

MAVERICK COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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CERTIFIED PUBLIC ACCOUNTANTS

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For the Fiscal Year Ended
September 30, 2014

Maverick County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2014

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FINANCIAL SECTION

BEYER & Co.
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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, 2014, 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 19 percent, 52 percent, and 19 percent, respectively, of the assets, net position, and revenues of the Business-type activities of Maverick County, Texas. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Maverick County Solid Waste Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

The County has not included its infrastructure 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.

We were unable to satisfy ourselves as to the correctness of the "beginning of the year" balances for all the financial statements.

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, 2014, the changes in financial position, and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that Maverick County, Texas will continue as a going concern. The County has a negative net position of \$4,057,252 at September 30, 2014 and has an unresolved contingent liability in regards to its prior Detention Center operator. These conditions raise substantial doubt about its ability to continue as a going concern. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for the Public Employees Retirement System on pages 4-15 and 59 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 December 19, 2015, 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.

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
December 19, 2015

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, 2014.

Financial Highlights

- . The liabilities of Maverick County, Texas, exceeded its assets at the close of the most recent fiscal year by \$4,057,252 (net assets). Unrestricted net assets were a minus \$30,122,431 at year's end.
- . The government's total net assets increased by \$3,266,085. This increase is due to an increase in Ad Valorem Taxes of \$630,225, an increase in operating grants of \$367,970, and a decrease in utility expenses of \$4,917,866 exceeding a reduction in utility revenues of \$4,134,456 by \$783,410.
- . Maverick County, Texas' total restricted net assets at September 30, 2014 is \$9,749,407 at September 30, 2014 or 37%.
- . Maverick County, Texas' total debt decreased by \$5,451,140 (8 percent) during the current fiscal year. The key factor in this decrease was the payment of bonded debt of \$3,810,000.

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 16-17 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 44 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 40 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. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on 18-23 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, 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 24-28 of this report.

Maverick County, Texas also has agency funds which are totaled on page 29.

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 30-58 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 59 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 60-65 of this report.

The Single Audit Section can be found on pages 66-73 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 \$4,057,252 at the close of the most recent fiscal year.

A large portion of Maverick County, Texas' net assets (63 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	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$8,124,148	\$6,767,192	\$1,925,297	\$4,443,405	\$10,049,445	\$11,210,597
Restricted Assets:			5,322,178	6,277,923	5,322,178	6,277,923
Capital Assets:	9,224,483	9,642,371	44,802,321	45,975,881	54,026,804	55,618,252
Total Assets	17,348,631	16,409,563	52,049,796	56,697,209	69,398,427	73,106,772
Long-Term Liabilities	28,063,399	30,877,595	38,031,087	40,735,328	66,094,486	71,612,923
Other Liabilities	5,399,871	5,451,476	1,961,322	3,365,710	7,361,193	8,817,186
Total Liabilities	33,463,270	36,329,071	39,992,409	44,101,038	73,455,679	80,430,109
Invested in Capital Assets, Net of Related Debt	9,187,480	9,367,486	7,128,292	6,792,063	16,315,772	16,159,549
Restricted	5,706,387	5,619,833	4,043,020	5,043,803	9,749,407	10,663,636
Unrestricted	(31,008,506)	(34,906,827)	886,075	760,305	(30,122,431)	(34,146,522)
Total Net Position	(\$16,114,639)	(\$19,919,508)	\$12,057,387	\$12,596,171	(\$4,057,252)	(\$7,323,337)

An additional portion of Maverick County, Texas' net assets (37 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets were a minus \$30,122,431 at year's end.

At the end of the current fiscal year and the prior year, Maverick County, Texas is 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 \$31,008,506 in the current year and a minus \$34,906,827 in the prior year.

There was a decrease of \$914,229 in restricted net assets reported in connection with Maverick County, Texas' governmental-wide activities. This decrease resulted from the County spending monies for various restricted projects.

The government's total net assets increased by \$3,266,085. This increase is due to an increase in Ad Valorem Taxes of \$630,225, an increase in operating grants of \$367,970, and a decrease in utility expenses of \$4,917,866 exceeding a reduction in utility revenues of \$4,134,456 by \$783,410.

Governmental activities: Governmental activities increased Maverick County, Texas' net assets by \$3,804,869, 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 \$630,225, an increase in operating grants of \$367,970, and a decrease in transfers to the utility fund of \$2,986,118.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$4,000,022	\$5,416,746	\$10,031,905	\$14,166,361	\$14,031,927	\$19,583,107
Operating Grants and Contributions	1,577,495	1,209,525			1,577,495	1,209,525
General Revenues:						
Maintenance and Operations Taxes	11,908,862	11,278,637			11,908,862	11,278,637
Sales Taxes	4,758,604	5,013,974			4,758,604	5,013,974
Other Taxes	49,200	38,682			49,200	38,682
Unrestricted Investment Earnings	12,082	9,101	1,067	154	13,149	9,255
Miscellaneous	414,070	428,952			414,070	428,952
Total Revenue	22,720,335	23,395,617	10,032,972	14,166,515	32,753,307	37,562,132
Expenses:						
General Administration	2,689,311	3,794,052			2,689,311	3,794,052
Legal	237,518	189,364			237,518	189,364
Judicial	1,654,130	1,454,878			1,654,130	1,454,878
Financial Administration	1,293,197	1,129,679			1,293,197	1,129,679
Public Facilities	264,350	268,879			264,350	268,879
Public Safety	5,430,353	5,306,395			5,430,353	5,306,395
Public Transportation	2,527,516	2,430,472			2,527,516	2,430,472
Culture and Recreation	148,218	165,318			148,218	165,318
Health and Welfare	741,689	641,775			741,689	641,775
Conservation - Agriculture	1,057,131	740,698			1,057,131	740,698
Interest and Fiscal Charges	2,620,636	2,669,121	2,551,566	2,606,819	5,172,202	5,275,940
Utility			8,271,607	13,189,473	8,271,607	13,189,473
Total Expenses	18,664,049	18,790,631	10,823,173	15,796,292	29,487,222	34,586,923
Increase in Net Position Before Transfers and Special Items	4,056,286	4,604,986	(790,201)	(1,629,777)	3,266,085	2,975,209
Transfers	(251,417)	(3,237,535)	251,417	3,237,535	0	0
Increase in Net Position	3,804,869	1,367,451	(538,784)	1,607,758	3,266,085	2,975,209
Net Position at 09/30/2013 - Restated	(19,919,508)	(21,286,959)	12,596,171	10,988,413	(7,323,337)	(10,298,546)
Net Position at 09/30/2014	(\$16,114,639)	(\$19,919,508)	\$12,057,387	\$12,596,171	(\$4,057,252)	(\$7,323,337)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	\$2,689,311	\$452,530	\$0	\$0
Legal	237,518	4,205	46,666	
Judicial	1,654,130	1,825,887	144,216	
Financial Administration	1,293,197	21,309		
Public Facilities	264,350			
Public Safety	5,430,353	767,432	857,040	
Public Transportation	2,527,516	863,659	14,553	
Culture and Recreation	148,218			
Health and Welfare	741,689	65,000	515,020	
Conservation - Agriculture	1,057,131			
Interest and Fiscal Charges	2,620,636			
Total Government Activities	\$18,664,049	\$4,000,022	\$1,577,495	\$0

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$4,000,022	18%
Operating Grants and Contributions	1,577,495	7%
Maintenance and Operations Taxes	11,908,862	52%
Sales Taxes	4,758,604	21%
Other Taxes	49,200	0%
Unrestricted Investment Earnings	12,082	0%
Miscellaneous	414,070	2%
	\$22,720,335	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 \$538,784, accounting for 00 percent of the total increase in the government's net assets. Key elements of this increase are as follows: This decrease is due to a decrease in utility expenses of \$4,917,866 exceeding a reduction in utility revenues of \$4,134,456 by \$783,410 being offset by a decrease in transfers-in from governmental utilities of \$2,986,118.

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary Government			
Business-Type Activities:			
Water	\$558,319	\$448,509	\$0
MCPFC	3,428,425		
MCPFC Detention Center	624,580	7,556,764	
MCSWA	1,299,093	1,907,226	
MC Detention Center	4,788,805		
Airport	80,822	83,280	
Jail Commissary	43,129	36,126	
Total Business-Type Activities	\$10,823,173	\$10,031,905	\$0

Revenues by Source - Business-Type Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$10,031,905	99.99%
Unrestricted Investment Earnings	1,067	0.01%
	<u>\$10,032,972</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 a minus \$127,441, an increase of \$644,496 in comparison with the prior year. *Unassigned fund balance* had a minus fund balance of \$5,986,843. The remainder of fund balance (\$5,859,402) 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 \$9,600,846, while total fund balance was a minus \$4,791,378. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 00 percent of total general fund expenditures, while total fund balance represents 00 percent of that same amount.

The fund balance of Maverick County, Texas' general fund decreased by \$220,049 during the current fiscal year. This decrease is due to a decrease in prisoner care income of \$2,128,847.

At the end of the current fiscal year unassigned fund balance of the Road and Bridge fund was a minus \$131,037, while total fund balance reached a minus \$131,037. 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 \$713,223 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 \$367,166, while total fund balance reached \$367,166. 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 8 percent of total Debt Service fund expenditures, while total fund balance represents 8 percent of that same amount.

The fund balance of Maverick County, Texas' Debt Service fund increased by \$10,261 during the current fiscal year. This increase is minimal.

At the end of the current fiscal year unassigned fund balance of the Landfill Waste/Criminal Detention Center fund was \$3,423,209, while total fund balance reached \$3,423,209. 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 \$3,744 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 \$5,613, those for the MCPFC Fund amounted to \$1,466,889, those for the MCPFC Detention Center Fund amounted to a minus \$1,357,366, those for the MCSWA Fund amounted to a minus \$1,148,381, those for the MC Detention Center Fund amounted to a minus \$344,147, those for the Airport Fund amounted to \$2,239,470, and those for the Commissary Fund amounted to \$23,997. The total increase/(decrease) in net assets was (\$112,438) for the Water Fund, (\$658,240) for the MCPFC Fund, (\$282,051) for the MCPFC Detention Center Fund, \$862,637 for the MCSWA Fund, (\$344,147) for the MC Detention Center Fund, \$2,458 for the Airport Fund, and (\$7,003) for the Commissary Fund. Key factors in this overall increase are as follows:

- . This decrease is due to a decrease in utility expenses of \$4,917,866 exceeding a reduction in utility revenues of \$4,134,456 by \$783,410 being offset by a decrease in transfers-in from governmental utilities of \$2,986,118.

General Fund Budgetary Highlights

During the year there was a \$55,239 decrease in appropriations between the original and final amended budget. This decrease occurred mainly in the jail department which decreased by \$203,853. Overall actual expenditures of \$11,465,499 were under the amended budget amount of \$13,684,660 by \$2,219,161.

