>118,906</u>	<u>545,569</u>	<u>132,816</u>	<u>(4,217)</u>
<b>Fund Balances:</b>						
<b>Restricted For:</b>						
Federal or State Funds Grant Restriction	-	-	-	-	-	-
Capital Projects	-	-	-	-	248	-
Other Restricted Fund Balance	3,555	19,784	-	-	(181)	4,341
<b>Unassigned:</b>						
Unassigned	-	-	-	(180,715)	-	-
Total Fund Balances	<u>3,555</u>	<u>19,784</u>	<u>-</u>	<u>(180,715)</u>	<u>67</u>	<u>4,341</u>
Total Liabilities and Fund Balances	<u>\$ 1,440</u>	<u>\$ 1,660</u>	<u>\$ 118,906</u>	<u>\$ 364,854</u>	<u>\$ 132,883</u>	<u>\$ 124</u>



EXHIBIT H-1 (Cont'd)

<u>TXDOT 04/05</u>	<u>So. Side Colinas Pct 2</u>	<u>N. Side Colonias Pct 3</u>	<u>CEDAP G#711205</u>	<u>TXDOT 3</u>	<u>Total Nonmajor Capital Project Funds</u>	<u>Total Governmental Funds</u>
\$ 118	\$ -	\$ 143	\$ -	\$ -	\$ 27,913	\$ 701,551
-	-	-	-	-	3,101	(73,486)
262,499	-	-	19,000	-	281,499	881,569
6,348	-	-	32,049	1,468,822	3,725,714	6,528,790
<u>\$ 268,965</u>	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ 51,049</u>	<u>\$ 1,468,822</u>	<u>\$ 4,038,227</u>	<u>\$ 8,038,424</u>
\$ -	\$ -	\$ -	\$ -	\$ 19,861	\$ 31,920	\$ 97,886
-	-	-	19,164	237,263	430,818	682,417
-	-	-	3,376	-	3,376	35,835
-	-	-	-	-	-	77,671
386,249	(2)	37,826	28,509	2,895,654	6,264,673	9,002,829
-	-	-	-	-	-	(526,986)
<u>386,249</u>	<u>(2)</u>	<u>37,826</u>	<u>51,049</u>	<u>3,152,778</u>	<u>6,730,787</u>	<u>9,369,652</u>
-	-	-	-	-	-	138,482
-	-	-	-	-	51,088	51,088
-	2	-	-	-	50,285	1,460,286
<u>(117,284)</u>	<u>-</u>	<u>(37,683)</u>	<u>-</u>	<u>(1,683,956)</u>	<u>(2,793,933)</u>	<u>(2,981,084)</u>
<u>(117,284)</u>	<u>2</u>	<u>(37,683)</u>	<u>-</u>	<u>(1,683,956)</u>	<u>(2,692,560)</u>	<u>(1,331,228)</u>
<u>\$ 268,965</u>	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ 51,049</u>	<u>\$ 1,468,822</u>	<u>\$ 4,038,227</u>	<u>\$ 8,038,424</u>

MAVERICK COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	JP Fees	ELDNUTR	Law Library	Fema Flood Damage	CSA
<b>REVENUES</b>					
Intergovernmental Revenue and Grants	\$ -	\$ 423,794	\$ -	\$ -	\$ -
Charges for Services	18,846	-	-	-	-
Fines	-	-	-	-	-
Investment Earnings	-	-	-	-	-
Miscellaneous	-	34,182	24,465	-	-
Total Revenues	18,846	457,976	24,465	-	-
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	-	501,522	-	-	-
Culture and Recreation	-	-	3,050	-	-
Conservation & Development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	-	501,522	3,050	-	-
Excess (Deficiency) of Revenues over Expenditures	18,846	(43,546)	21,415	-	-
Net Change in Fund Balances	18,846	(43,546)	21,415	-	-
Fund Balances - Beginning	54,544	142,655	142,887	20,295	(1)
Prior Period Adjustment	6,892	34,167	-	-	-
Fund Balances - Ending	\$ 80,282	\$ 133,276	\$ 164,302	\$ 20,295	\$ (1)

## EXHIBIT H-2 (Cont'd)

TX History Grant	MC Chase Restoration	DOE 06/07	LIHEAP 07/08	DOE 07/08	HLTH 00/01	FEMA 95
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	62,500	-
-	-	-	-	-	62,500	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	69,747	-
-	-	-	-	-	-	-
-	(25)	-	-	-	-	-
-	-	-	-	-	-	-
-	(25)	-	-	-	69,747	-
-	25	-	-	-	(7,247)	-
-	25	-	-	-	(7,247)	-
(1,048)	90,430	-	2,700	733	(130,316)	(6,126)
-	-	-	-	-	(11,619)	-
\$ (1,048)	\$ 90,455	\$ -	\$ 2,700	\$ 733	\$ (149,182)	\$ (6,126)

