

MAVERICK COUNTY, TEXAS

ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
September 30, 2015

Maverick County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2015

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Commissioner's Court
Maverick County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Maverick County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Maverick County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Maverick County Solid Waste Authority, which represent 18 percent, 58 percent, and 21 percent, respectively, of the assets, net position, and revenues of the Business-type activities of Maverick County, Texas. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Maverick County Solid Waste Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

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

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

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Maverick County, Texas, as of September 30, 2015, the changes in financial position, and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that Maverick County, Texas will continue as a going concern. The County has a negative net position of \$1,567,222 at September 30, 2015 and has an unresolved contingent liability in regards to its prior Detention Center operator. These conditions raise substantial doubt about its ability to continue as a going concern. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note F to the financial statements, in 2015 the County adopted new accounting guidance, *GASB Statement No. 68 Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for the Public Employees Retirement System Information on pages 4-12 and 69-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Maverick County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016, on our consideration of Maverick County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Maverick County, Texas' internal control over financial reporting and compliance.



BEYER & COMPANY
Certified Public Accountants
June 30, 2016

Management's Discussion and Analysis

As management of Maverick County, Texas, we offer readers of Maverick County, Texas' financial statements this narrative overview and analysis of the financial activities of Maverick County, Texas for the fiscal year ended September 30, 2015.

Financial Highlights

- The liabilities of Maverick County, Texas, exceeded its assets at the close of the most recent fiscal year by \$1,567,222 (net assets). Unrestricted net assets were a minus \$28,514,108 at year's end.
- The government's total net assets increased by \$1,301,638. This increase is due to an increase in Ad Valorem Taxes of \$571,315, an increase in capital grants of \$287,387, an increase in sales taxes of \$1,245,587; and careful budget management.
- Maverick County, Texas' total restricted net assets at September 30, 2015 is \$11,266,371 at September 30, 2015 or 42%.
- Maverick County, Texas' total debt decreased by \$934,613 (1 percent) during the current fiscal year. The key factor in this decrease was the payment of bonded debt of \$2,370,000.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of Maverick County, Texas' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Maverick County, Texas is improving or deteriorating.

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

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

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

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

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

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

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

Maverick County, Texas maintains 37 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Fund, the Debt Service Fund, and the Landfill Waste/Criminal Detention Center Fund. The other 33 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

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

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Maverick County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 69-72 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 73-78 of this report.

The Single Audit Section can be found on pages 79-88 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Maverick County, Texas, liabilities exceeded assets by \$1,557,222 at the close of the most recent fiscal year.

A large portion of Maverick County, Texas' net assets (58 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. Maverick County, Texas uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Maverick County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MAVERICK COUNTY, TEXAS

NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$8,385,987	\$8,124,148	\$2,822,259	\$1,925,297	\$11,208,246	\$10,049,445
Restricted Assets:			6,170,071	5,322,178	6,170,071	5,322,178
Capital Assets:	10,343,633	10,846,942	42,857,038	44,802,321	53,200,671	55,649,263
Total Assets	18,729,620	18,971,090	51,849,368	52,049,796	70,578,988	71,020,886
Deferred Inflows of Resources	1,204,546	1,078,165	365,318	318,086	1,569,864	1,396,251
Long-Term Liabilities	27,463,842	29,641,774	38,985,517	38,031,087	66,449,359	67,672,861
Other Liabilities	4,982,688	5,130,703	2,274,027	2,472,433	7,256,715	7,603,136
Total Liabilities	32,446,530	34,772,477	41,259,544	40,503,520	73,706,074	75,275,997
Invested in Capital Assets,						
Net of Related Debt	10,343,633	9,187,480	5,346,882	7,128,292	15,690,515	16,315,772
Restricted	5,849,350	5,706,387	5,417,021	4,043,020	11,266,371	9,749,407
Unrestricted	(28,705,347)	(29,617,089)	191,239	693,050	(28,514,108)	(28,924,039)
Total Net Position	(\$12,512,364)	(\$14,723,222)	\$10,955,142	\$11,864,362	(\$1,557,222)	(\$2,858,860)

An additional portion of Maverick County, Texas' net assets (45 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets were a minus \$28,514,108 at year's end.

At the end of the current fiscal year and the prior year, Maverick County, Texas was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities except for Unrestricted Net Position in the governmental activities. Unrestricted Net Position in the governmental activities was a minus \$28,705,347 in the current year and a minus \$29,617,089 in the prior year.

There was an increase of \$1,516,964 in restricted net assets reported in connection with Maverick County, Texas' governmental-wide activities. This increase resulted from the County spending less monies for various restricted projects.

The government's total net assets increased by \$2,500,030. This increase is due to an increase in Ad Valorem Taxes of \$571,315, an increase in capital grants of \$287,387, an increase in sales taxes of \$1,245,587; and careful budget management.

Governmental activities: Governmental activities increased Maverick County, Texas' net assets by \$2,210,858, thereby accounting for 100 percent of the total growth in the net assets of Maverick County, Texas. Key elements of this increase are as follows: . This increase is due to an increase in Ad Valorem Taxes of \$571,315, an increase in capital grants of \$287,387, an increase in sales taxes of \$1,245,587; and careful budget management.

MAVERICK COUNTY, TEXAS
CHANGE IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$2,756,761	\$4,000,022	\$8,646,974	\$10,031,905	\$11,403,735	\$14,031,927
Operating Grants and Contributions	880,540	1,577,495			880,540	1,577,495
Capital Grants and Contributions	287,387				287,387	0
General Revenues:						
Maintenance and Operations Taxes	12,480,177	11,908,862			12,480,177	11,908,862
Sales Taxes	6,004,191	4,758,604			6,004,191	4,758,604
Other Taxes	45,087	49,200			45,087	49,200
Unrestricted Investment Earnings	19,967	12,082	1,644	1,067	21,611	13,149
Miscellaneous	513,256	414,070			513,256	414,070
Total Revenue	22,987,366	22,720,335	8,648,618	10,032,972	31,635,984	32,753,307
Expenses:						
General Administration	3,207,613	2,689,311			3,207,613	2,689,311
Legal	245,366	237,518			245,366	237,518
Judicial	1,857,035	1,654,130			1,857,035	1,654,130
Financial Administration	1,414,881	1,293,197			1,414,881	1,293,197
Public Facilities	309,484	264,350			309,484	264,350
Public Safety	5,528,718	5,430,353			5,528,718	5,430,353
Public Transportation	2,729,333	2,527,516			2,729,333	2,527,516
Culture and Recreation	153,258	148,218			153,258	148,218
Health and Welfare	798,202	741,689			798,202	741,689
Conservation - Agriculture	979,082	1,057,131			979,082	1,057,131
Interest and Fiscal Charges	2,260,064	2,620,636	1,545,313	2,551,566	3,805,377	5,172,202
Utility			9,305,997	8,271,607	9,305,997	8,271,607
Total Expenses	19,483,036	18,664,049	10,851,310	10,823,173	30,334,346	29,487,222
Increase in Net Position Before Transfers and Special Items	3,504,330	4,056,286	(2,202,692)	(790,201)	1,301,638	3,266,085
Transfers	(1,293,472)	(251,417)	1,293,472	251,417	0	0
Increase in Net Position	2,210,858	3,804,869	(909,220)	(538,784)	1,301,638	3,266,085
Net Position at 09/30/2014 - Restated	(14,723,222)	(19,919,508)	11,864,362	12,596,171	(2,858,860)	(7,323,337)
Net Position at 09/30/2015	(\$12,512,364)	(\$16,114,639)	\$10,955,142	\$12,057,387	(\$1,557,222)	(\$4,057,252)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	\$3,207,613	\$477,213	\$0	\$0
Legal	245,366	6,601	23,333	
Judicial	1,857,035	565,749	132,475	
Financial Administration	1,414,881	23,976		
Public Facilities	309,484			
Public Safety	5,528,718	781,038	229,260	
Public Transportation	2,729,333	883,222	14,102	287,387
Culture and Recreation	153,258			
Health and Welfare	798,202	18,962	481,370	
Conservation - Agriculture	979,082			
Interest and Fiscal Charges	2,260,064			
Total Government Activities	\$19,483,036	\$2,756,761	\$880,540	\$287,387

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$2,756,761	12%
Operating Grants and Contributions	880,540	4%
Capital Grants and Contributions	287,387	1%
Maintenance and Operations Taxes	12,480,177	54%
Sales Taxes	6,004,191	26%
Other Taxes	45,087	0%
Unrestricted Investment Earnings	19,967	0%
Miscellaneous	513,256	2%
	\$22,987,366	100%

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

Business-type activities: Business-type activities decreased Maverick County, Texas' net assets by \$909,220, accounting for 00 percent of the total increase in the government's net assets. Key elements of this decrease are as follows: This decrease is due to a decrease in charges for services revenues of \$1,174,252 due to the closure of the detention center.

Functions/Programs	Program Revenues		
	Expenses	Capital	Grants and Contributions
		Charges for Services	
Primary Government			
Business-Type Activities:			
Water	\$596,681	\$418,398	\$0
MCPFC	2,642,752		
MCPFC Detention Center	94,682	6,382,474	
MCSWA	3,125,628	1,800,222	
MC Detention Center	4,281,212	734	
Airport	80,760	4,977	
Jail Commissary	29,595	40,169	
Total Business-Type Activities	<u>\$10,851,310</u>	<u>\$8,646,974</u>	<u>\$0</u>

Revenues by Source - Business-Type Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$8,646,974	99.98%
Unrestricted Investment Earnings	1,644	0.02%
	<u>\$8,648,618</u>	<u>100%</u>

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Maverick County, Texas' governmental funds reported combined ending fund balances of \$432,940, an increase of \$291,213 in comparison with the prior year. *Unassigned fund balance* had a minus fund balance of \$5,623,506. The remainder of fund balance (\$6,056,446) is restricted to indicate that it is not available for new spending because it has already been committed or non-spendable.

The general fund is the chief operating fund of Maverick County, Texas. At the end of the current fiscal year unassigned fund balance of the general fund was a minus \$9,038,866, while total fund balance was a minus \$4,251,002. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 00 percent of total general fund expenditures, while total fund balance represents 00 percent of that same amount.

The fund balance of Maverick County, Texas' general fund increased by \$248,740 during the current fiscal year. This increase is due to an increase in sales taxes of \$464,189 and property taxes of \$981,824.

At the end of the current fiscal year unassigned fund balance of the Road and Bridge fund was a minus \$35,175, while total fund balance reached a minus \$35,175. As a measure of the Road and Bridge fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 00 percent of total Road and Bridge fund expenditures, while total fund balance represents 00 percent of that same amount.

The fund balance of Maverick County, Texas' Road and Bridge fund increased by \$10,973 during the current fiscal year. This increase is due to ad valorem taxes and vehicle registration fees being greater than road maintenance and repair.

At the end of the current fiscal year unassigned fund balance of the Debt Service fund was \$335,506, while total fund balance reached \$335,506. As a measure of the Debt Service fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 7 percent of total Debt Service fund expenditures, while total fund balance represents 7 percent of that same amount.

The fund balance of Maverick County, Texas' Debt Service fund decreased by \$105,935 during the current fiscal year. This decrease is a result of debt service expenditures exceeding the property tax revenue.

At the end of the current fiscal year unassigned fund balance of the Landfill Waste/Criminal Detention Center fund was \$3,223,277, while total fund balance reached \$3,223,277. As a measure of the Landfill Waste/Criminal Detention Center fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures; however, the Landfill Waste/Criminal Detention Center fund had no expenditures during the year.

The fund balance of Maverick County, Texas' Landfill Waste/Criminal Detention Center fund decreased by \$21,193 during the current fiscal year. This decrease is minimal.