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, 2014, amounts to \$54,026,804 (net of cumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. The total decrease in Maverick County, Texas' investment in capital assets for the current fiscal year was 3 percent (a 4 percent decrease for governmental activities and a 3 percent decrease for business-type activities).

The Solid Waste Authority completed the construction of Cell 2.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$4,624,725	\$4,622,625	\$846,720	\$846,720	\$5,471,445	\$5,469,345
Construction in Progress				2,298,997	0	2,298,997
Buildings	3,414,958	3,526,889	35,444,459	36,516,314	38,859,417	40,043,203
Machinery and Equipment	1,015,600	1,492,857	38,789	0	1,054,389	1,492,857
Intangible	169,200				169,200	0
Water Rights			653,535	672,570	653,535	672,570
MCSWA			7,818,818	5,641,280	7,818,818	5,641,280
Total	\$9,224,483	\$9,642,371	\$44,802,321	\$45,975,881	\$54,026,804	\$55,618,252

Additional information of Maverick County, Texas' capital assets can be found in note IV.C on pages 45-46 of this report.

Long-term debt: At the end of the current fiscal year, Maverick County, Texas had total bonded debt of \$64,435,000. Of this amount, \$29,940,000 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	\$22,495,000	\$0	\$265,000	\$22,230,000	\$655,000	\$21,575,000
Tax Notes	7,445,000		2,215,000	5,230,000	1,455,000	3,775,000
	<u>29,940,000</u>	<u>0</u>	<u>2,480,000</u>	<u>27,460,000</u>	<u>2,110,000</u>	<u>25,350,000</u>
<u>Business-Type Activities:</u>						
Revenue Bonds	38,305,000	0	1,330,000	36,975,000	1,415,000	35,560,000
	<u>38,305,000</u>	<u>0</u>	<u>1,330,000</u>	<u>36,975,000</u>	<u>1,415,000</u>	<u>35,560,000</u>
Grand Total	<u>\$68,245,000</u>	<u>\$0</u>	<u>\$3,810,000</u>	<u>\$64,435,000</u>	<u>\$3,525,000</u>	<u>\$60,910,000</u>

Maverick County, Texas' total bonded debt decreased by \$3,810,000 (6 percent) during the current fiscal year. The key factor in this decrease was the payment of \$3,810,000 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

There are no known Economic Factors and Future Trends.

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, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$3,210,884	\$1,618,448	\$4,829,332
Receivables (net of allowance for uncollectibles)	4,758,851	283,557	5,042,408
Inventory	108,932		108,932
Due from Others	1,398	23,292	24,690
Prepaid Items	44,083		44,083
Restricted Assets:			
Cash and Cash Equivalents		4,130,041	4,130,041
Due from Others		1,192,137	1,192,137
Capital Assets Not Being Depreciated: (Incl: MCSWA)			
Land	4,624,725	846,720	5,471,445
Total Capital Assets Being Depreciated, Net			
Buildings	3,414,958	35,444,459	38,859,417
Machinery and Equipment	1,015,600	38,789	1,054,389
Intangible	169,200		169,200
Water Rights		653,535	653,535
MCSWA		7,818,818	7,818,818
Total Assets	\$17,348,631	\$52,049,796	\$69,398,427
LIABILITIES:			
Accounts Payable	\$3,159,804	\$434,829	\$3,594,633
Due to Other Funds	1,662,652	(1,662,652)	0
Due to Others	38,855	2,636,524	2,675,379
Accrued Wages	343,493	163,671	507,164
Accrued Interest Payable	190,067	388,950	579,017
Deferred Revenues	5,000	0	5,000
Noncurrent Liabilities:			
Due Within One Year	2,466,020	1,679,470	4,145,490
Due in More Than One Year	25,597,379	36,351,617	61,948,996
Total Liabilities	33,463,270	39,992,409	73,455,679
NET POSITION			
Invested in Capital Assets, Net of Related Debt	9,187,480	7,128,292	16,315,772
Restricted			
Construction	4,656,453	0	4,656,453
Debt Service		4,043,020	4,043,020
General Administration	25,213	0	25,213
Health and Welfare	165,563	0	165,563
Judicial	458,676	0	458,676
Public Safety - Sheriff	254,038	0	254,038
Records Archives	146,444	0	146,444
Unrestricted	(31,008,506)	886,075	(30,122,431)
Total Net Position	(\$16,114,639)	\$12,057,387	(\$4,057,252)

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government							
Government Activities:							
General Administration	\$2,689,311	\$452,530			(\$2,236,781)		(\$2,236,781)
Legal	237,518	4,205	46,666		(186,647)		(186,647)
Judicial	1,654,130	1,825,887	144,216		315,973		315,973
Financial Administration	1,293,197	21,309			(1,271,888)		(1,271,888)
Public Facilities	264,350				(264,350)		(264,350)
Public Safety	5,430,353	767,432	857,040		(3,805,881)		(3,805,881)
Public Transportation	2,527,516	863,659	14,553		(1,649,304)		(1,649,304)
Culture and Recreation	148,218				(148,218)		(148,218)
Health and Welfare	741,689	65,000	515,020		(161,669)		(161,669)
Conservation - Agriculture	1,057,131				(1,057,131)		(1,057,131)
Interest and Fiscal Charges	2,620,636				(2,620,636)		(2,620,636)
Total Government Activities	18,664,049	4,000,022	1,577,495	0	(13,086,532)	0	(13,086,532)
Business-Type Activities:							
Water	558,319	448,509				(109,810)	(109,810)
MCPFC	3,428,425	0				(3,428,425)	(3,428,425)
MCPFC Detention Center	624,580	7,556,764				6,932,184	6,932,184
MCSWA	1,299,093	1,907,226				608,133	608,133
MC Detention Center	4,788,805	0				(4,788,805)	(4,788,805)
Airport	80,822	83,280				2,458	2,458
Jail Commissary	43,129	36,126				(7,003)	(7,003)
Total Business-Type Activities:	10,823,173	10,031,905	0	0	0	(791,268)	(791,268)
Total Primary Government	\$29,487,222	\$14,031,927	\$1,577,495	\$0	(13,086,532)	(791,268)	(13,877,800)
General Revenues							
Property Taxes, Levies for General Purposes					11,908,862		11,908,862
Sales Taxes					4,758,604		4,758,604
Other Taxes					49,200		49,200
Unrestricted Investment Earnings					12,082	1,067	13,149
Miscellaneous					414,070		414,070
Transfers					(251,417)	251,417	0
Total General Revenues					16,891,401	252,484	17,143,885
Change in Net Position					3,804,869	(538,784)	3,266,085
Net Position - Beginning - Restated					(19,919,508)	12,596,171	(7,323,337)
Net Position - Ending					(\$16,114,639)	\$12,057,387	(\$4,057,252)

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

MAVERICK COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	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	\$1,540,645	\$383,125	\$447,246	\$5,444	\$881,795	\$3,258,255
Receivables (net of allowance for uncollectibles)	1,659,455	386,732	783,448	418,425	305,583	3,553,643
Inventory	108,932					108,932
Due from Other Funds	653,975	54,140		3,170,867	743,264	4,622,246
Due from Others					1,398	1,398
Prepaid Items	44,083					44,083
Total Assets	\$4,007,090	\$823,997	\$1,230,694	\$3,594,736	\$1,932,040	\$11,588,557
LIABILITIES AND FUND BALANCES:						
Liabilities						
Accounts Payable	\$2,372,673	\$218,661	\$5,825		\$562,645	\$3,159,804
Bank Overdraft					47,371	47,371
Due to Other Funds	5,440,568	349,641	74,255	171,527	248,907	6,284,898
Due to Others					38,855	38,855
Accrued Wages	313,830				29,663	343,493
Deferred Revenues	5,000					5,000
Total Liabilities	8,132,071	568,302	80,080	171,527	927,441	9,879,421
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenues	666,397	386,732	783,448			1,836,577
Total Deferred Inflows of Resources	666,397	386,732	783,448	0	0	1,836,577
Fund Balances:						
Non-Spendable						
Prepaid Items	44,083					44,083
Inventory	108,932					108,932
Restricted						
Construction	4,656,453					4,656,453
General Administration					25,213	25,213
Health and Welfare					165,563	165,563
Judicial					458,676	458,676
Public Safety - Sheriff					254,038	254,038
Records Management					146,444	146,444
Unassigned	(9,600,846)	(131,037)	367,166	3,423,209	(45,335)	(5,986,843)
Total Fund Balance	(4,791,378)	(131,037)	367,166	3,423,209	1,004,599	(127,441)
Total Liabilities and Fund Balances	\$4,007,090	\$823,997	\$1,230,694	\$3,594,736	\$1,932,040	\$11,588,557

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, 2014

Total Fund Balances - governmental funds balance sheet	(\$127,441)
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.	9,224,483
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,205,208
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	1,836,577
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(28,253,466)
Net Position of governmental activities - statement of Net Position	<u>(\$16,114,639)</u>
The accompanying notes are an integral part of this statement.	

MAVERICK COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Road and Bridge Fund	Debt Service Fund	Landfill Waste/ Criminal Detention Ctr. Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$4,446,099	\$2,580,392	\$4,882,371			\$11,908,862
Sales	2,559,328			2,538,714		5,098,042
Other	49,200					49,200
Intergovernmental	62,874	14,553			1,500,068	1,577,495
Licenses and Permits		844,031				844,031
Charges for Services	1,302,848	19,628			286,252	1,608,728
Fines and Forfeitures	342,055					342,055
Interest	1,631		3,327	119	7,005	12,082
Miscellaneous	335,107	16,444			62,519	414,070
Total Revenues	9,099,142	3,475,048	4,885,698	2,538,833	1,855,844	21,854,565
EXPENDITURES						
Current:						
General Administration	2,557,979		78		163,402	2,721,459
Legal	237,627					237,627
Judicial	1,550,917				122,614	1,673,531
Financial Administration	1,328,178					1,328,178
Public Facilities	242,733					242,733
Public Safety	4,395,827				901,114	5,296,941
Public Transportation	0	2,507,392				2,507,392
Culture and Recreation	134,296					134,296
Health and Welfare	235,491				553,039	788,530
Conservation - Agriculture	898,173					898,173
Debt Service						
Principal Retirement		237,882	2,480,000			2,717,882
Interest Retirement		16,551	2,395,359			2,411,910
Total Expenditures	11,581,221	2,761,825	4,875,437	0	1,740,169	20,958,652
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,482,079)	713,223	10,261	2,538,833	115,675	895,913
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	2,381,367				666,170	3,047,537
Operating Transfers Out	(119,337)			(2,542,577)	(637,040)	(3,298,954)
Total Other Financing Sources (Uses)	2,262,030	0	0	(2,542,577)	29,130	(251,417)
Net Changes in Fund Balances	(220,049)	713,223	10,261	(3,744)	144,805	644,496
Fund Balances - Beginning - Restated	(4,571,329)	(844,260)	356,905	3,426,953	859,794	(771,937)
Fund Balances - Ending	(4,791,378)	(131,037)	367,166	3,423,209	1,004,599	(127,441)