MAVERICK COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Shrf Oper Mav	EECBG # CS0595	Self Help	Technology Fund	Records Management
<b>REVENUES</b>					
Intergovernmental Revenue and Grants	\$ -	\$ 5,776	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	161,431
Fines	-	-	-	-	-
Investment Earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	-	5,776	-	-	161,431
<b>EXPENDITURES</b>					
Current:					
General Government	-	5,776	2,892	-	191,804
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation & Development	-	-	-	-	-
Capital Outlay	-	-	822	4,720	-
Total Expenditures	-	5,776	3,714	4,720	191,804
Excess (Deficiency) of Revenues over Expenditures	-	-	(3,714)	(4,720)	(30,373)
Net Change in Fund Balances	-	-	(3,714)	(4,720)	(30,373)
Fund Balances - Beginning	-	-	(16,906)	69,284	254,183
Prior Period Adjustment	-	-	-	(22,699)	-
Fund Balances - Ending	\$ -	\$ -	\$ (20,620)	\$ 41,865	\$ 223,810

## EXHIBIT H-2 (Cont'd)

<u>Courthouse Security</u>	<u>Outbound Fund</u>	<u>Detention Center Reconstruct</u>	<u>Self Help G#711003</u>	<u>Self Help #727043</u>	<u>Self Help #727023</u>	<u>Linebacker #2010-DD-BX- 0484</u>
\$ -	\$ -	\$ -	\$ 108,577	\$ -	\$ -	\$ 78,640
22,815	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,815	-	-	108,577	-	-	78,640
(8,413)	-	-	-	-	-	-
-	-	-	-	-	-	78,640
-	-	-	108,577	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(8,413)	-	-	108,577	-	-	78,640
31,228	-	-	-	-	-	-
31,228	-	-	-	-	-	-
107,075	(8,771)	-	-	443	46	-
-	-	-	-	-	-	-
\$ 138,303	\$ (8,771)	\$ -	\$ -	\$ 443	\$ 46	\$ -

MAVERICK COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Linebacker	Linebacker II	Borderstar 4/11- 8/11	Sheriff Stone Guard '09	Sheriffs' BSET Grant
<b>REVENUES</b>					
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 24,622	\$ 214,557	\$ -
Charges for Services	-	-	-	-	-
Fines	-	-	-	-	-
Investment Earnings	-	64	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	-	64	24,622	214,557	-
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	40	24,622	214,562	(92)
Health and Welfare	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation & Development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	-	40	24,622	214,562	(92)
Excess (Deficiency) of Revenues over Expenditures	-	24	-	(5)	92
Net Change in Fund Balances	-	24	-	(5)	92
Fund Balances - Beginning	(6,064)	5,182	-	(75,707)	(1)
Prior Period Adjustment	-	-	-	-	-
Fund Balances - Ending	\$ (6,064)	\$ 5,206	\$ -	\$ (75,712)	\$ 91

## EXHIBIT H-2 (Cont'd)

Border Star #1983102	MC Law Enforcement Center	Stone Garden 2010	Confiscated Funds	D.A. Border Prosecution	Stone Garden 2011	Fair Grounds
\$ 194,291	\$ -	\$ 496,235	\$ -	\$ 137,598	\$ 85,068	\$ -
-	-	-	-	-	-	-
-	-	-	145,487	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
194,291	-	496,235	145,487	137,598	85,068	-
-	-	-	-	-	-	20
194,291	-	252,492	147,928	132,735	85,068	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	243,743	-	4,863	-	-
194,291	-	496,235	147,928	137,598	85,068	20
-	-	-	(2,441)	-	-	(20)
-	-	-	(2,441)	-	-	(20)
-	-	-	723,184	739	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 720,743	\$ 739	\$ -	\$ (20)