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

Unrestricted net assets of the Water Fund amounted to \$41,932, those for the MCPFC Fund amounted to \$1,477,867, those for the MCPFC Detention Center Fund amounted to a minus \$1,883,474, those for the MCSWA Fund amounted to a minus \$397,161, those for the MC Detention Center Fund amounted to a minus \$1,100,786, those for the Airport Fund amounted to \$2,018,290, and those for the Commissary Fund amounted to \$34,571. The total increase/(decrease) in net assets was (\$178,283) for the Water Fund, \$507,390 for the MCPFC Fund, (\$526,108) for the MCPFC Detention Center Fund, (\$30,784) for the MCSWA Fund, (\$616,226) for the MC Detention Center Fund, (\$75,783) for the Airport Fund, and \$10,574 for the Commissary Fund. Key factors in this overall decrease are as follows:

- This decrease is due to a decrease in charges for services revenues of \$1,174,252 due to the closure of the detention center.

General Fund Budgetary Highlights

During the year there was a \$588,366 increase in appropriations between the original and final amended budget. This increase occurred mainly in the Matching Funds department which increased by \$804,369. Overall actual expenditures of \$12,312,394 were under the amended budget amount of \$13,920,817 by \$1,608,423.

Capital Asset and Debt Administration:

Capital assets: Maverick County, Texas' investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$53,200,671 (net of cumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. The total decrease in Maverick County, Texas' investment in capital assets for the current fiscal year was 4 percent (a 5 percent decrease for governmental activities and a 4 percent decrease for business-type activities).

There were no major capital projects during the 2015 year.

MAVERICK COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$4,874,712	\$4,874,712	\$846,720	\$846,720	\$5,721,432	\$5,721,432
Construction in Progress				0	0	0
Buildings	4,575,437	4,787,430	34,368,818	35,444,459	38,944,255	40,231,889
Machinery and Equipment	698,493	1,015,600	29,092	38,789	727,585	1,054,389
Intangible	194,991	169,200			194,991	169,200
Water Rights			634,500	653,535	634,500	653,535
MCSWA			6,977,908	7,818,818	6,977,908	7,818,818
Total	\$10,343,633	\$10,846,942	\$42,857,038	\$44,802,321	\$53,200,671	\$55,649,263

Long-term debt: At the end of the current fiscal year, Maverick County, Texas had total bonded debt of \$62,865,000. Of this amount, \$25,890,000 comprises debt backed by the full faith and credit of the government. The remainder of Maverick County, Texas' debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds and tax notes).

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$22,230,000	\$0	\$655,000	\$21,575,000	\$705,000	\$20,870,000
Tax Notes	5,230,000		1,715,000	3,515,000	1,455,000	2,060,000
TAN Note	0	800,000	0	800,000	800,000	0
	<u>27,460,000</u>	<u>800,000</u>	<u>2,370,000</u>	<u>25,890,000</u>	<u>2,960,000</u>	<u>22,930,000</u>
<u>Business-Type Activities:</u>						
Revenue Bonds	36,975,000	0	0	36,975,000	0	36,975,000
	<u>36,975,000</u>	<u>0</u>	<u>0</u>	<u>36,975,000</u>	<u>0</u>	<u>36,975,000</u>
Grand Total	<u><u>\$64,435,000</u></u>	<u><u>\$800,000</u></u>	<u><u>\$2,370,000</u></u>	<u><u>\$62,865,000</u></u>	<u><u>\$2,960,000</u></u>	<u><u>\$59,905,000</u></u>

Maverick County, Texas' total bonded debt decreased by \$1,570,000 (2 percent) during the current fiscal year. The key factor in this decrease was the payment of \$2,370,000 in principal during the year.

Additional information on Maverick County, Texas' long-term debt can be found in note IV.F on pages 48-51 of this report.

Economic Factors and Future Trends

The oil and gas revenues have decreased 50% per the Appraisal District.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MAVERICK COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$3,036,585	\$2,575,508	\$5,612,093
Receivables (net of allowance for uncollectibles)	5,140,896	216,571	5,357,467
Inventory	98,366		98,366
Due from Others	1,410	30,180	31,590
Prepaid Items	108,730		108,730
Restricted Assets:			
Cash and Cash Equivalents		6,168,202	6,168,202
Due from Others		1,869	1,869
Capital Assets Not Being Depreciated: (Incl: MCSWA)			
Land	4,874,712	846,720	5,721,432
Total Capital Assets Being Depreciated, Net			
Buildings	4,575,437	34,368,818	38,944,255
Machinery and Equipment	698,493	29,092	727,585
Intangible	194,991		194,991
Water Rights		634,500	634,500
MCSWA		6,977,908	6,977,908
Total Assets	\$18,729,620	\$51,849,368	\$70,578,988
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources-Contributions (after 12/31/14)	950,334	339,046	1,289,380
Deferred Outflow-Investment Experience	1,309	395	1,704
Deferred Inflow-Actual Experience vs. Assumption	252,903	76,484	329,387
Total Deferred Inflows of Resources	1,204,546	415,925	1,620,471
LIABILITIES:			
Accounts Payable	\$2,411,099	\$577,754	\$2,988,853
Due to Other Funds	1,192,028	(1,192,028)	0
Due to Others	3,507	2,636,974	2,640,481
Accrued Wages	372,799	47,684	420,483
Accrued Interest Payable	174,922	254,250	429,172
Deferred Revenues	28,333	0	28,333
TAN Payable	800,000	0	800,000
Noncurrent Liabilities:			
Due Within One Year	3,320,220	269,641	3,589,861
Due in More Than One Year	24,143,622	38,715,876	62,859,498
Total Liabilities	32,446,530	41,310,151	73,756,681
NET POSITION			
Invested in Capital Assets, Net of Related Debt	10,343,633	5,346,882	15,690,515
Restricted			
Construction	4,580,768	0	4,580,768
Debt Service		5,417,021	5,417,021
General Administration	21,632		21,632
Health and Welfare	145,427	0	145,427
Judicial	517,978	0	517,978
Public Safety - Sheriff	250,231	0	250,231
Public Transportation	140,788	0	140,788
Records Management	192,526	0	192,526
Unrestricted	(28,705,347)	191,239	(28,514,108)
Total Net Position	(\$12,512,364)	\$10,955,142	(\$1,557,222)

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Capital Grants and Contributions	Governmental Activities				
		Charges for Services	Grants and Contributions						
Primary government									
Government Activities:									
General Administration	\$3,207,613	\$477,213				(\$2,730,400)	(\$2,730,400)		
Legal	245,366	6,601	23,333			(215,432)	(215,432)		
Judicial	1,857,035	565,749	132,475			(1,158,811)	(1,158,811)		
Financial Administration	1,414,881	23,976				(1,390,905)	(1,390,905)		
Public Facilities	309,484					(309,484)	(309,484)		
Public Safety	5,528,718	781,038	229,260			(4,518,420)	(4,518,420)		
Public Transportation	2,729,333	883,222	14,102	287,387		(1,544,622)	(1,544,622)		
Culture and Recreation	153,258					(153,258)	(153,258)		
Health and Welfare	798,202	18,962	481,370			(297,870)	(297,870)		
Conservation - Agriculture	979,082					(979,082)	(979,082)		
Interest and Fiscal Charges	2,260,064					(2,260,064)	(2,260,064)		
Total Government Activities	19,483,036	2,756,761	880,540	287,387	(15,558,348)	0	(15,558,348)		
Business-Type Activities:									
Water	596,681	418,398				(178,283)	(178,283)		
MCPFC	2,642,752	0				(2,642,752)	(2,642,752)		
MCPFC Detention Center	94,682	6,382,474				6,287,792	6,287,792		
MCSWA	3,125,628	1,800,222				(1,325,406)	(1,325,406)		
MC Detention Center	4,281,212	734				(4,280,478)	(4,280,478)		
Airport	80,760	4,977				(75,783)	(75,783)		
Jail Commissary	29,595	40,169				10,574	10,574		
Total Business-Type Activities:	10,851,310	8,646,974	0	0	0	(2,204,336)	(2,204,336)		
Total Primary Government	\$30,334,346	\$11,403,735	\$880,540	\$287,387	(15,558,348)	(2,204,336)	(17,762,684)		
General Revenues									
Property Taxes, Levies for General Purposes						12,480,177	12,480,177		
Sales Taxes						6,004,191	6,004,191		
Other Taxes						45,087	45,087		
Unrestricted Investment Earnings						19,967	1,644		
Miscellaneous						513,256	513,256		
Transfers						(1,293,472)	1,293,472		
Total General Revenues						17,769,206	1,295,116		
Change in Net Position						2,210,858	(909,220)		
Net Position - Beginning - Restated						(14,723,222)	11,864,362		
Net Position - Ending						(\$12,512,364)	\$10,955,142		
							(\$1,557,222)		

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

MAVERICK COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Road and Bridge Fund	Debt Service Fund	Landfill Waste/ Criminal Detention Ctr. Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$1,498,532	\$476,727	\$341,332	\$5,999	\$714,783	\$3,037,373
Receivables (net of allowance for uncollectibles)	2,246,382	376,441	730,096	391,698	191,071	3,935,688
Inventory	98,366					98,366
Due from Other Funds	746,825	53,804		2,840,580	700,209	4,341,418
Due from Others					1,410	1,410
Prepaid Items	108,730					108,730
Total Assets	\$4,698,835	\$906,972	\$1,071,428	\$3,238,277	\$1,607,473	\$11,522,985
LIABILITIES AND FUND BALANCES:						
Liabilities						
Accounts Payable	\$1,877,604	\$211,022	\$5,826		\$316,647	\$2,411,099
Bank Overdraft					788	788
Due to Other Funds	5,066,783	354,684		15,000	96,979	5,533,446
Due to Others					3,507	3,507
Accrued Wages	343,581				29,218	372,799
Deferred Revenues	28,333					28,333
TAN Payable	800,000					800,000
Total Liabilities	8,116,301	565,706	5,826	15,000	447,139	9,149,972
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenues	833,536	376,441	730,096			1,940,073
Total Deferred Inflows of Resources	833,536	376,441	730,096	0	0	1,940,073
Fund Balances:						
Non-Spendable						
Prepaid Items	108,730					108,730
Inventory	98,366					98,366
Restricted						
Construction	4,580,768					4,580,768
General Administration					21,632	21,632
Health and Welfare					145,427	145,427
Judicial					517,978	517,978
Public Safety - Sheriff					250,231	250,231
Public Transportation					140,788	140,788
Records Management					192,526	192,526
Unassigned	(9,038,866)	(35,175)	335,506	3,223,277	(108,248)	(5,623,506)
Total Fund Balance	(4,251,002)	(35,175)	335,506	3,223,277	1,160,334	432,940
Total Liabilities and Fund Balances	\$4,698,835	\$906,972	\$1,071,428	\$3,238,277	\$1,607,473	\$11,522,985

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Total Fund Balances - governmental funds balance sheet \$432,940

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

Capital assets used in governmental activities are not reported in the funds.	10,343,633
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,409,754
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	1,940,073
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(27,638,764)

Net Position of governmental activities - statement of Net Position (\$12,512,364)

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Road and Bridge Fund	Debt Service Fund	Landfill Waste/ Criminal Detention Ctr. Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$5,427,923	\$2,451,356	\$4,497,402			\$12,376,681
Sales	3,023,517			2,980,674		6,004,191
Other	45,087					45,087
Intergovernmental	41,032	14,102			1,112,793	1,167,927
Licenses and Permits		843,163				843,163
Charges for Services	1,292,518	40,059			281,227	1,613,804
Fines and Forfeitures	299,794					299,794
Interest	16,449		3,393	105	20	19,967
Miscellaneous	270,829	7,068			235,359	513,256
Total Revenues	10,417,149	3,355,748	4,500,795	2,980,779	1,629,399	22,883,870
EXPENDITURES						
Current:						
General Administration	3,006,141				155,450	3,161,591
Legal	243,389					243,389
Judicial	1,711,751				126,486	1,838,237
Financial Administration	1,411,037					1,411,037
Public Facilities	250,760					250,760
Public Safety	4,684,456				564,896	5,249,352
Public Transportation	0	2,553,529			177,040	2,730,569
Culture and Recreation	140,422					140,422
Health and Welfare	250,441				522,380	772,821
Conservation - Agriculture	855,608					855,608
Debt Service						
Principal Retirement	37,003	2,370,000				2,407,003
Interest Retirement	1,666	2,236,730				2,238,396
Total Expenditures	12,554,005	2,592,198	4,606,730	0	1,546,252	21,299,185
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,136,856)	763,550	(105,935)	2,980,779	83,147	1,584,685
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	2,462,655	50,000			267,430	2,780,085
Operating Transfers Out	(77,059)	(802,577)		(3,001,972)	(191,949)	(4,073,557)
Total Other Financing Sources (Uses)	2,385,596	(752,577)	0	(3,001,972)	75,481	(1,293,472)
Net Changes in Fund Balances	248,740	10,973	(105,935)	(21,193)	158,628	291,213
Fund Balances - Beginning - Restated	(4,499,742)	(46,148)	441,441	3,244,470	1,001,706	141,727
Fund Balances - Ending	(4,251,002)	(35,175)	335,506	3,223,277	1,160,334	432,940