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, 2014

Net Changes in Fund Balances - total governmental funds	\$644,496
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.	(417,888)
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.	1,205,208
Amortization of Loss on Refunded Bonds	(192,611)
Amortization of Bond Premium	18,293
(Increase) decrease in Compensated Absences from beginning of period to end of period.	203,335
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	(34,408)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(339,438)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	<u>2,717,882</u>
Change in Net Position of governmental activities - statement of activities	<u>\$3,804,869</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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$4,115,125	\$4,115,125	\$4,446,099	\$330,974
Sales	2,475,000	2,475,000	2,559,328	84,328
Other	37,150	37,150	49,200	12,050
Intergovernmental	35,833	35,833	62,874	27,041
Charges for Services	3,582,500	3,582,500	1,302,848	(2,279,652)
Fines and Forfeitures	278,000	278,000	342,055	64,055
Interest	3,000	3,000	1,631	(1,369)
Miscellaneous	269,300	269,200	335,107	65,907
Total Revenues	10,795,908	10,795,808	9,099,142	(1,696,666)

EXPENDITURES

Current:

General Administration				
Bank Fees	0	0	29,259	(29,259)
County Clerk	207,649	207,649	195,554	12,095
County Judge and Commissioners	594,315	574,515	511,150	63,365
Elections	168,800	171,950	170,161	1,789
Intergovernmental Contract Services	788,485	870,435	849,970	20,465
Matching Funds	55,000	99,800	99,308	492
Non-Departmental	2,222,392	2,081,892	981,515	1,100,377
Planner	71,707	71,707	59,787	11,920
Self Help Center	79,927	86,892	86,861	31
Veterans Service	54,542	54,542	52,531	2,011
Legal				
County Attorney	246,671	245,671	237,627	8,044
Judicial				
293rd District	600,858	600,858	546,724	54,134
Collections Department	55,726	55,726	54,609	1,117
State Aid	300,001	300,001	256,131	43,870
District Attorney	354,930	354,930	331,903	23,027
District Clerk	295,375	295,375	277,479	17,896
Justice of the Peace	395,182	401,108	394,811	6,297
Financial Administration				
County Auditor	441,454	483,373	483,055	318
County Treasurer	247,502	277,702	277,522	180
Information Department	253,581	237,581	185,473	52,108
Tax Assessor-Collector	346,236	393,236	382,128	11,108
Public Facilities				
Courthouse	274,072	267,672	242,733	24,939
Public Safety				
Constables	207,779	192,280	182,554	9,726
HIDTA - City of Eagle Pass	0	0	231	(231)
Jail	2,921,665	2,717,812	2,172,681	545,131
Sheriff	2,115,580	2,229,483	2,040,361	189,122

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and Recreation				
Community Center	95,343	95,343	77,887	17,456
Compt. Center - Pct. 1	67,418	67,418	56,409	11,009
El Indio Community Center	13,000	1,000	0	1,000
Health and Welfare				
Cemetery	7,500	8,800	8,780	20
Food Pantry	202,479	185,179	172,102	13,077
Conservation - Agriculture				
Agriculture Extension Service	54,730	54,730	48,203	6,527
Total Expenditures	<u>13,739,899</u>	<u>13,684,660</u>	<u>11,465,499</u>	<u>2,219,161</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,943,991)</u>	<u>(2,888,852)</u>	<u>(2,366,357)</u>	<u>522,495</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	2,365,395	2,365,395	2,381,367	15,972
Operating Transfers Out	(21,402)	(75,991)	(20,314)	55,677
Total Other Financing Sources (Uses)	<u>2,343,993</u>	<u>2,289,404</u>	<u>2,361,053</u>	<u>71,649</u>
Net Changes in Fund Balances	<u>(599,998)</u>	<u>(599,448)</u>	<u>(5,304)</u>	<u>594,144</u>
Fund Balances - Beginning	<u>(9,442,528)</u>	<u>(9,442,528)</u>	<u>(9,442,527)</u>	
Fund Balances - Ending	<u>(\$10,042,526)</u>	<u>(\$10,041,976)</u>	<u>(\$9,447,831)</u>	<u>\$594,144</u>

The accompanying notes are an integral part of this statement.

Note: the above budget comprises only the General Fund of the County.

MAVERICK COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

BUSINESS TYPE ACTIVITIES
 - ENTERPRISE FUNDS

	Water Current Year	Water Prior Year	MCPFC Current Year	MCPFC Prior Year	MCPFC Detention Center Current Year	MCPFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year
ASSETS															
Current Assets															
Cash and Cash Equivalents	\$83,449	\$1,800					\$1,264,929	\$1,843,775	\$210,541		\$35,532	\$30,379	\$23,997	\$31,000	\$1,618,448
Accounts Receivables (net of allowance for uncollectibles)	10,188	28,425					272,838	280,627		10,000	531	2,206,771	2,210,066		283,557
Due from Other Funds															2,216,771
Due from Others	23,292	15,869													23,292
Total Current Assets	116,929	47,558	0	0	0	0	1,537,767	2,124,402	220,541	0	2,242,834	2,240,445	23,997	31,000	4,142,068
Noncurrent Assets															
Restricted Assets:															
Cash and Cash Equivalents			4,043,020	5,043,803	87,021	4,934									4,130,041
Due from Others					1,192,137	1,229,186									1,192,137
Total Restricted Assets	0	0	4,043,020	5,043,803	1,279,158	1,234,120	0	0	0	0	0	0	0	0	5,322,178
Capital Assets															
Land	37,800	37,800	500,000	500,000			308,919	308,919			1	1			846,720
Landfill Cell One and Two							5,504,756	2,550,092							5,504,756
Buildings	6,515,100	6,515,100	35,103,568	35,103,568			502,395	502,395			352,857	352,857			42,473,920
Machinery and Equipment	48,486						2,635,845	2,595,844			154,899	154,899			2,839,230
Infrastructure							1,935,484	1,935,484							1,935,484
Landfill Permit							2,175,360	2,175,360							2,175,360
Water Rights	761,400	761,400													761,400
Construction in Progress							0	2,298,997							0
Total Capital Assets	7,362,786	7,314,300	35,603,568	35,603,568	0	0	13,062,759	12,367,091	0	0	507,757	507,757	0	0	56,536,870
Less Accumulated Depreciation/Amortization	(1,283,158)	(1,060,160)	(5,255,613)	(4,378,024)			(4,935,022)	(4,117,895)			(260,756)	(260,756)			(11,734,549)
Total Capital Assets (net of accumulated depreciation)	6,079,628	6,254,140	30,347,955	31,225,544	0	0	8,127,737	8,249,196	0	0	247,001	247,001	0	0	44,802,321
Total Noncurrent Assets	6,079,628	6,254,140	34,390,975	36,269,347	1,279,158	1,234,120	8,127,737	8,249,196	0	0	247,001	247,001	0	0	50,124,499
TOTAL ASSETS	\$6,196,557	\$6,301,698	\$34,390,975	\$36,269,347	\$1,279,158	\$1,234,120	\$9,665,504	\$10,373,598	\$220,541	\$0	\$2,489,835	\$2,487,446	\$23,997	\$31,000	\$54,266,567

0

(continued)

(continued)

	Water Current Year	Water Prior Year	MCPFC Current Year	MCPFC Prior Year	MCPFC Detention Center Current Year	MCPFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year
AND OTHER CREDITS															
Liabilities															
Current Liabilities (Payable from Current Assets)															
Accounts Payable	\$15,370	\$14,519					\$296,214	\$522,601	\$122,629		\$616	\$1,071			\$434,829
Accrued Wages	7,420	8,892					32,060	23,417	121,443		2,748	2,362			163,671
Accrued Interest Payable			388,950	402,805											388,950
Due to Other Funds	88,526	80,608					144,977		320,616						554,119
Due to Others					2,636,524	2,309,435									2,636,524
Compensated Absences							4,260	2,820							4,260
Capital Lease Obligation							163,874	179,789							163,874
Compromise and Settlement Note Payable							96,336	96,336							96,336
Bonds, Notes, and Loans Payable - Current			1,415,000	1,330,000											1,415,000
Total Current Liabilities	111,316	104,019	1,803,950	1,732,805	2,636,524	2,309,435	737,721	824,963	564,688	0	3,364	3,433	0	0	5,857,563
Noncurrent Liabilities															
Unamortized Discount on Bonds			(1,855,839)	(1,979,562)											(1,855,839)
Compensated Absences							38,342	25,384							38,342
Capital Lease Obligation							535,155	699,029							535,155
Compromise and Settlement Note Payable							481,682	578,018							481,682
Bonds, Notes, and Loans Payable			35,560,000	36,975,000											35,560,000
Accrued Landfill Closure and Postclosure Care Costs							1,592,277	2,828,514							1,592,277
Total Noncurrent Liabilities	0	0	33,704,161	34,995,438	0	0	2,647,456	4,130,945	0	0	0	0	0	0	36,351,617
Total Liabilities	111,316	104,019	35,508,111	36,728,243	2,636,524	2,309,435	3,385,177	4,955,908	564,688	0	3,364	3,433	0	0	42,209,180
Net Position															
Invested in Capital Assets, Net of Related Debt	6,079,628	6,254,140	(6,627,045)	(7,079,456)	0	0	7,428,708	7,370,378	0	0	247,001	247,001	0	0	7,128,292
Restricted for:															
Debt Service - Expendible			4,043,020	5,043,803											4,043,020
Capital Replacement - Expendible															0
Unrestricted	5,613	(56,461)	1,466,889	1,576,757	(1,357,366)	(1,075,315)	(1,148,381)	(1,952,688)	(344,147)		2,239,470	2,237,012	23,997	31,000	886,075
Total Net Position	\$6,085,241	\$6,197,679	(\$1,117,136)	(\$458,896)	(\$1,357,366)	(\$1,075,315)	\$6,280,327	\$5,417,690	(\$344,147)	\$0	\$2,486,471	\$2,484,013	\$23,997	\$31,000	\$12,057,387