MAVERICK COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	G# 711339	G# 2613301 Disposition Compliance	Sheriff Department Tower Lease	Child Welfare Fund	Total Non Major Special Revenue Funds	Capital Project CO/94
<b>REVENUES</b>						
Intergovernmental Revenue and Grants	\$ -	\$ 23,969	\$ -	\$ -	\$ 1,793,127	\$ -
Charges for Services	-	-	-	-	203,092	-
Fines	-	-	-	-	145,487	-
Investment Earnings	-	-	-	-	64	-
Miscellaneous	-	-	-	-	121,147	-
Total Revenues	-	23,969	-	-	2,262,917	-
<b>EXPENDITURES</b>						
Current:						
General Government	-	23,969	6,698	-	222,746	-
Public Safety	-	-	-	-	1,130,286	-
Health and Welfare	-	-	-	-	679,846	-
Culture and Recreation	-	-	-	-	3,050	-
Conservation & Development	-	-	-	-	(25)	-
Capital Outlay	-	-	-	-	254,148	-
Total Expenditures	-	23,969	6,698	-	2,290,051	-
Excess (Deficiency) of Revenues over Expenditures	-	-	(6,698)	-	(27,134)	-
Net Change in Fund Balances	-	-	(6,698)	-	(27,134)	-
Fund Balances - Beginning	-	-	-	12,285	1,381,725	372
Prior Period Adjustment	-	-	-	-	6,741	-
Fund Balances - Ending	\$ -	\$ -	\$ (6,698)	\$ 12,285	\$ 1,361,332	\$ 372



EXHIBIT H-2 (Cont'd)

Capital Project CO B96	Capital Project CO 2003	Capital Projects CO 2004	Capital Project CO 2009	CDBG #728281	COL.#724125	CDBG P#725589
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	6	-	-	-
-	-	-	-	-	-	-
-	-	-	6	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(14,118)	-	-	-
-	-	-	(14,118)	-	-	-
-	-	-	14,124	-	-	-
-	-	-	14,124	-	-	-
4	50,464	(191,817)	(516,889)	17,620	93	2,786
-	-	-	(79,713)	2,285	-	-
\$ 4	\$ 50,464	\$ (191,817)	\$ (582,478)	\$ 19,905	\$ 93	\$ 2,786

MAVERICK COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT H-2 (Cont'd)

	CEDAP Proj #728055	CDBG #728116	Mav Colonia Const. #729185	Pct#2 WTR Wks Rd Impr	TX CDBG #R729400	TXDOT
<b>REVENUES</b>						
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Conservation & Development	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-	-
Fund Balances - Beginning	3,555	19,784	-	(200,515)	248	4,341
Prior Period Adjustment	-	-	-	19,800	(181)	-
Fund Balances - Ending	\$ 3,555	\$ 19,784	\$ -	\$ (180,715)	\$ 67	\$ 4,341

## EXHIBIT H-2 (Cont'd)

TXDOT 04/05	So. Side Colinas Pct 2	N. Side Colonias Pct 3	CEDAP G#711205	TXDOT 3	Total Nonmajor Capital Project Funds	Total-Other Governmental Funds
\$ -	\$ -	\$ -	\$ 19,000	\$ 5	\$ 19,005	\$ 1,812,132
-	-	-	-	-	-	203,092
-	-	-	-	-	-	145,487
-	-	-	-	-	6	70
-	-	-	-	-	-	121,147
-	-	-	19,000	5	19,011	2,281,928
-	-	-	-	-	-	222,746
-	-	-	-	-	-	1,130,286
-	-	-	-	-	-	679,846
-	-	-	-	-	-	3,050
-	-	-	-	-	-	(25)
-	-	-	19,000	147	5,029	259,177
-	-	-	19,000	147	5,029	2,295,080
-	-	-	-	(142)	13,982	(13,152)
-	-	-	-	(142)	13,982	(13,152)
(117,284)	2	(37,683)	-	(1,367,266)	(2,332,185)	(950,460)
-	-	-	-	(316,548)	(374,357)	(367,616)
\$ (117,284)	\$ 2	\$ (37,683)	\$ -	\$ (1,683,956)	\$ (2,692,560)	\$ (1,331,228)

MAVERICK COUNTY, TEXAS  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
AS OF SEPTEMBER 30, 2012

EXHIBIT I-1

	<b>Proprietary Funds</b>		
	<b>Airport Fund</b>	<b>Commissary Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,726	\$ 819	\$ 2,545
Due from Other Funds	2,240,017	-	2,240,017
Total Current Assets	2,241,743	819	2,242,562
Capital Assets:			
Land Purchase and Improvements	1	-	1
Buildings, Net	352,857	-	352,857
Equipment and Furniture, Net	(105,857)	-	(105,857)
Total Non-Current Assets	247,001	-	247,001
Total Assets	\$ 2,488,744	\$ 819	\$ 2,489,563
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ (1,316)	\$ -	\$ (1,316)
Wages and Salaries Payable	1,017	-	1,017
Due to Other Funds	1,238	-	1,238
Due to Fiduciary Funds	(531)	-	(531)
Total Current Liabilities	408	-	408
Non-Current Liabilities:			
Unamortized Premiums (Discounts) on Bonds	-	-	-
Compensated Absences	-	-	-
Total Non-Current Liabilities	-	-	-
Total Liabilities	408	-	408
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	247,001	-	247,001
Unrestricted Net Assets	2,241,336	819	2,242,155
Total Net Assets	\$ 2,488,337	\$ 819	\$ 2,489,156