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 SEPTEMBER 30, 2015

Net Changes in Fund Balances - total governmental funds	\$291,213
Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	(503,309)
Amortization of Loss on Refunded Bonds	0
Amortization of Bond Premium	(55,106)
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	18,293
Deferred Outflow-Investment Experience. This is the change in these amounts this year.	(127,831)
Deferred Outflow-Actual Experience vs. Assumption. This is the change in these amounts this year.	1,309
(Increase) decrease in Compensated Absences from beginning of period to end of period.	252,903
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	(41,203)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	15,145
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	103,496
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	(151,055)
Change in Net Position of governmental activities - statement of activities	<u><u>\$2,210,858</u></u>

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Property	\$5,189,410	\$5,189,410	\$5,427,923	\$238,513
Sales	2,475,000	2,475,000	3,023,517	548,517
Other	50,150	50,150	45,087	(5,063)
Intergovernmental	35,833	37,957	41,032	3,075
Charges for Services	3,300,214	3,303,040	1,292,518	(2,010,522)
Fines and Forfeitures	380,000	380,000	299,794	(80,206)
Interest	15,000	15,000	16,449	1,449
Miscellaneous	269,300	263,555	270,829	7,274
Total Revenues	11,714,907	11,714,112	10,417,149	(1,296,963)

EXPENDITURES

Current:

General Administration				
Bank Fees	0	30,412	29,134	1,278
County Clerk	217,863	214,667	198,867	15,800
County Judge and Commissioners	622,005	767,329	678,222	89,107
Elections	173,867	173,667	144,224	29,443
Issue Costs	0	44,013	44,013	0
Matching Funds	110,203	914,572	110,203	804,369
Non-Departmental	1,380,805	1,234,515	1,217,557	16,958
Planner	50,958	58,396	57,268	1,128
Self Help Center	85,106	84,406	81,455	2,951
State Aid	320,001	320,001	320,001	0
Veterans Service	57,411	56,911	50,559	6,352
Legal				
County Attorney	263,810	259,010	243,389	15,621
Judicial				
293rd District	343,288	343,288	314,989	28,299
365th District	349,741	349,742	326,746	22,996
District Attorney	369,930	369,930	369,930	0
District Clerk	314,034	309,634	292,174	17,460
Justice of the Peace	409,496	423,822	407,912	15,910
Financial Administration				
County Auditor	514,443	508,609	502,473	6,136
County Treasurer	262,860	286,356	282,274	4,082
Information Department	257,809	262,468	241,004	21,464
Tax Assessor-Collector	375,502	403,587	385,286	18,301
Public Facilities				
Courthouse	283,340	259,015	250,760	8,255
Public Safety				
Constables	265,208	244,167	204,694	39,473
HIDTA - City of Eagle Pass	46,814	60,594	60,035	559
Jail	2,614,425	2,310,474	2,193,475	116,999
Sheriff	2,327,642	2,325,021	2,226,252	98,769

(continued)

(continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Culture and Recreation				
Community Center	92,986	92,086	84,749	7,337
Compt. Center - Pct. 1	65,281	62,281	53,819	8,462
El Indio Community Center	7,000	7,000	1,854	5,146
Health and Welfare				
Cemetery	7,500	4,639	4,639	0
Collections Department	59,016	58,416	55,574	2,842
Food Pantry	210,248	208,248	190,228	18,020
Conservation - Agriculture				
Agriculture Extension Service	55,875	53,145	46,836	6,309
Intergovernmental Agriculture Contract Service	817,984	820,396	808,772	11,624
Total Expenditures	13,332,451	13,920,817	12,479,367	1,441,450
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,617,544)	(2,206,705)	(2,062,218)	144,487
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	1,662,093	2,464,670	2,462,655	(2,015)
Operating Transfers Out	(44,267)	(257,684)	(76,012)	181,672
Total Other Financing Sources (Uses)	1,617,826	2,206,986	2,386,643	179,657
Net Changes in Fund Balances	282	281	324,425	324,144
Fund Balances - Beginning	(9,156,195)	(9,156,195)	(9,156,195)	
Fund Balances - Ending	(\$9,155,913)	(\$9,155,914)	(\$8,831,770)	\$324,144

The accompanying notes are an integral part of this statement.

Note: The above budget comprises only the General Fund of the County. The general fund has been combined with other non-budgeted funds whose fund balance is \$4,580,768.

MAVERICK COUNTY, TEXAS
 ROAD AND BRIDGE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Property	\$2,221,702	\$2,221,702	\$2,451,356	\$229,654
Intergovernmental	15,064	15,064	14,102	(962)
Licenses and Permits	835,000	835,000	843,163	8,163
Charges for Services	18,900	18,900	40,059	21,159
Interest				0
Miscellaneous	2,450	8,398	6,933	(1,465)
Total Revenues	3,093,116	3,099,064	3,355,613	256,549
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	2,932,910	2,700,526	2,553,529	146,997
Debt Service				
Principal Retirement	160,000	96,600	37,003	59,597
Interest Retirement			1,666	(1,666)
Total Expenditures	3,092,910	2,797,126	2,592,198	204,928
Excess (Deficiency) of Revenues Over (Under) Expenditures	206	301,938	763,415	461,477
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	50,135	50,135
Transfers Out	0	(805,154)	(802,577)	2,577
Total Other Financing Sources (Uses)	0	(805,154)	(752,442)	52,712
Net Changes in Fund Balances	206	(503,216)	10,973	514,189
Fund Balances - Beginning	(46,148)	(46,148)	(46,148)	
Fund Balances - Ending	(\$45,942)	(\$549,364)	(\$35,175)	\$514,189

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

MAVERICK COUNTY, TEXAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
	REVENUES			
Taxes				
Property	\$4,610,583	\$4,610,583	\$4,497,402	(\$113,181)
Interest	0	0	3,393	3,393
Total Revenues	<u>4,610,583</u>	<u>4,610,583</u>	<u>4,500,795</u>	<u>(109,788)</u>
EXPENDITURES				
Debt Service				
Principal Retirement	2,370,000	2,370,000	2,370,000	0
Interest Retirement	2,240,082	2,240,082	2,236,730	3,352
Total Expenditures	<u>4,610,082</u>	<u>4,610,082</u>	<u>4,606,730</u>	<u>3,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	501	501	(105,935)	(106,436)
OTHER FINANCING SOURCES (USES):				
Transfers In				0
Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	501	501	(105,935)	(106,436)
Fund Balances - Beginning	441,441	441,441	441,441	
Fund Balances - Ending	<u>\$441,942</u>	<u>\$441,942</u>	<u>\$335,506</u>	<u>(\$106,436)</u>

MAVERICK COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

BUSINESS TYPE ACTIVITIES									
- ENTERPRISE FUNDS									
	Water Current Year	Water Prior Year	MC/PFC Current Year	MC/PFC Prior Year	MC/PFC Detention Center Current Year	MC/PFC Detention Center Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Totals Current Year
ASSETS									
Current Assets									
Cash and Cash Equivalents	\$127,264	\$83,449			\$2,166,947	\$1,264,929	\$205,107	\$210,541	\$41,619
Accounts Receivables (net of allowance for uncollectibles)	9,793	10,188			206,778	272,338		2	10,000
Due from Other Funds									2,080,054
Due from Others	30,178	23,292							
Total Current Assets	167,235	116,929	0	0	0	2,373,725	1,537,767	205,109	220,541
Noncurrent Assets									
Restricted Assets:									
Cash and Cash Equivalents					5,417,021	4,043,020	751,181	87,021	
Due from Others					1,889	1,192,137	0	0	
Total Restricted Assets	0	0	5,417,021	4,043,020	753,050	1,279,158	0	0	0
Capital Assets									
Land	37,800	37,800	500,000	500,000		306,919	308,919	1	1
Landfill Cell One and Two						5,482,492	5,504,756		
Buildings	6,515,100	6,515,100	35,103,568	35,103,568		502,395	502,395		
Machinery and Equipment	48,486	48,486				2,683,828	2,635,845		
Infrastructure						1,935,484	1,935,484		
Landfill Permit						2,175,360	2,175,360		
Water Rights									
Construction in Progress									
Total Capital Assets	7,362,766	7,362,786	35,603,568	35,603,568	0	0	13,088,478	13,062,559	0
Less Accumulated Depreciation/Amortization	(1,506,156)	(1,283,156)	(6,133,202)	(5,255,613)			(5,801,651)	(4,935,022)	
Total Capital Assets (net of accumulated depreciation)	5,856,630	6,079,928	29,470,366	30,347,955	0	0	7,286,827	8,127,737	0
Total Noncurrent Assets									
TOTAL ASSETS	\$6,023,865	\$6,196,557	\$34,887,387	\$34,390,975	\$753,050	\$1,279,158	\$9,660,552	\$9,665,504	\$205,109
DEFERRED OUTFLOWS OF RESOURCES									
Deferred Outflow of Resources-Contributions (after 12/31/13)	15,951	18,096							
Deferred Outflow of Resources-Contributions (after 12/31/14)	22								
Deferred Outflow-Investment Experience	4,245								
TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,218	18,096	0	0	51,643	39,257	266,767	302,650	4,685
(continued)									

DEFERRED OUTFLOWS OF RESOURCES
Deferred Outflow of Resources-Contributions (after 12/31/13)
Deferred Outflow of Resources-Contributions (after 12/31/14)
Deferred Outflow-Investment Experience
Deferred Outflow-Actual Experience vs. Assumption
TOTAL DEFERRED OUTFLOWS OF RESOURCES

(continued)

	Water Current Year	Water Prior Year	MC/PFC Current Year	MC/PFC Prior Year	MC/PFC Detention Center Current Year	MC/PFC Detention Center Prior Year	MC/SWA Current Year	MC/SWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commission Current Year	Commission Prior Year	Totals Current Year
AND OTHER CREDITS															
Liabilities															
Current Liabilities (Payable from Current Assets)															
Accounts Payable	\$13,836	\$15,370					\$57,322	\$286,214	\$505,799	\$122,629	\$797	\$616			\$577,754
Accrued Wages	9,416	7,420					35,255	32,060	121,443	3,013	2,748				47,684
Accrued Interest Payable															254,250
Due to Other Funds	92,792	88,526	254,250	388,950			45,492	45,492	652,757	320,616					791,041
Due to Others	450														2,636,974
Compensated Absences															4,109
Capital Lease Obligation															169,196
Compromise and Settlement Note Payable															96,336
Bonds, Notes, and Loans Payable - Current															0
Total Current Liabilities	116,494	111,316	254,250	1,415,000	1,803,950	2,636,524	2,636,524	407,710	638,236	1,158,556	564,688	3,810	3,364	0	4,577,344
Noncurrent Liabilities															
Unamortized Discount on Bonds															(1,732,117)
Compensated Absences															36,981
Capital Lease Obligation															365,960
Compromise and Settlement Note Payable															385,346
Net Pension Payable	29,027	26,492	36,975,000	35,560,000			41,597	33,775	485,465	443,063	8,526	7,781			564,615
Bonds, Notes, and Loans Payable															36,975,000
Accrued Landfill Closure and Postclosure Care Costs															2,120,091
Total Noncurrent Liabilities	29,027	26,492	35,242,883	33,704,161	0	0	2,120,091	1,592,277	485,465	443,063	8,526	7,781	0	0	38,715,876
Total Liabilities	145,521	137,808	35,497,133	35,508,111	2,636,524	2,636,524	3,357,685	3,319,467	1,644,021	1,007,751	12,336	11,145	0	0	43,293,220
Net Position															
Invested in Capital Assets, Net of Related Debt	5,656,630	6,079,628	(7,504,634)	(6,627,045)	0	0	6,751,671	7,428,708	0	0	243,215	247,001	0	0	5,346,882
Restricted for Debt Service - Expendible															
Capital Replacement - Expendible															5,417,021
Unrestricted															0
Total Net Position	41,932	(2,783)	1,477,867	1,466,889	(1,883,474)	(1,357,366)	(397,161)	(1,043,414)	(1,100,786)	(484,560)	2,018,290	2,090,287	34,571	23,997	191,239
	\$5,698,862	\$6,076,845	(609,746)	(1,117,136)	(1,883,474)	(1,357,366)	\$6,334,510	\$6,335,294	\$1,100,786	(484,560)	\$2,261,505	\$2,337,288	\$34,571	\$23,997	\$10,955,142