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, 2014

	Water Current Year	Water Prior Year	MCPFC Current Year	MCPFC Prior Year	MCPFC Detention Center Current Year	MCPFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year
OPERATING REVENUES:															
Charges for Services	\$447,962	\$313,843									\$83,280	\$70,325			\$531,242
Rents					7,556,726	11,567,168									7,556,726
Commissary Sales													36,126	91,045	36,126
Tipping Fee							1,887,682	2,117,709							1,887,682
Miscellaneous	547	1,565			38		19,544	4,706							20,129
Total Operating Revenues	448,509	315,408	0	0	7,556,764	11,567,168	1,907,226	2,122,415	0	0	83,280	70,325	36,126	91,045	10,031,905
OPERATING EXPENSES:															
Personal Services	194,741	220,082					855,283	687,181	3,416,019		63,625	60,998			4,529,668
Supplies	47,766	50,979			35,417	425,000	25,180	404,274	74,264		11,917	9,008			194,544
Other Services and Charges	92,814	131,265	24,137	17,500	589,163	6,907,270	812,872	613,945	1,298,522		5,280	3,246	43,129	60,864	2,865,917
Depreciation	222,998	213,301	877,589	877,589			817,127	1,429,794							1,917,714
Closure and Post Closure Care Costs (Recovery)							(1,236,236)	1,077,177							(1,236,236)
Total Operating Expenses	558,319	615,627	901,726	895,089	624,560	7,332,270	1,274,226	4,212,371	4,788,805	0	80,822	73,252	43,129	60,864	8,271,607
Operating Income (Loss)	(109,810)	(300,219)	(901,726)	(895,089)	6,932,184	4,234,898	633,000	(2,089,956)	(4,788,805)	0	2,458	(2,927)	(7,003)	30,181	1,760,298
NON-OPERATING REVENUES (EXPENSES):															
Interest Income			587		21		459	154							1,067
Interest and Fiscal Charges			(2,526,699)	(2,571,889)			(24,867)	(34,930)							(2,551,566)
Total Non-Operating Revenues (Expenses)	0	0	(2,526,112)	(2,571,889)	21	0	(24,408)	(34,776)	0	0	0	0	0	0	(2,550,499)
Income Before Transfers	(109,810)	(300,219)	(3,427,838)	(3,466,978)	6,932,205	4,234,898	608,592	(2,124,732)	(4,788,805)	0	2,458	(2,927)	(7,003)	30,181	(790,201)
Intergovernmental															0
Transfers In (Out) - Net	(2,628)	(2,780)	2,769,598	3,612,562	(7,214,256)	(3,612,562)	254,045	3,239,077	4,444,658		1,238				251,417
Change in Net Position	(112,438)	(302,999)	(658,240)	145,584	(282,051)	622,336	862,637	1,114,345	(344,147)	0	2,458	(1,689)	(7,003)	30,181	(538,784)
Total Net Position - Beginning - Restated	6,197,679	6,500,678	(458,896)	(604,480)	(1,075,315)	(1,697,651)	5,417,690	4,303,345	0	0	2,484,013	2,485,702	31,000	819	12,596,171
Total Net Position - Ending	\$6,085,241	\$6,197,679	(\$1,117,136)	(\$458,896)	(\$1,357,366)	(\$1,075,315)	\$6,280,327	\$5,417,690	(\$344,147)	\$0	\$2,486,471	\$2,484,013	\$23,997	\$31,000	\$12,057,387

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, 2014

BUSINESS TYPE ACTIVITIES
- ENTERPRISE FUNDS

	Water Current Year	Water Prior Year	MCPFC Current Year	MCPFC Prior Year	MCPFC Detention Center Current Year	MCPFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year
Cash Flows from Operating Activities															
Receipts From Customers and Users	\$474,664	\$296,422	\$0	\$0	\$7,883,853	\$14,291,805	\$2,059,992	\$2,017,898	\$320,616	\$0	\$82,749	\$70,325	\$36,126	\$91,045	\$10,858,000
Payments to Suppliers	(145,688)	(233,053)	(37,992)	(17,500)	(587,531)	(13,467,124)	(1,064,439)	(736,202)	(1,260,157)	0	(14,357)	(12,500)	(43,129)	(60,864)	(3,153,293)
Payments to Employees	(186,213)	(219,317)	0	0	0	0	(632,242)	(683,600)	(3,294,576)	0	(63,239)	(59,653)	0	0	(4,386,270)
Net Cash Provided (Used) By Operating Activities	132,763	(155,948)	(37,992)	(17,500)	7,296,322	824,681	163,311	598,096	(4,234,117)	0	5,153	(1,828)	(7,003)	30,181	3,318,437
Cash Flows from Non-Capital and Related Financing Activities															
Transfers In (Out) - Net Subsidy from Federal Grant	(2,628)	(2,780)	2,769,598	3,612,562	(7,214,256)	(3,612,562)	254,045	3,239,077	4,444,658	0	0	1,238	0	0	251,417
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	(2,628)	(2,780)	2,769,598	3,612,562	(7,214,256)	(3,612,562)	254,045	3,239,077	4,444,658	0	0	1,238	0	0	251,417
Cash Flows from Capital and Related Financing Activities															
Principal Payment on Revenue Bonds, Notes and Capital Leases			(1,330,000)	(1,255,000)			(276,125)	(390,644)							(1,606,125)
Amortization of City of Eagle Pass Liability	0	0	0	0	0	0		(96,336)	0	0	0	0	0	0	0
Unamortized Discount on Bonds				123,723											123,723
Loss on Bond Refunding															0
Advances from Other Funds		146,301						69,732				29,243			0
Interest and Fiscal Charges			(2,526,699)	(2,456,050)			(24,867)	(34,930)							(2,551,566)
Purchases of Capital Assets	(48,486)						(695,669)	(2,058,279)							(744,155)
Net Cash Provided (Used) By Capital and Related Financing Activities	(48,486)	146,301	(3,732,976)	(3,711,050)	0	0	(996,661)	(2,510,457)	0	0	0	29,243	0	0	(4,778,123)
Cash Flows from Investing Activities															
Interest Received	0	0	587	0	21	0	459	154	0	0	0	0	0	0	1,067
Net Cash Provided (Used) by Investment Activities	0	0	587	0	21	0	459	154	0	0	0	0	0	0	1,067
Net Increase (Decrease) in Cash Equivalents	81,649	(12,427)	(1,000,783)	(115,988)	82,087	(2,787,881)	(578,846)	1,326,870	210,541	0	5,153	28,653	(7,003)	30,181	(1,207,202)
Cash and Cash Equivalents at Beginning of Year	1,800	14,227	5,043,803	5,159,791	4,934	2,792,815	1,843,775	516,905	0	0	30,379	1,726	31,000	819	6,955,691
Cash and Cash Equivalents at End of Year	\$83,449	\$1,800	\$4,043,020	\$5,043,803	\$87,021	\$4,934	\$1,264,929	\$1,843,775	\$210,541	\$0	\$35,532	\$30,379	\$23,997	\$31,000	\$5,748,489
Unrestricted Assets:															
Cash and Cash Equivalents	\$83,449	\$1,800	\$0	\$0	\$0	\$0	\$1,264,929	\$1,843,775	\$210,541	\$0	\$35,532	\$30,379	\$23,997	\$31,000	\$1,618,448
Restricted Assets:															
Cash and Cash Equivalents	0	0	4,043,020	5,043,803	87,021	4,934	0	0	0	0	0	0	0	0	4,130,041
Total	\$83,449	\$1,800	\$4,043,020	\$5,043,803	\$87,021	\$4,934	\$1,264,929	\$1,843,775	\$210,541	\$0	\$35,532	\$30,379	\$23,997	\$31,000	\$5,748,489

(continued)

BUSINESS TYPE ACTIVITIES
- ENTERPRISE FUNDS

	Water Current Year	Water Prior Year	MCPFC Current Year	MCPFC Prior Year	MCPFC Detention Center Current Year	MCPFC Detention Center Prior Year	MCSWA Current Year	MCSWA Prior Year	MC Detention Center Current Year	MC Detention Center Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year
Reconciliation of operating income to net cash provided (used) by operating activities:															
Operating Income (Loss)	(109,810)	(300,219)	(901,726)	(895,089)	6,932,184	4,234,898	633,000	(2,089,956)	(4,788,805)	0	2,458	(2,927)	(7,003)	30,181	1,760,298
Adjustments to Reconcile to Net Cash Flow															
Non-Cash Items Included in Net Income															
Depreciation	222,998	213,301	877,589	877,589	0	0	817,127	1,429,794	0	0	0	0	0	0	1,917,714
Closure and Post Closure Care Costs	0	0	0	0	0	0	(1,236,236)	1,077,177	0	0	0	0	0	0	(1,236,236)
Changes in Current Items															
Decrease (Increase) in Accounts Receivable	18,237	(18,986)	0	0	0	2,724,637	7,789	(104,517)	0	0	(531)	0	0	0	25,495
Decrease (Increase) in Due from Other Funds	1,464	0	0	0	0	0	0	0	(10,000)	0	3,295	0	0	0	(5,241)
Decrease (Increase) in Due from Others	(7,423)	(17,309)	0	0	37,049	0	0	0	0	0	0	0	0	0	29,626
Increase (Decrease) in Accounts Payable	851	(33,500)	0	0	0	(6,134,854)	(226,387)	282,017	122,629	0	(455)	(246)	0	0	(103,362)
Increase (Decrease) in Accrued Wages	(1,472)	765	0	0	0	0	8,643	(1,122)	121,443	0	386	1,345	0	0	129,000
Increase (Decrease) in Accrued Interest Payable	0	0	(13,855)	0	0	0	0	0	0	0	0	0	0	0	(13,855)
Increase (Decrease) in Compensated Absences	0	0	0	0	0	0	14,398	4,703	0	0	0	0	0	0	14,398
Increase (Decrease) in Due to Other Funds	7,918	0	0	0	0	0	144,977	0	320,616	0	0	0	0	0	473,511
Increase (Decrease) in Due to Others	0	0	0	0	327,089	0	0	0	0	0	0	0	0	0	327,089
Net Cash Provided (Used)															
By Operating Activities	132,763	(155,948)	(37,992)	(17,500)	7,296,322	824,681	163,311	598,096	(4,234,117)	0	5,153	(1,828)	(7,003)	30,181	3,318,437
Noncash Investing, Capital, and Financing Activities:															
Assumption of County Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$216,421	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Lease	0	0	0	0	0	0	0	357,890	0	0	0	0	0	0	0
Solid Waste Usage Provided at at No Cost to Maverick County	0	0	0	0	0	0	29,856	0	0	0	0	0	0	0	29,856
Maverick County Road and Bridge	0	0	0	0	0	0	194,860	0	0	0	0	0	0	0	194,860
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$224,716	\$574,311	\$0	\$0	\$0	\$0	\$0	\$0	\$224,716

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, 2014

	Agency Funds
ASSETS	
Cash and Cash Equivalents	<u>\$5,794,802</u>
Total Assets	<u>\$5,794,802</u>
LIABILITIES	
Due to Others	<u>\$5,794,802</u>
Total Liabilities	<u>\$5,794,802</u>

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

Maverick County, Texas
Notes to the Financial Statements
September 30, 2014

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 of credit of the MCPFC or the County, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. Interest received on the bonds is generally exempt from federal income tax under section 103 of the Internal Revenue Code. The MCPFC is governed by a seven-member Board of Directors which is comprised of the Maverick County Commissioners' Court, the Sheriff of the County, and a private citizen. All appointments are made by the County Commissioners' Court. The MCPFC is a major enterprise fund.