## MAVERICK COUNTY, TEXAS

## EXHIBIT I-2

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

## NONMAJOR PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Airport Fund</u>	<u>Commissary Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Commissary Sales	\$ -	\$ 127,534	\$ 127,534
Total Operating Revenues	<u>-</u>	<u>127,534</u>	<u>127,534</u>
<b>OPERATING EXPENSES</b>			
Personal Services - Salaries & Wages	37,348	-	37,348
Personal Services - Employee Benefits	16,744	-	16,744
Other Supplies and Expenses	23,714	156,435	180,149
Insurance Claims and Expenses	<u>2,025</u>	<u>-</u>	<u>2,025</u>
Total Operating Expenses	<u>79,831</u>	<u>156,435</u>	<u>236,266</u>
Operating Income (Loss)	<u>(79,831)</u>	<u>(28,901)</u>	<u>(108,732)</u>
Income (Loss) Before Contributions and Transfers	<u>(79,831)</u>	<u>(28,901)</u>	<u>(108,732)</u>
Change in Net Assets	(79,831)	(28,901)	(108,732)
Total Net Assets - Beginning	2,579,018	29,720	2,608,738
Prior Period Adjustment	<u>(10,851)</u>	<u>-</u>	<u>(10,851)</u>
Total Net Assets - Ending	<u>\$ 2,488,336</u>	<u>\$ 819</u>	<u>\$ 2,489,155</u>

MAVERICK COUNTY, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTMEBER 30, 2012

EXHIBIT I-3

	Airport Fund	Commissary Fund	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash Received from User Charges	\$ -	\$ 127,534	\$ 127,534
Cash Payments to Employees for Services	(54,961)	-	(54,961)
Cash Payments for Suppliers	(37,392)	(156,435)	(193,827)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	(92,353)	(28,901)	(121,254)
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>			
Advances from Other Funds	80,008	-	80,008
<b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>	80,008	-	80,008
<b><u>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</u></b>			
Payment of Debt Principal	-	-	-
Capital Contributed by Other Funds	-	-	-
Payment of Debt Interest	-	-	-
Purchase of Capital Assets	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	-	-	-
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Proceed from Maturity of Certificate Deposit	-	-	-
Interest and Dividends on Investments	-	-	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	-	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(12,345)	(28,901)	(41,246)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR:</b>	14,071	29,720	43,791
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR:</b>	\$ 1,726	\$ 819	\$ 2,545

MAVERICK COUNTY, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTMEBER 30, 2012

EXHIBIT I-3 (Cont'd)

	Airport Fund	Commissary Fund	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating Income (Loss):	\$ (79,831)	\$ (28,901)	\$ (108,732)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Depreciation	-	-	-
Closure/Post Closure Care	-	-	-
Amortization of City of Eagle Pass Liability	-	-	-
<b>EFFECTS OF INCREASES AND DECREASES IN CURRENT ASSETS AND LIABILITIES:</b>			
Decrease (Increase) in Receivables	-	-	-
Decrease (Increase) in Due From Other Funds	-	-	-
Decrease (Increase) in Due From Other Governments	-	-	-
Decrease (Increase) in Bond Discount	-	-	-
Increase (Decrease) in Accounts Payable	(11,653)	-	(11,653)
Increase (Decrease) in Due to Other Funds	-	-	-
Increase (Decrease) in Due to Others	-	-	-
Increase (Decrease) in Compensated Absences	-	-	-
Increase (Decrease) in Wages & Salaries Payable	(869)	-	(869)
Increase (Decrease) in Intergovernmental Payables	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ (92,353)</b>	<b>\$ (28,901)</b>	<b>\$ (121,254)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>			
Assumption of County Liability with the City of Eagle Pass	\$ -	\$ -	\$ -
<b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:</b>			
Cash and Cash Equivalents - Statement of Net Assets	1,726	819	2,545
Restricted Cash - Statement of Net Assets	-	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 1,726</b>	<b>\$ 819</b>	<b>\$ 2,545</b>