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

MAVERICK COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Water Current Year	Water Prior Year	MC/PFC Current Year	MC/PFC Prior Year	MC/PFC Detention Center Current Year	MC/PFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissionary Current Year	Commissionary Prior Year	Totals Current Year			
OPERATING REVENUES:																		
Charges for Services																		
Rents	\$417,872	\$447,962																
Commissionary Sales																		
Tipping Fee																		
Miscellaneous																		
Total Operating Revenues	526	547	0	0	0	6,382,474	7,556,726	0	38	1,792,424	1,887,682	734	0	4,977	83,280	40,169	36,126	8,646,974
OPERATING EXPENSES:																		
Personal Services	206,548	194,741																
Supplies	85,572	47,766																
Other Services and Charges	81,563	92,814																
Depreciation	222,988	222,998																
Closure and Post Closure Care Costs (Recovery)																		
Total Operating Expenses	596,681	558,319	1,117,140	901,726	94,682	624,580	3,105,927	1,274,226	4,281,212	4,788,805	80,760	80,822	29,595	43,129	9,305,997			
Operating Income (Loss)	(178,283)	(109,810)	(1,117,140)	(901,726)	6,287,792	6,932,184	(1,305,705)	633,000	(4,280,478)	(4,788,805)	(75,783)	2,458	10,574	(7,003)	(659,023)			
NON-OPERATING REVENUES (EXPENSES):																		
Interest Income																		
Interest and Fiscal Charges																		
Total Non-Operating Revenues (Expenses)	0	0	(1,525,612)	(2,526,689)	0	21	21	1,150	459	(19,701)	(24,867)	0	0	0	(1,543,669)	(1,545,313)		
Income Before Transfers	(178,283)	(109,810)	(2,642,528)	(3,427,838)	6,287,792	6,932,205	(1,324,256)	608,592	(4,280,478)	(4,788,805)	(75,783)	2,458	10,574	(7,003)	(2,202,692)	0		
Intergovernmental Transfers In (Out) - Net	(2,628)	3,149,648	2,769,598	(6,813,900)	(7,214,256)	1,293,472	254,045	3,664,252	4,444,658							1,293,472		
Change in Net Position	(178,283)	(112,438)	507,390	(658,240)	(526,108)	(282,051)	(30,784)	862,637	(616,226)	(344,147)	(75,783)	2,458	10,574	(7,003)	(909,220)			
Total Net Position - Beginning - Restated	6,076,845	6,189,283	(1,117,136)	(458,886)	(.357,366)	(1,075,315)	6,385,284	5,522,657	(484,560)	(140,413)	2,337,288	2,458	10,574	(7,003)	31,000	11,884,352		
Total Net Position - Ending	\$5,898,562	\$6,076,845	(\$609,746)	(\$1,117,136)	(\$1,883,474)	(\$1,357,366)	\$6,354,510	\$1,100,786	(\$1,100,786)	(\$84,560)	\$2,261,505	\$2,337,288	\$34,571	\$23,997	\$10,995,142			

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, 2015

BUSINESS TYPE ACTIVITIES

(continued)

BUSINESS TYPE ACTIVITIES
.ENTERPRISE FUNDS

	Water Current Year	Water Prior Year	MCFFC Current Year	MCFFC Prior Year	MCFFC Detention Center Current Year	MCFFC Detention Center Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commission Current Year	Commission Prior Year	Totals Current Year
Reconciliation of operating income to net cash provided (used) by operating activities:													
Operating Income (Loss)	(178,283)	(109,810)	(1,117,140)	(901,726)	6,287,792	6,932,184	(1,305,705)	633,000	(4,280,478)	(4,788,805)	(75,783)	2,458	10,574
Adjustments to Reconcile to Net Cash Flow													(7,003)
Non-Cash Items Included in Net Income													(659,023)
Depreciation	222,998	222,998	877,589	877,589	0	0	0	886,893	817,127	0	0	3,786	0
Closure and Post Closure Care Costs	0	0	0	0	0	0	0	527,814	(1,236,236)	0	0	0	0
Changes in Current Items													
Decrease (Increase) in Accounts Receivable	395	18,237	0	0	0	0	0	66,062	7,789	0	0	531	(531)
Decrease (Increase) in Due from Other Funds	0	1,464	0	0	0	0	0	0	0	10,000	(10,000)	76,985	0
Decrease (Increase) in Due from Others	(6,886)	(7,423)	0	0	1,190,268	37,049	0	0	0	0	0	0	1,183,380
Decrease (Increase) Deferred Outflow of Res.-Contributions	2,145												38,658
Decrease (Increase) Deferred Outflow-Investment Experience	(22)												(395)
Decrease (Increase) Deferred Outflow-Actual Exp. vs. Assumption	(4,245)												(76,484)
Increase (Decrease) in Accounts Payable	(1,534)	851	0	0	0	0	0	(164,281)	(226,387)	383,170	122,629	181	(455)
Increase (Decrease) in Accrued Wages	1,986	(1,472)	0	0	0	0	0	3,195	8,643	(121,443)	121,443	265	386
Increase (Decrease) in Accrued Interest Payable	0	0	(134,700)	(13,855)	0	0	0	(1,512)	14,398	0	0	0	0
Increase (Decrease) in Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	0	(134,700)
Increase (Decrease) in Due to Other Funds	4,266	7,918	0	0	0	0	0	327,089	0	144,977	332,141	320,616	0
Increase (Decrease) in Due to Others	450	0	0	0	0	0	0	0	0	0	0	0	336,407
Increase (Decrease) in Net Pension Liability	2,535	0	0	0	0	0	0	7,822	0	42,402	0	745	0
Decrease (Increase) in Deferred Outflow of Resources	0	0	0	0	0	0	0	(12,386)	0	0	0	0	53,504
Net Cash Provided (Used)													(12,386)
By Operating Activities	43,815	132,763	(374,251)	(37,992)	7,478,060	7,296,322	9,902	163,311	(3,669,686)	(4,234,117)	6,087	5,153	10,574
													(7,003)
													3,504,501

Noncash Investing, Capital, and Financing Activities:

Assumption of County Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Lease	0	0	0	0	0	0	0	0	0	0	0	0	0
Solid Waste Usage Provided at	0	0	0	0	0	0	0	0	164,973	29,856	0	0	164,973
at No Cost to Maverick County	0	0	0	0	0	0	0	0	34,709	194,860	0	0	34,709
Maverick County Road and Bridge	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$199,682	\$224,716	\$0	\$0	\$199,682

Note: The above funds are all Enterprise Funds.

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

MAVERICK COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Agency Funds
ASSETS	
Cash and Cash Equivalents	<u>\$5,452,332</u>
Total Assets	<u><u>\$5,452,332</u></u>
 LIABILITIES	
Due to Others	<u>\$5,452,332</u>
Total Liabilities	<u><u>\$5,452,332</u></u>

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

Maverick County, Texas
Notes to the Financial Statements
September 30, 2015

I. Summary of significant accounting policies

A. Reporting entity/ Basis of Accounting/Measurement Focus

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

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

The accounting policies of Maverick County, Texas, (the County) conform to generally accepted accounting principles generally accepted in the United States of America. The County also applies all relevant Government Accounting Standards Board (GASB) pronouncements.

B. Government-wide and fund financial statements

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

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

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

C. Governmental Fund Financial Statements

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

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

The government reports the following major governmental funds:

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

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

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

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

D. Proprietary fund financial statements

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

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

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The government reports the following major proprietary funds:

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

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

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

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

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

The Airport Fund operates the County Airport.

The Commissary Fund manages the Commissary for the Jail Inmates.

E. Fiduciary Funds

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

F. Blended Component Units

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

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

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

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

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

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

MCPFC

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

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

MCSWA

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

Child Welfare Board

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

G. Non-Profit Corporations

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

H. Interlocal Agreements

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.

Maverick County Solid Waste Authority

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.

I. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

2. Receivables and payables

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 1 percent of current outstanding property taxes at September 30, 2015, and 10 percent of delinquent outstanding property taxes at September 30, 2015. Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and prepaid items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. There were no prepaid items at September 30, 2015.

4. Restricted assets

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

<u>Type</u>	<u>Business-Type Activities</u>
Maverick County Public Facility Corporation (MCPFC)	\$5,417,021
Maverick County Public Facility Corporation (MCPFC) - Detention Center	753,050
	<u>\$6,170,071</u>

5. Capital assets

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

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There were no major construction projects during the 2015 fiscal year.

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

Assets

	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	25
Vehicles	5
Office equipment	5
Computer equipment	5

6. Compensated absences

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

7. Long-term obligations

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

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

8. Fund equity

As of September 30, 2015, fund balances of the governmental funds are classified as follows:

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

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

Unassigned— all other spendable amounts.

As of September 30, 2015, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$108,730
Inventory	98,366
Restricted	
Construction	4,580,768
General Administration	21,632
Health and Welfare	145,427
Judicial	517,978
Public Safety - Sheriff	250,231
Public Transportation	140,788
Records Management	192,526
Unassigned	(5,623,506)
Total Fund Balance	<u>\$432,940</u>

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

9. Comparative data/reclassifications

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

10. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

11. Net position flow assumption

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

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$27,638,764 difference are as follows:

Notes Payable	\$3,515,000
Bonds Payable	21,575,000
Compensated Absences	360,220
Accrued Interest Payable	174,922
Net Pension Liability	1,729,430
Bond Issuance Premium	349,082
Bond Discount	(64,890)
	<u>\$27,638,764</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$10,343,633 difference are as follows:

Capital assets not being depreciated	\$4,874,712
Capital assets being depreciated	21,082,664
Depreciation expense	(15,613,743)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in Net Position of governmental activities	<u>\$10,343,633</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.") The details of this \$1,940,073 difference are as follows:

Property Taxes Receivable	\$2,090,871
Allowance for Doubtful Accounts	(150,798)
Net	<u>\$1,940,073</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Municipal fines and fees receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.") The details of this \$2,406,754 difference are as follows:

Fines Receivable	\$2,216,620
Allowance for Doubtful Accounts	(1,011,412)
Deferred Outflow of Resources-Contributions (after 12/31/14)	950,334
Deferred Outflow-Investment Experience	1,309
Deferred Outflow-Actual Experience vs. Assumption	<u>252,903</u>
Net	<u>\$2,409,754</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this (\$503,309) difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$0
Capital Outlay - Additions - Being Depreciated (Net)	174,050
Capital Outlay - Deletions	0
Depreciation Expense	(677,359)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>(\$503,309)</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

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

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year. The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court. The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash. When the Budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the line item. Budgets were adopted in conformity with generally accepted accounting principles (GAAP). A budget for the 2015 fiscal year was adopted for the General Fund.

B. Excess of expenditures over appropriations

For the year ended September 30, 2015, expenditures did not exceed appropriations in the General fund, road and bridge fund, and the debt service fund (the legal level of budgetary control).