MCSWA

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

Child Welfare Board

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

G. Non-Profit Corporations

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

H. Interlocal Agreements

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, 2014, and 10 percent of delinquent outstanding property taxes at September 30, 2014. 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, 2014.

4. Restricted assets

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

<u>Type</u>	<u>Business-Type Activities</u>
Maverick County Public Facility Corporation (MCPFC)	\$4,043,020
Maverick County Public Facility Corporation (MCPFC) - Detention Center	1,279,158
	<hr/> <u>\$5,322,178</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. The Solid Waste Authority completed the construction of Cell 2.

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

<u>Assets</u>	<u>Years</u>
Buildings	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, 2014, 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, 2014, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$44,083
Inventory	108,932
Restricted	
Construction	4,656,453
General Administration	25,213
Health and Welfare	165,563
Judicial	458,676
Public Safety - Sheriff	254,038
Records Management	146,444
Unassigned	<u>(5,986,843)</u>
Total Fund Balance	<u><u>(\$127,441)</u></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.

12. New Pronouncements

In June 2011, the GASB issued Statement No. 65, ITEMS PREVIOUSLY REPORTED AS ASSETS AND LIABILITIES. GASBS No. 65 changes the reporting for bond issuance costs from capitalization and amortization to expensing in the current year. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASBS No. 65 will have the effect of restating the beginning Net Position at the beginning of the year ended March 31, 2014. In subsequent years the costs will be expensed currently rather than being capitalized and amortized.

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 \$28,253,466 difference are as follows:

Notes Payable	\$5,230,000
Bonds Payable	22,230,000
Capital Leases	37,003
Compensated Absences	319,017
Accrued Interest Payable	190,067
Bond Issuance Premium	367,375
Bond Discount	<u>(119,996)</u>
	<u>\$28,253,466</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 \$9,224,483 difference are as follows:

Capital assets not being depreciated	\$4,624,725
Capital assets being depreciated	20,669,704
Depreciation expense	<u>(16,069,946)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in Net Position of governmental activities	<u>\$9,224,483</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 \$1,836,577 difference are as follows:

Property Taxes Receivable	\$1,975,936
Allowance for Doubtful Accounts	<u>(139,359)</u>
Net	<u>\$1,836,577</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 \$1,25,208 difference are as follows:

Fines Receivable	\$2,216,620
Allowance for Doubtful Accounts	<u>(1,011,412)</u>
Net	<u>\$1,205,208</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 (\$417,888) difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$2,100
Capital Outlay - Additions - Being Depreciated (Net)	483,043
Capital Outlay - Deletions	(8,468)
Depreciation Expense	(894,563)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>(\$417,888)</u></u>

III. Stewardship, compliance, and accountability

A. Budgetary information

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

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year. The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court. The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash. When the Budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the line item. Budgets were adopted in conformity with generally accepted accounting principles (GAAP). A budget for the 2014 fiscal year was adopted for the General Fund.

B. Excess of expenditures over appropriations

For the year ended September 30, 2014, expenditures did not exceed appropriations in the General fund (the legal level of budgetary control).

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2014 except for the following. The General fund - \$4,791,378, the Road and Bridge fund - \$131,037, the MCPFC fund - 1,117,136, the MCPFC Detention Center fund - \$1,357,366, MC Detention Center fund - \$344,147, Border Star No. 1983102 fund - \$418, LBSP 2014 fund - \$968, Self Help fund - \$87, Self Help No. 711003 fund - \$195, Sheriff Strategic Plan fund - \$12, Stone Garden 2009 fund - \$43,275, and the TXDOT 3 fund - \$1,348. 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, 2014, the government's bank balance of \$10,004,964 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 \$15,814,105 and the FDIC coverage is \$255,792.

The Maverick County Detention Facility keeps monies in US Bank in the amount of \$4,129,955.99. 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	Airport	Total
<u>Receivables</u>									
Taxes	\$716,963	\$416,077	\$842,896						\$1,975,936
Accounts	219,019					10,188	272,838		502,045
Fines	2,216,620								2,216,620
Sales Tax	418,665			412,996					831,661
Intergovernmental	240,997				305,573				546,570
Other	114,377			5,429	10			531	120,347
Gross Receivables	3,926,641	416,077	842,896	418,425	305,583	10,188	272,838	531	6,193,179
Less: Allowance for Uncollectibles	1,061,978	29,345	59,448						1,150,771
Net Total Receivables	\$2,864,663	\$386,732	\$783,448	\$418,425	\$305,583	\$10,188	\$272,838	\$531	\$5,042,408

C. Capital assets

Capital asset activity for the year ended September 30, 2014 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$4,622,625	\$2,100	\$0	\$4,624,725
Total capital assets not being depreciated:	4,622,625	2,100	0	4,624,725
Capital assets being depreciated:				
Building and Improvements	9,111,973	44,314		9,156,287
Machinery and Equipment	11,281,769	250,729	207,081	11,325,417
Infrastructure	0			0
Intangible	0	188,000	0	188,000
Total capital assets being depreciated:	20,393,742	483,043	207,081	20,669,704
Less: Accumulated Depreciation for:				
Building and Improvements	5,585,084	156,245		5,741,329
Machinery and Equipment	9,788,912	719,518	198,613	10,309,817
Infrastructure	0		0	0
Intangible	0	18,800		18,800
Total Accumulated Depreciation	15,373,996	894,563	198,613	16,069,946
Total Capital Assets Depreciated, Net	5,019,746	(411,520)	8,468	4,599,758
Governmental Activities capital assets, Net	\$9,642,371	(\$409,420)	\$8,468	\$9,224,483
Business-type Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$846,720	\$0	\$0	\$846,720
Construction in Progress	2,298,997	655,667	2,954,664	0
Total capital assets not being depreciated:	3,145,717	655,667	2,954,664	846,720
Capital assets being depreciated:				
Building and Improvements	42,473,920	0	0	42,473,920
Landfill Cell One and Two	2,550,092	2,954,664	0	5,504,756
Machinery and Equipment	2,750,743	88,487	0	2,839,230
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:	52,646,999	3,043,151	0	55,690,150
Less: Accumulated Depreciation for:				
Building and Improvements	5,455,211	1,071,855	0	6,527,066
Machinery and Equipment	154,899	9,697	0	164,596
Water Rights	88,830	19,035	0	107,865
MCSWA	4,117,895	817,127		4,935,022
Total Accumulated Depreciation	9,816,835	1,917,714	0	11,734,549
Total Capital Assets Depreciated, Net	42,830,164	1,125,437	0	43,955,601
Business-type Activities capital assets, Net	\$45,975,881	\$1,781,104	\$2,954,664	\$44,802,321

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

Governmental Activities	
General Administration	\$4,040
Legal	2,200
Financial Administration	1,163
Public Facilities	58,403
Public Safety	543,452
Public Transportation	50,087
Culture and Recreation	16,763
Health and Welfare	10,739
Conservation - Agriculture	207,716
Total Depreciation Expense - Governmental Activities	<u>\$894,563</u>
Business-Type Activities	
Water	\$222,998
MCPFC	\$877,589
MCSWA	\$817,127
Total Depreciation Expense - Business-Type Activities	<u>\$1,917,714</u>

Construction commitments:

The Solid Waste Authority completed the construction of Cell 2.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2014, is as follows:

Due to/from other funds:

DUE TO	DUE FROM								TOTAL
	General Fund	Road and Bridge Fund	Debt Service Fund	Landfill Waste/Criminal Detention Ctr. Fund	Other Governmental Funds	Water Fund	MCSWA Fund	MC Detention Center Fund	
General Fund					\$99,856	\$88,526	\$144,977	\$320,616	\$653,975
Road and Bridge Fund					54,140				54,140
Landfill Waste/Criminal Detention Ctr. Fund	3,170,867								3,170,867
Other Governmental Funds	411,101	1,470	74,255	171,527	84,911				743,264
MC Detention Center Fund					10,000				10,000
Airport Fund	1,858,600	348,171							2,206,771
TOTALS	<u>\$5,440,568</u>	<u>\$349,641</u>	<u>\$74,255</u>	<u>\$171,527</u>	<u>\$248,907</u>	<u>\$88,526</u>	<u>\$144,977</u>	<u>\$320,616</u>	<u>\$6,839,017</u>

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, 2014, the government made the following recurring transfers:

TRANSFER OUT	TRANSFER IN					TOTAL
	General Fund	Other Governmental Funds	MCPFC Fund	MC Detention Center Fund	MCSWA Fund	
General Fund		\$119,337				\$119,337
Landfill Waste/Criminal Detention Ctr. Fund					2,542,577	2,542,577
Other Governmental Funds	90,207	546,833				637,040
Water Fund	2,628					2,628
MCPFC Detention Center Fund			4,444,658	2,769,598		7,214,256
MCSWA Fund	2,288,532					2,288,532
TOTALS	\$2,381,367	\$666,170	\$4,444,658	\$2,769,598	\$2,542,577	\$12,804,370

E. Leases

Operating Leases

The government leases equipment under non cancellable operating leases. Total costs for such leases were \$27,946 for the year ended September 30, 2014. 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, 2014 is \$36,975,000. **The County does not assume any liability for these bonds.**

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	\$3,270,000	2004	2020	Sinking Fund	Ad Valorem Tax
Governmental activities	8.75%	\$5,000,000	\$5,000,000	2009	2034	Sinking Fund	Ad Valorem Tax
Governmental activities	8.75%	\$13,960,000	\$13,960,000	2009	2034	Sinking Fund	Ad Valorem Tax
Business-type activities	6.25-3.75%	\$42,875,000	\$36,975,000	2007A-1	2029	Sinking Fund	(A) Prisoner Fees
			<u>\$59,205,000</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
2015	\$655,000	\$1,797,832	\$1,415,000	\$2,289,487
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
2020-2024	4,115,000	6,663,406	10,770,000	7,569,469
2025-2029	5,250,000	4,783,624	18,215,000	3,482,823
2030-2034	8,125,000	1,901,594	0	0
TOTALS	<u>\$22,230,000</u>	<u>\$21,751,426</u>	<u>\$36,975,000</u>	<u>\$21,531,760</u>

Capital Leases

Governmental Activities: The government has entered into a lease agreement as lessee for financing the acquisition of a new 2008 Gomaco GT-3200 Curb and Gutter Machine and a Ford F-250. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of their inception date. The equipment has been recorded into the fixed assets at \$185,000.

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, 2014, 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 \$330,621.