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2015 except for the following. The General fund - \$4,251,002, the Road and Bridge fund - \$35,175, the MCPFC fund – 609,746, the MCPFC Detention Center fund - \$1,883,474, MC Detention Center fund - \$1,100,786, Border Star No. 1983102 fund - \$60,697, Multi-Jurisdictional Planning fund - \$13, Self Help fund - \$87, Self Help No. 711003 fund - \$2,102, the Stone Garden 2011 fund - \$2,016, the Stone Garden 2013 fund - \$46, and the TxDOT 3 fund - \$2,515. These deficits are expected to be liquidated by future resources of the funds.

IV. Detailed notes on all funds

A. Deposits and investments

Legal and Contractual Provisions Governing Deposits and Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is not in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments:

In compliance with the Public Funds Investment Act, the County has not adopted a deposit and investment policy. That policy does address the following risks:

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of September 30, 2015, the government's bank balance of \$13,096,752 was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name. The fair market value of the securities pledged is \$17,252,552 and the FDIC coverage is \$200,000.

The Maverick County Detention Facility keeps monies in UMB Bank in the amount of \$5,446,812. These monies are put into a money market account. It is unknown at this time what security is provided by the bank for the benefit of Maverick County for these funds.

B. Receivables

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

	General	Road and Bridge	Debt Service	Landfill Waste/ Criminal Detention Ctr.	Other Governmental Funds	Water	MCSWA	Total
<u>Receivables</u>								
Taxes	\$898,325	\$405,701	\$786,845					\$2,090,871
Accounts	606,878				9,793	206,778		823,449
Fines	2,216,620							2,216,620
Sales Tax	401,318			391,698				793,016
Intergovernmental	216,716				191,071			407,787
Other	187,934							187,934
Gross Receivables	4,527,791	405,701	786,845	391,698	191,071	9,793	206,778	6,519,677
Less: Allowance for Uncollectibles	1,076,201	29,260	56,749					1,162,210
Net Total Receivables	<u>\$3,451,590</u>	<u>\$376,441</u>	<u>\$730,096</u>	<u>\$391,698</u>	<u>\$191,071</u>	<u>\$9,793</u>	<u>\$206,778</u>	<u>\$5,357,467</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2015 was as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$4,874,712	\$0	\$0	\$4,874,712
Total capital assets not being depreciated:	4,874,712	0	0	4,874,712

Capital assets being depreciated:

Building and Improvements	9,395,197	6,000	9,401,197
Machinery and Equipment	11,325,417	118,504	11,443,921
Infrastructure	0		0
Intangible	188,000	49,546	237,546
Total capital assets being depreciated:	20,908,614	174,050	21,082,664

Less: Accumulated Depreciation for:

Building and Improvements	4,607,767	217,993	4,825,760
Machinery and Equipment	10,309,817	435,611	10,745,428
Infrastructure	0		0
Intangible	18,800	23,755	42,555
Total Accumulated Depreciation	14,936,384	677,359	15,613,743
Total Capital Assets Depreciated, Net	5,972,230	(503,309)	5,468,921
Governmental Activities capital assets, Net	\$10,846,942	(\$503,309)	\$10,343,633

Business-type Activities:

Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:			
Land	\$846,720	\$0	\$846,720
Construction in Progress	0	0	0
Total capital assets not being depreciated:	846,720	0	846,720

Capital assets being depreciated:

Building and Improvements	42,473,920	0	0	42,473,920
Landfill Cell One and Two	5,504,756	0	22,264	5,482,492
Machinery and Equipment	2,839,230	47,983	0	2,887,213
Infrastructure	1,935,484	0	0	1,935,484
Landfill Permit	2,175,360	0	0	2,175,360
Water Rights	761,400	0	0	761,400
Total capital assets being depreciated:	55,690,150	47,983	22,264	55,715,869

Less: Accumulated Depreciation for:

Building and Improvements	6,527,066	1,075,641	0	7,602,707
Machinery and Equipment	164,596	9,697	0	174,293
Water Rights	107,865	19,035	0	126,900
MCSWA	4,935,022	866,629		5,801,651
Total Accumulated Depreciation	11,734,549	1,971,002	0	13,705,551
Total Capital Assets Depreciated, Net	43,955,601	(1,923,019)	22,264	42,010,318
Business-type Activities capital assets, Net	\$44,802,321	(\$1,923,019)	\$22,264	\$42,857,038

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

Governmental Activities	
General Administration	\$85,078
Legal	548
Financial Administration	4,505
Public Facilities	59,922
Public Safety	357,692
Culture and Recreation	14,306
Health and Welfare	31,906
Conservation - Agriculture	123,402
Total Depreciation Expense - Governmental Activities	<u>\$677,359</u>

Business-Type Activities	
Water	\$222,998
MCPFC	877,589
MCSWA	866,629
Airport	3,786
Total Depreciation Expense - Business-Type Activities	<u>\$1,971,002</u>

Construction commitments:

There were no major construction projects during the 2015 fiscal year.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2015, is as follows:

Due to/from other funds:

DUE TO	DUE FROM							
	Landfill Waste/		Other		MC			
	General Fund	Road and Bridge Fund	Criminal Detention Ctr. Fund	Governmental Funds	Water Fund	MCSWA Fund	Detention Center Fund	TOTAL
General Fund		\$6,163	\$15,000	\$20,534	\$52,371		\$652,757	\$746,825
Road and Bridge Fund		53,804						53,804
Landfill Waste/Criminal Detention Ctr. Fund	2,840,580							2,840,580
Other Governmental Funds	537,851			76,445	40,421	45,492		700,209
Airport Fund	1,634,548	348,521						1,983,069
TOTALS	\$5,066,783	\$354,684	\$15,000	\$96,979	\$92,792	\$45,492	\$652,757	\$6,324,487

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

Transfers:

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

In the year ended September 30, 2015, the government made the following recurring transfers:

TRANSFER OUT	TRANSFER IN						
	General Fund	Road and Bridge Fund	Other Governmental Funds	MCPFC Fund	MC Detention Center Fund	MCSWA Fund	TOTAL
General Fund			\$77,059				\$77,059
Road abd Bridge Fund	800,000		2,577				802,577
Landfill Waste/Criminal Detention Ctr. Fund					3,001,972	3,001,972	
Other Governmental Funds	4,155		187,794				191,949
MCPFC Detention Center Fund				3,149,648	3,664,252		6,813,900
MCSWA Fund	1,658,500	50,000					1,708,500
TOTALS	\$2,462,655	\$50,000	\$267,430	\$3,149,648	\$3,664,252	\$3,001,972	\$12,595,957

E. Leases

Operating Leases

The government leases equipment under non cancellable operating leases. Total costs for such leases were \$28,326 for the year ended September 30, 2015. The future minimum lease payments for these leases are as follows: None

F. Long-term debt

Certificates of Obligation Bonds

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

Business-Type Activity Debt

On July 26, 2007, the MCPFC issued \$42,255,000 in Project Revenue Bonds, Series 2007A-1, and \$620,000 Project Revenue Bonds, Series 2007A-2 (Taxable) to finance the acquisition, construction, furnishing, and equipping of a medium security correctional facility in Maverick County, Texas. The MCPFC Detention Center consists of a 654 bed correctional facility leased by the County. The County entered into agreements to house prisoners under the jurisdiction of subdivisions and agencies of the State and other governmental entities. Revenues from the operations commenced in December 2008 and are pledged to secure rental payments due under MCPFC lease. Bond principal and interest are payable only from the Project Facility Revenues and from no other source. The bonds and principal do not constitute a general obligation of the MCPFC or the County, the State of Texas, or any political subdivision thereof. Neither the full faith nor credit of the MCPFC, the County or the State of Texas or any of its political subdivisions is pledged for the payment of the bonds principal and interest. The balance at September 30, 2015 is \$36,975,000. **The County does not assume any liability for these bonds. The bond Trustee, UMB Bank, N.A. informed us that these bonds are currently in default.**

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

PURPOSE	RATE	ORIGINAL AMOUNTS	CURRENT AMOUNTS	SERIES	MATURITY DATE	COVENANTS	SECURITY
Governmental activities	4.00-5.00%	\$5,000,000	\$2,980,000	2004	2020	Sinking Fund	Ad Valorem Tax
Governmental activities	8.75%	\$5,000,000	\$4,905,000	2009	2034	Sinking Fund	Ad Valorem Tax
Governmental activities	8.75%	\$13,960,000	\$13,690,000	2009	2034	Sinking Fund	Ad Valorem Tax
Business-type activities	6.25-3.75%	\$42,875,000	<u>\$36,975,000</u>	2007A-1	2029	Sinking Fund	(A) Ad Valorem Tax and Prisoner Fees
			<u>\$58,550,000</u>				

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

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

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$705,000	\$1,750,938	\$1,500,000	\$2,198,394
2017	1,055,000	1,691,282	1,590,000	2,101,831
2018	1,125,000	1,619,719	1,690,000	1,999,331
2019	1,200,000	1,543,031	1,795,000	1,890,425
2020	1,285,000	1,460,656	1,905,000	1,774,800
2021-2025	3,705,000	6,334,781	11,440,000	6,873,797
2026-2030	5,725,000	4,303,468	15,640,000	2,403,695
2031-2034	6,775,000	1,249,719	0	0
TOTALS	\$21,575,000	\$19,953,594	\$35,560,000	\$19,242,273

Capital Leases

Business-type activities: The Solid Waste Authority entered into two lease purchase agreements for the acquisition of machinery and equipment. Lease principal payments for the fiscal year ended September 30, 2015, totaled \$179,786. The effective interest rate is 3.5% for the first lease and 3.2% for the second lease. Total cost of the assets acquired under these two capital leases is \$1,000,955 with accumulated depreciation of \$455,741.

ASSET	Business-Type Activities	
	Various Equipment	TOTAL
COST	\$1,000,955	\$1,000,955
ACCUMULATED DEPRECIATION	(455,741)	(455,741)
NET ASSET	<u>\$545,214</u>	<u>\$545,214</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

YEAR	Business-Type Activities		Total
	Amount	Amount	
2016	\$183,575	\$183,575	
2017	183,575	183,575	
2018	183,576	183,576	
2019	10,940	10,940	
Total Minimum Lease Payments	<u>561,666</u>	<u>561,666</u>	
Less: Amount Representing Interest	<u>26,511</u>	<u>26,511</u>	
Present Value of Net Minimum Lease Payments	<u>\$535,155</u>	<u>\$535,155</u>	

Tax Anticipation Notes

The County secured a Tax Anticipation Note of \$800,000 on September 17, 2015. The rate of interest is 4.3%. The \$800,000 debt is due on July 15, 2016.

Compromise and Settlement Agreement -Note Payable

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

Estimated Cost of Closure and Post Closure Costs

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

In addition to operating expenses related to current activities of the landfill, an expense (recovery) provision and related liability are being recognized based on the landfill capacity used as of each statement of net position date. These future closure and post closure care costs will be paid only near or after the date the landfill no longer accepts waste. The \$2,120,091 reported as accrued landfill closure and post closure care costs at September 30, 2015, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of Cell 1 and 36% of the estimated capacity of the Cell 2. The current reduction recognized in this fiscal year of \$527,814 is due to a change in estimate. The Solid Waste Authority's Cell 2 has more than doubled the capacity of the landfill. The Solid Waste Authority will recognize the remaining estimated cost of closure and post closure care of \$2,046,574 as the remaining estimated capacity is filled. The Solid Waste Authority estimates the useful life as of September 30, 2015, to be approximately 5 years. The estimated total current cost of the accrued landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of September 30, 2015. However, the actual cost of closure and post closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

The above estimated charges are based on a study conducted by SCS Engineers and presented in a report dated December 17, 2015.