ASSET	Governmental	Business-Type	TOTAL
	Activities	Activities	
	Various	Various	
	Equipment	Equipment	
COST	\$185,000	\$1,000,955	\$1,185,955
ACCUMULATED			
DEPRECIATION	(185,000)	(330,621)	(515,621)
NET ASSET	\$0	\$670,334	\$670,334

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, were as follows:

YEAR	Governmental	Business-Type	Total
	Activities	Activities	
	Amount	Amount	
2015	\$38,668	\$183,575	\$222,243
2016		183,575	183,575
2017		183,575	183,575
2018		183,576	183,576
2019		10,940	10,940
Total Minimum Lease Payments	38,668	745,241	783,909
Less: Amount Representing Interest	1,665	46,212	47,877
Present Value of Net Minimum Lease Payments	\$37,003	\$699,029	\$736,032

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 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 \$1,592,277 reported as accrued landfill closure and post closure care costs at September 30, 2014, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of Cell 1 and 16% of the estimated capacity of the Cell 2. The current reduction recognized in this fiscal year of \$(1,236,236) 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, 2014, to be approximately 6 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, 2014. 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, 2014.

Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
General Obligation Bonds	\$22,495,000		\$265,000	\$22,230,000	\$655,000	\$21,575,000
Add Deferred Amounts:						
For Issuance Premium	385,668		18,293	367,375		367,375
Tax Notes	7,445,000		2,215,000	5,230,000	1,455,000	3,775,000
Less Deferred Amounts:						
For Tax Note Discount	(312,607)	192,611		(119,996)		(119,996)
Total Bonds Payable	30,013,061	192,611	2,498,293	27,707,379	2,110,000	25,597,379
Capital Lease	274,885		237,882	37,003	37,003	0
Compensated Absences	522,352	319,017	522,352	319,017	319,017	0
Total Governmental Activities	30,810,298	511,628	3,258,527	28,063,399	2,466,020	25,597,379
<u>Business-Type Activities:</u>						
Revenue Bonds	38,305,000		1,330,000	36,975,000	1,415,000	35,560,000
Less Deferred Amounts:						
For Bond Discount	(1,979,562)	123,723		(1,855,839)		(1,855,839)
Total Bonds Payable	36,325,438	123,723	1,330,000	35,119,161	1,415,000	33,704,161
Compensated Absences	28,204	42,602	28,204	42,602	4,260	38,342
Capital Lease Obligation	878,818		179,789	699,029	163,874	535,155
Compromise and Settlement Note Payable	674,354		96,336	578,018	96,336	481,682
Accrued Landfill Closure and Postclosure Care Costs	2,828,514		1,236,237	1,592,277		1,592,277
Total Business-Type Activities	40,735,328	166,325	2,870,566	38,031,087	1,679,470	36,351,617
Grand Total	\$71,545,626	\$677,953	\$6,129,093	\$66,094,486	\$4,145,490	\$61,948,996

The government-wide statement of net assets includes \$4,145,490 as "noncurrent liabilities, due within one year". The Solid Waste Authority had \$77,062 in capitalized interest cost for the year related to the borrowing of funds for the construction of Cell 2; the remaining interest was expensed.

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>09/30/13</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 reinsure through commercial companies for claims of combined single limits of \$1,000,000 for each insurance event. The County anticipates no contingent losses.

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

2. Property and Casualty Insurance

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

3. Workers' Compensation Insurance

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

4. Group Health and Life Insurance

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

5. Unemployment Compensation Insurance

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

B. Related party transaction

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

C. Subsequent Events

January 12, 2015

Approved the de-obligation of funding from TDA contract #711003 in the amount of \$893,047.04 due to lack of County audit reports turned in on time and lack of corrective actions from the County Auditor's office.

July 13, 2015

Approved an Order of Maverick County authorizing the issuance and sale of Tax Anticipation Notes, Series 2015.

Authorized the issuance of Limited Tax Refunding Bonds, Series 2015-A.

Authorized the issuance of Limited Tax Refunding Bonds, Series 2015-B.

July 17, 2015 – Special Meeting

To advise the County Sheriff to cease operation of the MC Detention Center and also to give 30-day notice to the MCPFC and give notice of said action to bondholders and also to the US Marshal's Office.

August 10, 2015

Approved an amended and restated order authorizing the issuance and sale of Tax Anticipation Notes, Series 2015. This is updating the original not to exceed \$2,000,000 number down to a number not to exceed \$1,200,000. \$800,000 was approved and issued on September 17,

D. Contingent liabilities

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

- 1.) *Cabello, et al v County, et al* – On 11/9/11, Plaintiffs filed federal civil rights suit claiming federal agents and a County law enforcement officer wrongfully raided their home in search of contraband. Cabello was allegedly shot in the arm by Cardona with a semi-automatic rifle. Plaintiffs sought compensatory damages and fees. On 3/31/14, the Court granted the Plaintiff's Motion for Default Judgment in the amount of \$102,701.00. On 10/9/15, The Court awarded the Plaintiff \$17,424.00 in attorney fees, for a total judgment of \$120,125.00 against the County and Cardona, individually. The County is jointly and severally liable for the judgment. The County will participate in mediation with the goal of compromising a judgment in a lower amount.
- 2.) *Cruz, et al v County, et al* – on 8/1/14, Plaintiffs filed suit against the County and the Sheriff's Department claiming they were wrongfully denied overtime compensation in the preceding three year period. On 4/1/15, the Court granted Plaintiff's Motion for conditional certification as to the applicable class of employees, awarding Plaintiffs the opportunity to contact 253 current and former employees to offer them the opportunity to join the conditionally certified class. Potential additional plaintiffs have until 4/2/16 to join the class. Because the class of potential plaintiffs has yet to be fully identified, it is difficult to estimate potential exposure risked by the County. Given statutory remedies available to the Plaintiffs, including unpaid wages, liquidated damages, and attorney fees, the potential exposure could rise to \$1,000,000.00.
- 3.) *Garza v Perez* – On 10/17/14, Garza initiated suit claiming violation of civil rights by a former jailer at the Tom Bowles Detention Center. Garza seeks \$5,000 in compensatory damages and \$10,000 in punitive damages. The County will seek early dismissal due to failure to exhaust the jail house grievance process as required under the Prison Litigation Reform Act. Should this matter proceed to trial, there is likelihood that liability will be established against the Jailer. Given the lack of injury and medical treatment, any verdict secured by Garza is not anticipated to exceed \$1,000 - \$2,000.

CONCERNING THE PUBLIC FACILITY CORPORATION:

- 1) 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 and requesting damages of \$1,019,939.67 as of 7/31/15. Due to cessation of operations the PFC will not be able to make payments and has released the facility to UMB Bank. Pursuant to the Trust of Indenture the remedy for UMB Bank is foreclosure of the facility which has not yet occurred. There will be arguments in Federal Court regarding the ownership of funds that remain in PFC and County bank accounts.

E. Employee retirement systems and pension plans

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 656 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The governing body elected to pay a rate of 9.84% for the 2014 and 8.68% for the 2013 year that did not exceed the actuarially determined rate as allowed by the provisions of the TCDRS Act.

The contribution rate payable by the employee members for calendar years 2013 and 2014 is the rate of 6% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Actuarial Valuation Information

Actuarial valuation date	12/31/2011	12/31/2012	12/31/2013
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	20.0	20.0	20.0
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
Cost-of-living adjustments	0.00%	0.00%	0.00%

Trend Information for the Retirement Plan for the Employees of Maverick County, Texas

Accounting Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage Of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
09-30-12	613,525	100.00	-0-
09-30-13	586,039	100.00	-0-
09-30-14	586,039	100.00	-0-

ANALYSIS OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
2013	\$18,780,328	\$20,228,519	\$1,448,191	92.84%	\$9,408,177	18.39%

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

F. Prior Period Adjustments

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

In the Government-Wide statements and in the Funds, the County had the following prior period adjustments as per below. These included expensing Bond Issuance Costs as per GASB Statement 65, restatement the beginning Capital assets to exclude construction in progress and infrastructure, restatement of beginning capital lease due to Capital Lease error, adjustment of prior-year reconciling items in the conversion schedule, forgiveness of \$1,018,402 from the general fund to the water fund, Waste Authority understating accounts payable, write off of accrued liability claims in the sheriff confiscated funds, write off "Do from agency funds", and other immaterial items. This restatement had a corresponding effect on change in net assets.

	NET POSITION AS PREVIOUSLY RESTATED	RESTATEMENT OF CAPITAL ASSETS	RESTATEMENT OF BEGINNING CAPITAL LEASE	PRIOR YEAR RECONCILIATION ITEM RESTATEMENTS	NET POSITION AS RESTATED		
Governmental Activities:							
Net Position	\$28,290,332	(46,590,785)	67,297	(1,686,352)	(\$19,919,508)		
Total Governmental Activities	\$28,290,332	(\$46,590,785)	\$67,297	(\$1,686,352)	(\$19,919,508)		
	NET POSITION AS PREVIOUSLY RESTATED	BOND ISSUANCE COST RESTATEMENT	FORGIVENESS OF "DUE TO GENERAL FUND"	WASTE AUTHORITY - UNDERSTATEMENT OF ACCOUNTS PAYABLE	NET POSITION AS RESTATED	OTHER	
Business-Type Activities:							
Net Position	\$12,254,394	(474,905)	1,018,402	(212,699)	10,979	\$12,596,171	
Total Business-Type Activities	\$12,254,394	(\$474,905)	\$1,018,402	(\$212,699)	\$10,979	\$12,596,171	
	FUND BALANCE AS PREVIOUSLY RESTATED	SHERIFF CONFISCATED FUNDS - WRITE OFF ACCRUED LIABILITY CLAIMS	FORGIVENESS OF "DUE FROM UTILITY FUND"	WRITE OFF DUE FROM - AGENCY FUNDS	GENERAL FUND - WRITE OFF ACCRUED LIABILITY CLAIMS	OTHER	FUND BALANCE AS RESTATED
Governmental Funds:							
Fund Balance	\$61,209	(623,343)	(1,018,402)	(257,977)	958,979	107,597	(\$771,937)
Total Governmental Funds	\$61,209	(\$623,343)	(\$1,018,402)	(\$257,977)	\$958,979	\$107,597	(\$771,937)

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

ANALYSIS OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
2011	17,319,528	19,585,636	2,266,108	87.3%	10,974,032	20.6%
2012	17,891,310	20,166,172	2,274,862	88.1%	9,363,609	24.3%
2013	18,780,328	20,228,519	1,448,191	92.8%	9,408,177	18.4%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

	SPECIAL REVENUE													
	911 RESTITU- TION	BORDER HOPE VOC	BORDER STAR NO. 1983102	BORDER STAR 4/11 - 8/11	CEDAP	CERTZ GRANT	CHILD WELFARE	COURT- HOUSE SECURITY	D.A. BORDER PROSECU- TION	ELDERLY NUTRI- TION	HEALTH	HOPE K	JP FEES	LAW LIBRARY
ASSETS														
Cash and Cash Equivalents	\$729	\$24,316	\$106,192	\$345			\$10,537	\$44,164	\$50,081	\$99,624	\$13,440		\$227,392	\$8,443
Receivables (net of allowance for uncollectibles)		8,713		2,050	1,381			10	9,743	75,522		13		
Due from Other Funds			60,280	45		447		148,313	66				73,797	214,216
Due from Others														
TOTAL ASSETS	\$729	\$33,029	\$166,472	\$2,440	\$1,381	\$447	\$10,537	\$192,487	\$59,890	\$175,146	\$13,440	\$13	\$301,189	\$222,659
LIABILITIES AND FUND BALANCES														
Liabilities														
Accounts Payable			\$7,332						\$54,360	\$9,028	\$2,453		\$111,723	
Bank Overdraft												13		
Due to Other Funds			158,075		1,381					261			11,701	
Due to Others		31,616												
Accrued Wages		1,413	1,483			447			4,792	11,281				
Total Liabilities	0	33,029	166,890	0	1,381	447	0	0	59,152	20,570	2,453	13	123,424	0
Fund Balances														
Restricted														
General Administration														
Health and Welfare										154,576	10,987			
Judicial							10,537		738				177,765	222,659
Public Safety - Sheriff	729			2,440				192,487						
Records Management														
Unassigned			(418)											
Total Fund Balances	729	0	(418)	2,440	0	0	10,537	192,487	738	154,576	10,987	0	177,765	222,659
TOTAL LIABILITIES AND FUND BALANCES	\$729	\$33,029	\$166,472	\$2,440	\$1,381	\$447	\$10,537	\$192,487	\$59,890	\$175,146	\$13,440	\$13	\$301,189	\$222,659

(continued)

SPECIAL REVENUE

LBSP 2012	LBSP 2014	LINEBACKER NO. 2010-DD- BX-0484	LOMA BONITA SELF HELP	MC JUVENILE PROBATION SERVICE	RECORDS MANAGE- MENT	SELF HELP	SECURITY ENHANCE- MENT	SELF HELP NO. 711003	SHERIFF CONFISCATED FUNDS	SHERIFF STONE GARDEN	SHERIFF STRATEGIC PLAN	STATE AUTOMATED VICTIM	STONE GARDEN 2009	STONE GARDEN 2010
\$32,544	\$4,144			\$1,233	\$39,876				\$16,254				\$882	\$47,684
	975				215,098			25,012		31,125				
			1,398							16,166				
\$32,544	\$5,119	\$0	\$1,398	\$1,233	\$254,974	\$0	\$0	\$25,012	\$16,254	\$47,291	\$0	\$0	\$882	\$47,684

					\$103,263	\$87		\$500					\$44,157	\$3,859
30,436	1,107							55		47,291	12			
2,108			1,398	1,233				24,652						
	4,980				5,267									
32,544	6,087	0	1,398	1,233	108,530	87	0	25,207	0	47,291	12	0	44,157	3,859

	(968)				146,444				16,254					43,825
						(87)		(195)			(12)		(43,275)	
0	(968)	0	0	0	146,444	(87)	0	(195)	16,254	0	(12)	0	(43,275)	43,825
\$32,544	\$5,119	\$0	\$1,398	\$1,233	\$254,974	\$0	\$0	\$25,012	\$16,254	\$47,291	\$0	\$0	\$882	\$47,684

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

	SPECIAL REVENUE							CAPITAL PROJECTS				NON-MAJOR GOVERNMENTAL FUNDS
	STONE GARDEN 2011	STONE GARDEN 2014	STRATEGIC PHASE II	TECH-NOLOGY	TEXAS HISTORICAL COMMISSION	TOBACCO GRANT CONSTRUCTION PCT 4	TOWER LEASE	MAVERICK COLONIAL CONSTRUCTION	PCT. 2 WTR WKS ROAD IMPROVEMENT	TEXAS CDBG NO. 729400	TXDOT 3	
	ASSETS											
Cash and Cash Equivalents	\$21,357	\$72,265		\$34,641			\$25,213				\$1,168	\$881,795
Receivables (net of allowance for uncollectibles)		150,139				900						305,583
Due from Other Funds				12,336	2,500							743,264
Due from Others												1,398
TOTAL ASSETS	\$21,357	\$222,404	\$0	\$46,977	\$2,500	\$900	\$25,213	\$0	\$0	\$0	\$1,168	\$1,932,040
LIABILITIES AND FUND BALANCES												
Liabilities												
Accounts Payable	\$4,065	\$220,328				\$900					\$590	\$562,645
Bank Overdraft												47,371
Due to Other Funds	17,292	2,076									1,926	248,907
Due to Others					2,500							38,855
Accrued Wages												29,663
Total Liabilities	21,357	222,404	0	0	2,500	900	0	0	0	0	2,516	927,441
Fund Balances												
Restricted												
General Administration							25,213					25,213
Health and Welfare												165,563
Judicial				46,977								458,676
Public Safety - Sheriff												254,038
Records Management												146,444
Unassigned											(1,348)	(45,335)
Total Fund Balances	0	0	0	46,977	0	0	25,213	0	0	0	(1,348)	1,004,599
TOTAL LIABILITIES AND FUND BALANCES	\$21,357	\$222,404	\$0	\$46,977	\$2,500	\$900	\$25,213	\$0	\$0	\$0	\$1,168	\$1,932,040

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, 2014

	SPECIAL REVENUE													
	911 RESTITU- TION	BORDER HOPE VOC	BORDER STAR NO. 1983102	BORDER STAR 4/11 - 8/11	CEDAP	CERTZ GRANT	CHILD WELFARE	COURT- HOUSE SECURITY	D.A. BORDER PROSECU- TION	ELDERLY NUTRI- TION	HOPE K	JP FEES	LAW LIBRARY	
REVENUES														
Intergovernmental		\$31,177	\$87,911	\$2,049					\$111,508	\$431,020	\$75,000			
Charges for Services								35,000		15,695		39,088	34,370	
Interest													13	
Miscellaneous	729												3	
Total Revenues	729	31,177	87,911	2,049	0	0	0	35,000	111,508	446,715	75,000	0	39,088	34,386
EXPENDITURES														
Current:														
General Administration														
General Administration														
Records Management														
Judicial														
Judicial									111,508					
Public Safety														
Public Safety														
Probation		31,177												
Sheriff			87,911					162						
Health and Welfare														
Health										474,104	69,935			
Total Expenditures	0	31,177	87,911	0	0	0	0	162	111,508	474,104	69,935	0	0	0
Excess (Deficiency) of Revenues Over (Under)														
Expenditures	729	0	0	2,049	0	0	0	34,838	0	(27,389)	5,065	0	39,088	34,386
OTHER FINANCING SOURCES (USES):														
Operating Transfers In			146											
Operating Transfers Out			(4,636)							(1,088)				
Total Other Financing Sources (Uses)	0	0	(4,490)	0	0	0	0	0	0	(1,088)	0	0	0	0
Net Changes in Fund Balances	729	0	(4,490)	2,049	0	0	0	34,838	0	(28,477)	5,065	0	39,088	34,386
Fund Balances - Beginning	0	0	4,072	391	0		10,537	157,649	738	183,053	5,922	0	138,677	188,273
Fund Balances - Ending	\$729	\$0	(\$418)	\$2,440	\$0	\$0	\$10,537	\$192,487	\$738	\$154,576	\$10,987	\$0	\$177,765	\$222,659

(continued)

SPECIAL REVENUE

LBSP 2012	LBSP 2014	LINEBACKER NO. 2010-DD- BX-0484	LOMA BONITA SELF HELP	MC JUVENILE PROBATION SERVICE	RECORDS MANAGE- MENT	SELF HELP	SECURITY ENHANCE- MENT	SELF HELP NO. 711003	SHERIFF CONFISCATED FUNDS	SHERIFF STONE GARDEN	SHERIFF STRATEGIC PLAN	STATE AUTOMATED VICTIM	STONE GARDEN 2009	STONE GARDEN 2010
\$7,908	\$7,670				148,783		\$6,961				\$74,530	\$16,500		
				111				379					6,992	409
7,908	7,670	0	0	111	148,783	0	6,961	379	0	0	74,530	16,500	6,992	409
					163,331									
				50							74,542	16,500		
7,908	7,670	5		50			6,961		29,394					
7,908	7,670	5	0	50	163,331	1	6,961	0	29,394	0	74,542	16,500	0	0
0	0	(5)	0	61	(14,548)	(1)	0	379	(29,394)	0	(12)	0	6,992	409
		5			21,402	1,398							521,111	
	(968)			(61)									(417,791)	(184,873)
0	(968)	5	0	(61)	21,402	1,398	0	0	0	0	0	0	103,320	(184,873)
0	(968)	0	0	0	6,854	1,397	0	379	(29,394)	0	(12)	0	110,312	(184,464)
					139,590	(1,484)	0	(574)	45,648	0	0	0	(153,587)	228,289
\$0	(\$968)	\$0	\$0	\$0	\$146,444	(\$87)	\$0	(\$195)	\$16,254	\$0	(\$12)	\$0	(\$43,275)	\$43,825

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							CAPITAL PROJECTS				NON-MAJOR GOVERNMENTAL FUNDS
	STONE GARDEN 2011	STONE GARDEN 2014	STRATEGIC PHASE II	TECH-NOLOGY	TEXAS HISTORICAL COMMISSION	TOBACCO GRANT CONSTRUCTION PCT 4	TOWER LEASE	MAVERICK COLONIAL CONSTRUCTION	PCT. 2 WTR WKS ROAD IMPROVEMENT	TEXAS CDBG NO. 729400	TXDOT 3	
REVENUES												
Intergovernmental	\$173,306	\$315,528	\$150,000			\$9,000						\$1,500,068
Charges for Services				13,316								286,252
Interest												7,005
Miscellaneous							9,600		20,185		31,832	62,519
Total Revenues	173,306	315,528	150,000	13,316	0	9,000	9,600	0	20,185	0	31,832	1,855,844
EXPENDITURES												
Current:												
General Administration												
Records Management							70					71
Records Management												163,331
Judicial												
Judicial				11,106								122,614
Public Safety												
Constable												74,542
Juvenile Probation												47,727
Sheriff	173,306	315,528	150,000									778,845
Health and Welfare												
Health						9,000						553,039
Total Expenditures	173,306	315,528	150,000	11,106	0	9,000	70	0	0	0	0	1,740,169
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	2,210	0	0	9,530	0	20,185	0	31,832	115,675
OTHER FINANCING SOURCES (USES):												
Operating Transfers in											122,108	666,170
Operating Transfers Out								(1,770)		(25,853)		(637,040)
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	(1,770)	0	(25,853)	122,108	29,130
Net Changes in Fund Balances	0	0	0	2,210	0	0	9,530	(1,770)	20,185	(25,853)	153,940	144,805
Fund Balances - Beginning			0	44,767	0		15,683	1,770	(20,185)	25,853	(155,288)	859,794
Fund Balances - Ending	\$0	\$0	\$0	\$46,977	\$0	\$0	\$25,213	\$0	\$0	\$0	(\$1,348)	\$1,004,599