Changes in long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$22,230,000	\$0	\$655,000	\$21,575,000	\$705,000	\$20,870,000
Add Deferred Amounts:						
For Issuance Premium	367,375		18,293	349,082		349,082
TAN Note		800,000		800,000	800,000	0
Tax Notes	5,230,000		1,715,000	3,515,000	1,455,000	2,060,000
Less Deferred Amounts:						
For Tax Note Discount	(119,996)	55,106		(64,890)		(64,890)
Total Bonds Payable	27,707,379	855,106	2,388,293	26,174,192	2,960,000	23,214,192
Capital Lease	37,003		37,003	0		0
Net Pension Payable	1,578,375	151,055		1,729,430		1,729,430
Compensated Absences	319,017	360,220	319,017	360,220	360,220	0
Total Governmental Activities	29,641,774	1,366,381	2,744,313	28,263,842	3,320,220	24,943,622
<u>Business-Type Activities:</u>						
Revenue Bonds	36,975,000			36,975,000		36,975,000
Less Deferred Amounts:						
For Bond Discount	(1,855,839)	123,723		(1,732,116)		(1,732,116)
Total Bonds Payable	35,119,161	123,723	0	35,242,884	0	35,242,884
Compensated Absences	42,602	41,090	42,602	41,090	4,109	36,981
Net Pension Payable	511,111	53,504		564,615		564,615
Capital Lease Obligation	699,029		163,874	535,155	169,196	365,959
Compromise and Settlement Note Payable	578,018		96,336	481,682	96,336	385,346
Accrued Landfill Closure and Postclosure Care Costs	1,592,277	527,814		2,120,091		2,120,091
Total Business-Type Activities	38,542,198	746,131	302,812	38,985,517	269,641	38,715,876
Grand Total	\$68,183,972	\$2,112,512	\$3,047,125	\$67,249,359	\$3,589,861	\$63,659,498

The government-wide statement of net assets includes \$3,589,861 as "noncurrent liabilities, due within one year".

Note: Compensated absences are considered to be short term liabilities. The governmental activities bonds, capital leases, and compensated absences are serviced by the general fund. The Business-type activities bonds, capital leases, and compensated absences are serviced by the both the water fund and the sewer fund.

V. Other information

A. Risk management

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

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

	Year ended <u>09/30/15</u>	Year ended <u>09/30/14</u>
Unpaid Claims, Beginning of Fiscal Year	\$ -0-	\$ -0-
Incurred Claims (including IBNRs)		
Claim Payments	<u>-0-</u>	<u>-0-</u>
Unpaid Claims, End of Fiscal Year	<u>\$ -0-</u>	<u>\$ -0-</u>

1. General Liability Insurance

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

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

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

2. Property and Casualty Insurance

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

3. Workers' Compensation Insurance

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

4. Group Health and Life Insurance

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

5. Unemployment Compensation Insurance

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

B. Related party transaction

There were no material related parties during the year or at the end of the year.

C. Subsequent Events

On August 27, 2015, the Solid Waste Authority agreed to transfer \$500,000 to the County to be paid in two lump sum payments of \$250,000. The first transfer was made on October 1, 2015. The second payment is scheduled to be paid on April 1, 2016.

D. Contingent liabilities

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

Cabello, et al vs Maverick Co., et al. Plaintiffs file a federal civil rights suit against several individuals and the County claiming federal agents and Cardona, a County law enforcement officer, wrongfully raided their home and shot Cabello, lead plaintiff, in the arm. On 10/9/15, Court awarded a total judgment of \$120,125.00 against the County.

Cruz, et al vs Maverick Co. Plaintiffs, Cruz and Sanchez, filed a suit against the County and the Sheriff's Department claiming that they and several yet to be identified employees were wrongfully denied overtime compensation in the preceding three year period. Potential additional plaintiffs have until 4/2/2016 to join the class. Potential exposure could rise as high as \$1,000,000.00.

Garza vs Perez. Plaintiff claims violation of his civil rights by Defendant, a former jailer at the Tom Bowles Detention Center. The case was settled at mediation in April in exchange for a one-time payment of \$4,500.00.

Fernandez, et al vs. Maverick Co. Employees of the County Auditor's office filed discrimination charges with the Texas Workforce Commission and the Equal Employment Opportunity Commission against County Auditor, Sandra Watkins, when the auditor told them she did not want them speaking Spanish in the workplace. The Parties went to mediation in an attempt to resolve the alleged complaints by the employees and they have requested \$40,000.00 per claim. There has been no finding made by the EEOC.

The Facility Operation and Management Agreement to allow the Operator to operate a facility known as the Maverick County Detention Center (Facility). Pursuant to this Agreement the Operator was to be paid monthly for operation which was a fixed fee per inmate per day and to be paid on a monthly basis a per diem fee of \$45.00 per month for each inmate. The Agreement was terminated by the Operator on October 2, 2013 and to be effective November 1, 2013. Upon termination it required the County to pay unpaid compensation due and owing only to the extent that monies are available therefor in the Operating Account within one year after termination but the County would deduct Operation and Management Costs and Operator Fee.

CONCERNING THE PUBLIC FACILITY CORPORATION:

UMB Bank, N.A., as Trustee for the owners of those certain \$42,225,000 Maverick County Public Facility Corporation Project Revenue Bonds, Series 2007A-1 v Maverick County Public Facility Corporation – the PFC issued revenue bonds in the amount of \$42,225,000.00 for construction of a detention facility. The PFC leased the facility to the County to operate and maintain. On 8/1/2015 the County provided notice to the PFC that it was ceasing operations. The facility is no longer in operation and does not have any detainees for revenue. The PFC is not able to make payments pursuant to the financing documents. UMB filed suit in Federal Court against the PFC due to the payments not being made.

E. Prior Period Adjustments

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

The County had a prior period adjustment whereby both governmental activities and business-type activities Net Assets were decreased by \$500,210 and \$256,242, respectively. The restatement was a result of the County implementing GASB 68.

The County also had a prior period adjustment whereby both governmental activities and business-type activities Net Assets were increased by \$269,168 and \$63,217, respectively. The restatement was a result of the County "cleaning up" certain inter-county "due to's and froms".

The County also had a prior period adjustment whereby governmental activities Net Assets were increased by \$1,622,459. The restatement was a result of capital assets purchased in the past not being incorrectly capitalized.

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

	Net Assets, as Previously Reported	GASB 68 Restatement	Other	Capital Asset Restatement	Net Assets As Restated
Governmental Activities:					
Net Assets	(\$16,114,639)	(\$500,210)	\$269,168	\$1,622,459	(\$14,723,222)
Total Governmental Activities	(\$16,114,639)	(\$500,210)	\$269,168	\$1,622,459	(\$14,723,222)
 Business-Type Activities:					
Net Assets	\$12,057,387	(\$256,242)	\$63,217	\$11,864,362	
Total Business-Type Activities	\$12,057,387	(\$256,242)	\$63,217	\$11,864,362	
 Governmental Funds:					
Fund Balance					
	FUND BALANCE AS PREVIOUSLY RESTATED			FUND BALANCE AS RESTATED	
Fund Balance	(\$127,441)	269,168	\$141,727		
Total Governmental Funds	(\$127,441)	\$269,168	\$141,727		

F. Summary of TCDRS Funding Policy

Introduction

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

This policy documents the current funding policies in effect for the Dec. 31, 2014 actuarial valuation as established by state law, administrative rule and action by the TCDRS Board of Trustees (the board). The policy serves as a comprehensive funding overview and complies with the GASB reporting requirements for an agent multiple-employer plan.

TCDRS funding overview

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

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

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

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

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

Methodology for determining employer contribution rates

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

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

The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions. The employer rate for the 2014 and 2015 years is 9.84% and 8.68%, respectively.

Actuarial cost method

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

Amortization policy

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

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

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

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

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

Asset valuation method

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

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

Actuarial assumptions

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

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

Oversight

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

Review of actuarial assumptions

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

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

Review of employer contribution rates

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

Review and modification of funding policy

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

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2013	December 31, 2014
Total pension liability	\$28,002,693	\$30,514,622
Fiduciary net position	25,946,981	28,262,175
Net pension liability / (Asset)	2,055,711	2,252,448
Fiduciary net position as a % of total pension liability	92.66%	92.62%
Pensionable covered payroll	\$9,408,177	\$11,851,093
Net pension liability as a % of covered payroll	21.85%	19.01%

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

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

Payroll is calculated based on contributions as reported to TCDRS.

Discount Rate

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

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB 68.

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

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

Valuation date	Dec. 31, 2013	Dec. 31, 2014
Measurement date	Dec. 31, 2013	Dec. 31, 2014
Reporting date	Employer Beg. Fiscal Year	Employer FYE

Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

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

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

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

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

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Changes in Net Pension Liability / (Asset)

Liability / (Asset)	Liability (a)	Net Position (b)	Liability / (Asset) (a) - (b)
Balances as of December 31, 2013	\$28,002,693	\$25,946,981	\$2,055,711
Changes for the year:			
Service cost	1,543,919		1,543,919
Interest on total pension liability	2,277,445		2,277,445
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	2,132		2,132
Effect of assumptions changes or inputs	0		0
Refund of contributions	(180,429)	(180,429)	0
Benefit payments	(1,131,138)	(1,131,138)	0
Administrative expenses		(20,913)	20,913
Member contributions		711,066	(711,066)
Net investment income		1,733,967	(1,733,967)
Employer contributions		1,166,148	(1,166,148)
Other	0	36,492	(36,492)
Balances as of December 31, 2014	<u>\$30,514,622</u>	<u>\$28,262,175</u>	<u>\$2,252,448</u>

Sensitivity Analysis

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

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

Total pension liability	\$34,731,051	\$30,514,622	\$27,075,719
Fiduciary net position	28,262,175	28,262,175	28,262,175
Net pension liability / (Asset)	\$6,468,876	\$2,252,448	(\$1,186,456)

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2014 to December 31, 2014
Service cost	\$1,543,919
Interest on total pension liability	2,277,445
Effect of plan changes Administrative expenses	20,913
Member contributions	(711,066)
Expected investment return net of investment expenses	(2,145,700)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	426
Recognition of assumption changes or inputs	0
Recognition of investment gains or losses	82,347
Other	(36,492)
Pension expense / (income)	<u>\$1,031,792</u>

As of December 31, 2014, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$1,705
Changes of assumptions	0	0
Net difference between projected and actual earnings	0	329,386
Contributions made subsequent to measurement date	N/A	Employer determined

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

Year ended December 31:	
2015	\$82,773
2016	82,773
2017	82,773
2018	82,773
2019	0
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/2014 Expense	Balance of Deferred Inflows 12/31/2014	Balance of Deferred Outflows 12/31/2014
Investment (gains) or losses	\$411,733	12/31/2014	5.0	\$82,347	\$0	\$329,386
Economic/ demographic (gains) or losses	2,132	12/31/2014	5.0	426	0	1,705
Assumption changes or inputs	0	12/31/2014	5.0	0	0	0
Employer contributions made subsequent						
Employer Determined to measurement date						

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS investment consultant, Cliffwater LLC. The numbers shown are based on January 2015 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2013 for more details.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USO (net) Index	11.00%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USO (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

Employees covered by benefit terms.

Actuarial Valuation and Measurement Date, December 31,	2013	2014
Membership		
Number of		
- Inactive employees or beneficiaries currently receiving benefits	97	97
- Inactive employees entitled to but not yet receiving benefits	401	401
- Active employees	<u>379</u>	<u>379</u>
- Total	<u>877</u>	<u>877</u>

Note: Information for the Maverick County Solid Waste Authority can be found in a separate report for the year ended September 30, 2015 dated March 24, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	Year Ended December 31									
Total Pension Liability										
Service cost	\$1,543,919	N/A								
Interest on total pension liability	2,277,415	N/A								
Effect of plan changes	0	N/A								
Effect of assumption changes or inputs	0	N/A								
Effect of economic/demographic (gains) or losses	2,132	N/A								
Benefit payments/refunds of contributions	<u>(1,311,566)</u>	<u>N/A</u>								
Net change in total pension liability	2,511,929	N/A								
Total pension liability, beginning	<u>28,002,693</u>	<u>N/A</u>								
Total pension liability, ending (a)	<u>\$10,514,622</u>	<u>N/A</u>								
Fiduciary Net Position										
Employer contributions	\$1,166,148	N/A								
Member contributions	711,066	N/A								
Investment income net of investment expenses	1,731,967	N/A								
Benefit payments/refunds of contributions	<u>(1,311,566)</u>	<u>N/A</u>								
Administrative expenses	<u>(21,913)</u>	<u>N/A</u>								
Other	<u>36,192</u>	<u>N/A</u>								
Net change in fiduciary net position	<u>2,315,193</u>	<u>N/A</u>								
Fiduciary net position, beginning	<u>25,916,081</u>	<u>N/A</u>								
Fiduciary net position, ending (b)	<u>\$28,762,175</u>	<u>N/A</u>								
Net pension liability / (asset), ending = (a) - (b)	<u>\$2,238,192</u>	<u>N/A</u>								
Fiduciary net position as a % of total pension liability	92.62%	N/A								
Pensionable covered payroll	\$11,851,093	N/A								
Net pension liability as a % of covered payroll	19.61%	N/A								

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	\$537,547	\$537,547	0	\$7,668,291	7.0%
2007	559,691	559,691	0	7,849,806	7.1%
2008	555,644	555,644	0	8,736,543	6.4%
2009	653,959	653,959	0	10,060,905	6.5%
2010	886,137	886,137	0	11,958,661	7.4%
2011	818,693	818,693	0	10,974,032	7.5%
2012	857,707	857,707	0	9,363,609	9.2%
2013	892,836	892,836	0	9,408,177	9.5%
2014	1,166,148	1,166,148	0	11,851,093	9.8%

Payroll is calculated based on contributions as reported to TCDRS.

Appendix A - Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASS analysis were the same as those used in the December 31, 2014 funding valuation (see Appendix B, following, for details), except as noted below and throughout this report. Please see the employer summary actuarial valuation report as of December 31, 2014 for further details.

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

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix B
Salary Increases	Same as funding valuation: See Appendix B
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Maverick County are not considered to be substantively automatic under GASS 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASS calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as funding valuation: See Appendix B
Turnover	Same as funding valuation: See Appendix B
Mortality	Same as funding valuation: See Appendix B

Appendix B-Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2014 financial reporting metrics are the same as those used in the December 31, 2014 actuarial valuation analysis for Maverick County.

Following is a description of the assumptions used in the December 31, 2014 actuarial valuation analysis for Maverick County. This information may also be found in the Maverick County December 31, 2014 Summary Valuation Report.

Economic Assumptions

TCDRS system-wide economic assumptions:

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

The long-term investment return of 8% is net of investment expenses and is expected to enable the system to credit interest at the nominal annual rates shown below to the following major funds:

Subdivision Accumulation Fund	9%
Employees Saving Fund	7%
Current Service Annuity Reserve Fund	7%

Assuming interest will be credited at these nominal annual rates to the various funds, we have then assumed the following:

An annual rate of 9% for calculating the actuarial accrued liability and normal cost contributions rate for the retirement plan of each participating employer.

An annual rate of 7% required under the TCDRS Act for: (1) accumulating current service credit and multiple matching credit after the valuation date; (2) accumulating prior service credit after the valuation date; (3) determining the amount of the monthly benefit at future dates of retirement or disability; and (4) calculating the actuarial accrued liability of the system-wide Current Service Annuity Reserve Fund.

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

Employer-specific economic assumptions:

Growth in membership	0.0%
Payroll growth	3.5%

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

MAVERICK COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	SPECIAL REVENUE													
	ALCOHOL			D.A.										
	911 RESTITU- TION	AND DRUG ABUSE GRANT	BORDER HOPE VOC	BORDER STAR NO. 1983102	BORDER STAR 4/11 - 8/11	CERTZ GRANT	CHILD WELFARE	COURT- HOUSE SECURITY	BORDER PROSECU- TION	ELDERLY NUTRI- TION	HEALTH	HOPE K		
ASSETS														
Cash and Cash Equivalents		\$729			\$9,703		\$86,194	\$9,400	\$76,931	\$3,050	\$59,636	\$20,521	\$6,610	
Receivables (net of allowance for uncollectibles)				6,000		11,014		68,136			25,102	79,544		
Due from Other Funds							106				150,988			
Due from Others					12									
TOTAL ASSETS	\$729	\$6,000	\$12	\$20,717	\$0	\$154,436	\$9,400	\$227,919	\$28,152	\$139,180	\$20,521	\$6,610		
LIABILITIES AND FUND BALANCES														
Liabilities														
Accounts Payable				\$4,350		\$7,331		\$6,815			\$22,206	\$1,582	\$2,453	\$6,610
Bank Overdraft				763										
Due to Other Funds					12	72,407						493		
Due to Others														
Accrued Wages						1,676		6,833		5,208	10,633			
Total Liabilities	0	5,113	12	81,414	0	13,648	0	0	27,414	12,708	2,453	6,610		
Fund Balances														
Restricted														
General Administration														
Health and Welfare					887						126,472	18,068		
Judicial											738			
Public Safety - Sheriff					729			9,400		227,919				
Public Transportation									140,788					
Records Management														
Unassigned						(60,697)								
Total Fund Balances	729	887	0	(60,697)	0	140,788	9,400	227,919	738	126,472	18,068	0		
TOTAL LIABILITIES AND FUND BALANCES	\$729	\$6,000	\$12	\$20,717	\$0	\$154,436	\$9,400	\$227,919	\$28,152	\$139,180	\$20,521	\$6,610		

(continued)

SPECIAL REVENUE														
JP FEES	LAW LIBRARY	LBSP 2012	LBSP 2014	MULTI- JURIS- DICTIONAL PLANNING	LOMA BONITA SELF HELP	MC JUVENILE PROBATION SERVICE	RECORDS MANAGE- MENT	SELF HELP	SHERIFF CONFISCATED FUND NO. 711003	SHERIFF STRATEGIC PLAN	STONE GARDEN 2009	STONE GARDEN 2010		
\$243,339	\$12,768	\$2,346				\$0	\$59,552			\$2,071		\$837	\$0	
73,685	238,716					1,398		222,370				45		
<u>\$317,024</u>	<u>\$251,484</u>	<u>\$2,346</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,398</u>		<u>\$0</u>	<u>\$281,922</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,071</u>	<u>\$0</u>	<u>\$882</u>	<u>\$0</u>
\$92,184							\$82,013	\$87				\$44,157	\$0	
19,294		237		13							12			
		2,109			1,398	0		2,102						
							4,868							
111,478	0	2,346	0	13	1,398	0	86,881	87	2,102	0	12	44,157	0	
205,546	251,484									2,071		0		
							195,041							
				(13)	0	0	(87)	(2,102)			(12)	(43,275)		
205,546	251,484	0	0	(13)	0	0	195,041	(87)	(2,102)	2,071	(12)	(43,275)	0	
<u>\$317,024</u>	<u>\$251,484</u>	<u>\$2,346</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,398</u>		<u>\$0</u>	<u>\$281,922</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,071</u>	<u>\$0</u>	<u>\$882</u>	<u>\$0</u>

MAVERICK COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014
 (continued)

	SPECIAL REVENUE							
	STONE GARDEN 2011	STONE GARDEN 2013	TECH- NOLOGY	SHERIFF DEPARTMENT ACCOUNTS	TOBACCO GRANT CONSTRUCTION PCT 4	TOWER LEASE	TXDOT 3	NON-MAJOR GOVERN- MENTAL FUNDS
ASSETS								
Cash and Cash Equivalents	\$40,866	\$462	\$37,054	\$19,512		\$23,202		\$714,783
Receivables (net of allowance for uncollectibles)					1,275			191,071
Due from Other Funds	508		13,791					700,209
Due from Others								1,410
TOTAL ASSETS	\$41,374	\$462	\$50,845	\$19,512	\$1,275	\$23,202	\$0	\$1,607,473
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$43,390		\$35		\$1,275	\$1,570	\$589	\$316,647
Bank Overdraft								788
Due to Other Funds		508					1,926	96,979
Due to Others								3,507
Accrued Wages								29,218
Total Liabilities	43,390	508	35	0	1,275	1,570	2,515	447,139
Fund Balances								
Restricted								
General Administration					21,632			21,632
Health and Welfare								145,427
Judicial		50,810						517,978
Public Safety - Sheriff				19,512				250,231
Public Transportation								140,788
Records Management							(2,515)	192,526
Unassigned	(2,016)	(46)						(108,248)
Total Fund Balances	(2,016)	(46)	50,810	19,512	0	21,632	(2,515)	1,160,334
TOTAL LIABILITIES AND FUND BALANCES	\$41,374	\$462	\$50,845	\$19,512	\$1,275	\$23,202	\$0	\$1,607,473

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

MAVERICK COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	SPECIAL REVENUE										
	911 RESTITUTION	ALCOHOL AND DRUG ABUSE	BORDER HOPE VOC	BORDER STAR NO. 1983102	BORDER STAR 4/11 - 8/11	CERTZ	CHILD WELFARE	COURTHOUSE SECURITY	D.A. BORDER PROSECUTION	ELDERLY NUTRITION	HOPE HEALTH K
REVENUES											
Intergovernmental Charges for Services		\$6,000	\$29,831	\$41,750		\$287,387			\$114,776	\$402,621	\$66,074
Interest									35,534		18,962
Miscellaneous											
Total Revenues		0	6,000	29,831	41,750	0	287,387	0	35,534	114,776	421,583
											66,074
											0
EXPENDITURES											
Current:											
General Administration											
General Administration											
Records Management											
Judicial											
Judicial											
Public Safety											
Public Safety											
Probation											
Sheriff											
Public Transportation											
Road and Bridge											
Health and Welfare											
Health											
Total Expenditures		0	5,113	29,831	102,029	2,440	177,040	700	102	114,776	450,899
											58,993
											0
Excess (Deficiency) of Revenues Over (Under) Expenditures		0	887	0	(60,279)	(2,440)	110,347	(700)	35,432	0	(29,316)
											7,081
											0
OTHER FINANCING SOURCES (USES):											
Operating Transfers In											
Operating Transfers Out											
Total Other Financing Sources (Uses)		0	0	0	0	0	30,441	0	0	0	0
Net Changes in Fund Balances		0	887	0	(60,279)	(2,440)	140,788	(700)	35,432	0	(29,316)
											7,081
Fund Balances - Beginning		729	0	0	(418)	2,440	10,100	192,487	738	155,788	10,987
Fund Balances - Ending		\$729	\$887	\$0	(\$60,697)	\$0	\$140,788	\$9,400	\$227,919	\$738	\$126,472
											\$18,068
											\$0

(continued)

SPECIAL REVENUE

				MULTI- JURIS- DICTIONAL		LOMA BONITA		MC JUVENILE		RECORDS		SELF		SHERIFF		SHERIFF		STONE	
JP FEES	LAW FEES	LBSP LIBRARY	LBSP 2012	PLANNING	HELP	PROBATION SERVICE	MANAGE- MENT	SELF HELP	HELP NO. 711003	CONFISCATED FUNDS	STRATEGIC PLAN	GARDEN 2009	GARDEN 2010						

27,781	28,805	\$16,500
	20	154,602

27,781	28,825	0	0	0	0	16,500	154,602	0	0	50,211	0	0	0
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13 150,272

16,500 64,774 43,825

0 0 0 0 13 0 16,500 150,272 0 0 64,774 0 0 43,825

27,781 28,825 0 0 (13) 0 0 4,330 0 0 (14,563) 0 0 (43,825)

1,942 44,267 188,340
 (1,942) 0 0 (44,267) 0 0 (188,340)

0	0	0	1,942	0	0	0	44,267	0	0	0	0	0
27,781	28,825	0	1,942	(13)	0	0	48,597	0	0	(14,563)	0	0

MAVERICK COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014
 (continued)

	SPECIAL REVENUE							
	STONE GARDEN 2011	STONE GARDEN 2013	TECH- NOLOGY	SHERIFF DEPARTMENT ACCOUNTS	TOBACCO GRANT CONSTRUCTION PCT 4	TOWER LEASE	TXDOT 3	NON-MAJOR GOVERN- MENTAL FUNDS
REVENUES								
Intergovernmental		\$141,179			\$6,675			\$1,112,793
Charges for Services			15,543					281,227
Interest								20
Miscellaneous					183,608		1,540	235,359
Total Revenues	0	141,179	15,543	183,608	6,675	1,540	0	1,629,399
EXPENDITURES								
Current:								
General Administration								
Records Management						5,121	44	5,178
Records Management								150,272
Judicial								
Judicial			11,710					126,486
Public Safety								
Constable		120						46,385
Juvenile Probation								46,331
Sheriff		141,179		164,096				472,180
Public Transportation					6,675			
Road and Bridge								177,040
Health and Welfare								
Health								522,380
Total Expenditures	120	141,179	11,710	164,096	6,675	5,121	44	1,546,252
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	(120)	0	3,833	19,512	0	(3,581)	(44)	83,147
OTHER FINANCING SOURCES (USES):								
Operating Transfers in								267,430
Operating Transfers Out			(46)			(1,123)		(191,949)
Total Other Financing Sources (Uses)	0	(46)	0	0	0	0	(1,123)	75,481
Net Changes in Fund Balances	(120)	(46)	3,833	19,512	0	(3,581)	(1,167)	158,628
Fund Balances - Beginning	(1,896)		46,977	0		25,213	(1,348)	1,001,706
Fund Balances - Ending	(\$2,016)	(\$46)	\$50,810	\$19,512	\$0	\$21,632	(\$2,515)	\$1,160,334

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

SINGLE AUDIT SECTION

MAVERICK COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

Federal/Pass Through Grantor/Program Title	Federal CFDA Number	Contract/ Grant Number	Grant Period	Award Amount	Award Expenditures
FEDERAL ASSISTANCE:					
U.S. Department of Justice					
<i>Passed-Through Criminal Justice Division of The State of Texas:</i>					
Edward Byrne Memorial Justice Assistance Grant - BorderStar JAG (NM) SCAAP (State Criminal Alien Assistance Program) (NM)	16.738 16.606	1983108 2015-AP-BX-0300	10/01/2014 to 09/30/2015 10/01/2014 to 09/30/2015	41,750 5,680	\$41,750 - * <u>41,750</u>
U.S. Department of Health and Human Services					
<i>Passed-Through Middle Rio Grande Development Council:</i>					
Special programs for the Aging Title III, Part B Grants for Supportive Services and Senior Citizens (M) Elderly Nutrition Title III (C1, CII, IIIB)	93.044	AAA-2011-024-03	10-01-14 to 09-30-15	190,036	<u>190,036</u> <u>190,036</u>
District Attorney					
Eagle Pass HIDTA Task Force (NM) Eagle Pass HIDTA Task Force (NM)	95.001 95.001	G14SS0013A G15SS0013A	01/01/2014 to 12/31/2015 01/01/2015 to 12/31/2016	48,494 48,494	48,734 3,356 <u>52,090</u>
<i>Passed-Through Texas Department of Human Services</i>					
Social Services Block Grant Title XX/XXIX (NM)	93.667	001001465	10-01-14 to 09-30-15	148,500	<u>142,382</u> <u>142,382</u>
U.S. Department of Homeland Security					
<i>Passed-Through Texas Department of Public Safety</i>					
Stone Garden 2013 - ZAVALA (M)	97.067	13-GA 48323-02	09-01-2013 to 02-28-2015	616,404	<u>141,179</u> <u>141,179</u>
TOTAL ASSISTANCE					
					<u><u>\$567,437</u></u>

CFDA=CATALOGUE OF FEDERAL DOMESTIC ASSISTANCE NUMBER
 M=MAJOR PROGRAM
 NM=NONMAJOR PROGRAM

Note: There were no stimulus grants in the 2014-2015 year.
 * Revenue given to Sheriff Office. Not recorded in Financial Statements

See Accompanying Notes to Schedule of Federal Financial Assistance

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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Please reply to Pleasanton address

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

To the Commissioner's Court
Maverick County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maverick County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Maverick County, Texas' basic financial statements and have issued our report thereon dated June 30, 2016.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2015 - 01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maverick County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items.

Maverick County, Texas' Response to Findings

Maverick County, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Maverick County, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



BEYER & COMPANY
Certified Public Accountants
June 30, 2016

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Commissioner's Court
Maverick County, Texas

Report on Compliance for Each Major Federal Program

We have audited Maverick County, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Maverick County, Texas' major federal programs for the year ended September 30, 2015. Maverick County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Maverick County, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Maverick County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Maverick County, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, Maverick County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance.

Report on Internal Control over Compliance

Management of Maverick County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Maverick County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Maverick County, Texas' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



BEYER & COMPANY
Certified Public Accountants
June 30, 2016

MAVERICK COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

General

The accompanying Schedule of Expenditure of Federal Awards presents the activity of all Maverick County, Texas's federal grants for the year ended September 30, 2015. This report is intended for the information of Maverick County, Texas, state and federal awarding agencies, and is not intended to be used and should not be used by anyone other than these specified parties.

Basis of Accounting

The Schedule of Expenditure of Federal Awards is presented using the modified accrual basis of accounting.

Non Cash Grants

Maverick County received no non-cash grants for the year ended September 30, 2015.

MAVERICK COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

FINANCIAL STATEMENT FINDINGS

Finding 2014-01

County-wide Accounting, Internal Controls and Financial Reporting Deficiencies

Type of Finding - Material Weakness and Material Non-Compliance

Condition and Context:

1. Deficient Accounting Records - During our audit, we noted significant errors in cash, interfund receivable and payables, accounts receivable, capital assets, accounts payable, self-insured liabilities, and related revenues, expenditures, expenses and transfers in and out, and journal entries that caused the financial statements to be materially misstated. **This finding was resolved in 2015.**

During our testing of bank reconciliations, we noted the County did not review and reconcile bank accounts timely, nor have proper supervisory approvals as of September 30, 2014. **This finding was resolved in 2015.**

During our testing of journal entries, it was noted the County generated many journal entries during the fiscal year 2014 that evidence or supervisory reviews and approvals was not determinable. **This finding was resolved in 2015.**

Interfund receivables and payables between funds should be short-term. During our audit, we noted that the interfund receivable and payable balances, for the most part, were not short-term, but were the resulting balance of several transactions that had occurred over time had not been settled between the borrowing and the lending funds. **This finding was resolved in 2015.**

2. Materially Weak Financial Reporting Process - In addition, the County has consistently failed to close their books in a timely manner; a clear indication of a materially weak period end and closing process. The County failed to close the books for fiscal year 2014 in a timely manner. The industry norm is to close the books within 2 to 3 months of year end. The County finally closed their books on September 23, 2014, almost one year after the year end. Also the County continued to propose material adjustments as late as December 10, 2015. **This finding was resolved in 2015.**
3. Poor Cash Controls - During our audit of the County, we noted that there was no evidence indicating whether bank reconciliations were prepared on a timely basis and there was no evidence of supervisory review or approval of the bank reconciliations. We also noted that formal bank reconciliations were not prepared for many Agency cash accounts held by elected officials. **This finding was resolved in 2015.**
4. No Monitoring and Reporting of County's Risk Financing Liabilities - The County has three self insurance programs including workers compensation, general and auto liability, and health. During our audit, we noted that no process existed to track or record the liability associated with the County's self-insurance programs. We also noted that the County was unable to provide sufficient information to disclose the County's risk financing in accordance with accounting principles generally accepted in the United States of America. **This finding was resolved in 2015.**

5. Improper Infrastructure and Buildings Capital Asset Financial Reporting - We noted that the assets referred to above were not properly placed into service and depreciated accordingly. No detail was provided for fixed assets nor any records available at the time audit occurred. Infrastructure and buildings acquired with prior year and current year grant funds are not being properly maintained in an inventory list or physically inventoried on a periodic basis, by the County. **This finding had not been resolved in 2015.**

Finding 2014-02

Gas Cards

Type of Finding: Material Weakness and Material Non-Compliance

Condition and Context: During our audit of County expenditures and expenses, we noted the lack of utilization of gas card invoices for payment support. All payments for gas card usage is based on gas card statements without the corresponding detailed invoices and appropriate supervisory and review approvals by department heads prior to payment. In 2014, the gas usage was budgeted and paid for without any supervisory reviews and approvals as to reasonableness and propriety. **This finding was resolved in 2015.**

Finding 2014-03

Pledged Collateral

Type of Finding: Material Weakness and Material Non-Compliance

Condition and Context: The County is required to comply with the Public Funds Collateral Act (the Act). The County was not in compliance since the following requirements of the Act were not followed:

1. As a State of Texas local government entity, the County must secure its deposits of its public funds with a financial institution and collateralized in accordance with the Act.
2. Its funds should be collateralized with eligible securities the total value of which equals at least 102 percent of the amount of the deposits of public funds covered by a security agreement.
3. The County must monitor its activities for compliance with the Act periodically.

This finding was resolved in 2015.

Finding 2014-04

Financial Reporting and Accounting

Type of Finding: Material Weakness

Condition: All findings from 2014-01 - 2014-03, as described above, are conditions causing material weaknesses in internal control over compliance. See Section Financial Statement Findings above for a detailed discussion of the above findings. **This finding was resolved in 2015.**

MAVERICK COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of Maverick County, Texas.
2. There were no significant deficiencies disclosed during the audit. There was one material weakness disclosed during the audit as 2015-1.
3. There were instances of noncompliance material to the financial statements of Maverick County, Texas, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. There were no significant deficiencies over major federal award programs disclosed during the audit. There were no material weakness over major federal award programs disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for Maverick County, Texas expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs: Operation Stonegarden Grant Program – CFDA 97.067; Social Services Block Grant Title III – CFDA 93.044.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Maverick County did not qualify as a low-risk auditee.
10. Material Weaknesses
 - a. There was one material weakness disclosed during the audit.

Findings and Questioned Costs for Federal Awards

None

FINANCIAL STATEMENT FINDINGS

Finding 2015-01

County-wide Accounting, Internal Controls and Financial Reporting Deficiencies

Type of Finding - Material Weakness

Condition and Context:

1. Improper Land, Infrastructure, and Buildings Capital Asset Financial Reporting - We noted that the assets referred to above were not properly placed into service and depreciated accordingly. No detail was provided for fixed assets nor any records available at the time audit occurred. Infrastructure and buildings acquired with prior year and current year grant funds are not being properly maintained in an inventory list or physically inventoried on a periodic basis, by the County.

Criteria:

1. Improper Capital Asset Financial Reporting - Capital assets should be presented in the appropriate section of the Government-Wide Statement of Net Assets to which they relate, and should be presented in the appropriate funds to which they relate. Additionally, capital assets, once placed into service, should be classified as such in the County's financial statements and depreciation expense incurred during the year should be presented in the Government-Wide Statement of Activities as well as the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets. The County is required to maintain a capital assets inventory list which includes capital assets purchased with grant funds.

Effect:

1. Improper Land, Infrastructure, and Buildings Capital Asset Financial Reporting - Failure to present capital assets in the proper activity or fund of the County's financial statements will result in the financial statements being misstated. Failure to record depreciation will result in an understatement of expense and an overstatement of assets. County operating results will also be misstated. Failure to maintain a list of capital assets purchased with prior year grant funds expended may result in material noncompliance with grant requirements.

Cause:

1. Improper Land, Infrastructure, and Buildings Capital Asset Financial Reporting - Inadequate review of financial statements by the County Auditor. The prior County Auditor lost the detailed capital assets records for inventory control and depreciation expense. The current County Auditor has not corrected this matter during his term from September 2012 through March 18, 2015.

Recommendation:

1. Improper Land, Infrastructure, and Buildings Capital Asset Financial Reporting -The County should review its policies and procedures to ensure that Infrastructure and Buildings capital assets are properly classified in the appropriate categories for the financial statement reporting. The County should ensure that Infrastructure and Buildings capital assets are presented appropriately in the Government-Wide and Fund financial statements. The County should also ensure that Infrastructure and Buildings capital assets, once placed into service, are appropriately classified as such in the Government-Wide and Fund financial statements and that depreciation expense is appropriately calculated and reflected in the financial statements. Also, the County must develop detailed Infrastructure and Buildings capital asset records for the purpose of inventory control for financial reporting and grant compliance purposes. In addition, the County should generate detailed Infrastructure and Buildings capital assets depreciation records.