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, 2014

Federal/Pass Through Grantor/Program Title	Federal CFDA Number	Contract/Grant Number	Grant Period	Award Amount	Expenditures
FEDERAL ASSISTANCE:					
<u>U.S. Department of Housing & Urban Development</u>					
<i>Passed-Through Texas Department of Agriculture:</i>					
Community Development Blocks Grant/State's Program and Non-Entitlement Grants in Hawaii (NM) - CDBG #711003	14.228	711003	05-05-2011 to 05-05-2015	\$1,000,000	\$0
					0
<u>U.S. Department of Justice</u>					
<i>Passed-Through Criminal Justice Division of The State of Texas:</i>					
Edward Byrne Memorial Justice Assistance Grant - BorderStar JAG (NM)	16.738	1983107	10-01-2013 to 09-30-2014	90,935	87,911
Border Hope Vocational Learning Project (NM)	16.540	2715101	09-01-2013 to 08-31-2014	35,000	28,366
Border Hope Vocational Learning Project (NM)	NONE	2715102	09-01-2014 to 08-31-2015	34,600	2,751
SCAAP (State Criminal Alien Assistance Program) (NM)	16.606	2014-AP-BX-0090	10-01-2013 to 09-30-2014	11,602	11,602 *
					130,630
<u>U.S. Department of Health and Human Services</u>					
<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 (NM) Elderly Nutrition Title III (CI, CII, IIIB)	93.044	AAA-2011-024-03	10-01-13 to 09-30-14	207,115	207,115
					207,115
District Attorney					
Eagle Pass HIDTA Task Force (NM)	95.001	G14SS0013A	01-01-2014 to 12-31-2015	35,083	2,760
Eagle Pass HIDTA Task Force (NM)	95.001	G13SS0013A	01-01-2013 to 12-31-2014	41,205	41,205
					43,965
<i>Passed-Through Texas Department of Human Services</i>					
Social Services Block Grant Title XX/XIX (M)	93.667	001001465	10-01-13 to 09-30-14		163,256
					163,256
U.S. Department of Homeland Security					
<i>Passed-Through Texas Department of Public Safety</i>					
Stone Garden 2011 (M)	97.067	EMW-2011-SS-0019	09-01-2011 to 08-31-2013	646,211	173,306
Stone Garden 2012 (M)	97.067	12-GA-48323-07	09-01-2012 to 06-30-2014	315,529	315,528
Local Border Security Program FY2014 (LBSP 14) (NM)	97.067	LBSP-14-0048	02-12-2014 to 08-31-2014	53,563	7,670
					496,504
Texas Department of Public Safety					
<i>Passed-Through Texas Border Sheriff's Coalition</i>					
Local Border Security Program FY2012 (LBSP 12) JAG Borderstar (NM)		LBSP12(MAVERICK)	07-06-2012 to 02-06-2013	93,153	7,908
					7,908
TOTAL ASSISTANCE					\$1,049,378

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

Note: There were no stimulus grants in the 2013-2014 year.
 * Revenue given to Sheriff Office. Not recorded in Financial Statements
 See Accompanying Notes to Schedule of Federal Financial Assistance

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

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, 2014, and the related notes to the financial statements, which collectively comprise Maverick County, Texas' basic financial statements and have issued our report thereon dated September 30, 2014.

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. List 2014-1, 2014-2, 2014-3, and 2014-4.

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 did not disclose the following instances of material noncompliance matters that are required to be reported under *Government Auditing Standards*. List 2014-1, 2014-2, 2014-3, and 2014-4.

Maverick County, Texas' Response to Findings

The County will respond to these findings in a separate letter.

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.

A handwritten signature in cursive script that reads "Wayne R. Beyer".

BEYER & CO.
Certified Public Accountants
Pleasanton, Texas
December 19, 2015

BEYER & Co.
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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, 2014. 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, 2014.

Other Matters

The results of our auditing procedures also disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2014-04. Our opinion on each major federal program is not modified with respect to these matters.

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.

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 & CO.
Certified Public Accountants
Pleasanton, Texas
December 19, 2015

MAVERICK COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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, 2014. 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, 2014.

MAVERICK COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

FINANCIAL STATEMENT FINDINGS

Finding 2013-01

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. **The finding had not been resolved in 2014.**

During our testing of Bank Reconciliations, we noted the County did not review and reconcile bank accounts timely, nor had proper supervisory approvals as of September 30, 2013. **The finding had not been resolved in 2014.**

During our testing of journal entries, it was noted the County generated many journal entries during the fiscal year 2013 that evidence or supervisory reviews and approvals was not determinable. **The finding had not been resolved in 2014.**

Inter-fund receivables and payables between funds should be short-term. During our audit, we noted that the inter-fund 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. As of September 30, 2012, the County had approximately \$29,000,000 of inter-fund balances which had not been adjusted in several years and had not be funded or liquidated. During the fiscal year ended September 30, 2013, the County Auditor wrote off approximately \$18,000,000 of inter-fund balances. These write-offs were not approved by the Commissioners Court, which is necessary as they are the originators of the transfers. **The finding had not been resolved in 2014.**

Materially Weak Financial Reporting Process - During our audit, we noted that no period-end closing procedures existed to ensure that transactions were recorded in the appropriate accounting period resulting in prior period restatements of \$90,740 for governmental activities and \$428,921 for business type activities and \$91,643 for total governmental funds and \$428,921 for total proprietary funds. We also noted that no review and approval process existed as part of the financial statement preparation process to ensure the accuracy of journal entries, account reconciliations, and financial statements and related disclosures. 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 2013 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 March 18, 2015. **The finding had not been resolved in 2014.**

Budget Monitoring Process is Not Effective -For the year ended September 30, 2013 expenditures exceed revenues by \$1,433,065. **The finding was been resolved in 2014.**

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. **The finding had not been resolved in 2014.**

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. **The finding had not been resolved in 2014.**

Improper 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. Capital assets 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. **The finding has been resolved in 2014 except for infrastructure and buildings.**

Finding 2013-02

Expenditures, Expenses and Accounts Payable

Type of Finding: Material Weakness

Condition and Context: During our testing of accounts payable, we noted the County did not record their accounts payable expenditures properly. The County recorded a payable in excess of \$150,000 in the incorrect period. An adjustment was made to increase accounts payable and increase expenses. **This finding has been corrected.**

Finding 2013-03

Lack of Debt Monitoring and Compliance

Type of Finding: Material Weakness and Material Non-Compliance

Condition and Context: We were unable to test the County's compliance with the debt covenants for Series 2011-B and Series 2012 Tax Notes due to a lack of adequate accounting records for the County debt transactions. The monies for 2012 Tax Notes are being utilized as loans to other County funds. **This finding has been corrected.**

Finding 2013-04

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. Currently if the gas usage is budgeted it is paid for without any supervisory reviews and approvals as to reasonableness and propriety. **The finding had not been resolved in 2014.**

Finding 2013-05

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.

The finding had not been resolved in 2014.

Finding 2013-06

Compliance and Other Matters

Condition and Context:

1. A total of eight current and former governing board members and employees of the Solid Waste Authority and the County including the former County Commissioners for Precinct 1, Precinct 2, Precinct 4, and the former Landfill Manager, were indicted and arrested, on varying criminal charges including charges involving Solid Waste Authority and County Business. Of the eight individuals, one had all charges dropped during April 2013, two pled guilty during January 2013 and one pled guilty during May 2013. The former landfill manager pled guilty during June 2013. In late February 2015, he was sentenced to 65 months in federal prison followed by 3 years of supervised release. The former Assistant County Auditor was sentenced to nine years in federal prison followed by 3 years of supervised release. Former Precinct 1 Commissioner was sentenced to 10 years in federal prison followed by 3 years of supervised release. Former Precinct 2 Commissioner was also sentenced to 10 year in federal prison followed by 3 years of supervised release. Former Precinct 4 Commissioner was sentenced to 10 years in federal prison followed by 3 years of supervised release.
2. The current County Commissioner for Precinct 3 was arrested in February 2015 and charged with four counts of receiving bribes.

The above investigations by law enforcement officials are currently ongoing and their effect or impact on the County is not determinable.

The finding has been resolved in 2014.

Finding 2013-07

Equipment and Real Property Management

CFDA Number: 97.067 Operation Stone Garden
Federal Award Number: Various
Federal Award Year: Various
Federal Agency: U.S. Department of Homeland Security
Pass through entity - Texas Department of Public Safety

Type of Finding: Material Weakness and Material Noncompliance

Criteria or Specific Requirement: Per OMB Circular A-110, Section 34, recipients of grant funds should maintain accurate equipment records for equipment purchased with grant funds. Also, a physical inventory of equipment shall be taken and the results reconciled with equipment records at least once every two years.

Condition and Context: During our testing of Single Audit, we inquired with the staff and were informed that the County did perform a periodic equipment and real property management physical inventory; however, the County does not maintain sufficient detailed inventory records of their capital assets. We did note that the County maintains a subsidiary inventory ledger for purchases made with the Operation Stone Garden grant; however, due to the lack of adequate historical capital asset records this has not been properly reconciled.

The finding has been resolved in 2014.

Finding 2013-08

Reporting

CFDA Number: 93.044 -. Special programs for the Aging Title III, Part B Grants
Federal Award Number: AAA 2012-024-03
Federal Award Year: 2013
Federal Agency; U.S. Department of Health and Human Services
Pass through entity - Middle Rio Grande Development Council

Type of Finding: Material Weakness and Material Noncompliance

Criteria or Specific Requirement: Per OMB Circular A-133, the Special programs for the Aging Title III, Part B Grants programs are required to complete the SF-425, Federal Financial Report on a quarterly basis.

Condition: There was no evidence that SF-425 quarterly reports were submitted or prepared.
Questioned Costs: \$215,468

Context: During our testing of Special programs for the Aging Title III, Part B Grants, we noted that the County did not submit SF-425 quarterly reports during the fiscal year ended September 30, 2013.

This report has and is being filed by the Middle Rio Grande Council of Governments.

Finding 2013-09

Financial Reporting and Accounting

Type of Finding: Material Weakness

Condition: All findings from 2013-01 – 2013-06, as described above, are conditions causing material weaknesses in internal control over compliance. See Section IT Financial Statement Findings for a detailed discussion of the above findings.

The finding had not been resolved in 2014.

MAVERICK COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Maverick County, Texas.
2. There were no significant deficiencies disclosed during the audit. There were several material weaknesses disclosed during the audit.
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 was one material weakness over major federal award programs disclosed during the audit as 2014-4.
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 XX/XIX – CFDA 93.667.
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 several material weaknesses disclosed during the audit.

Findings and Questioned Costs for Federal Awards

None

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, inter-fund 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.

During our testing of Bank Reconciliations, we noted the County did not review and reconcile bank accounts timely, nor had proper supervisory approvals as of September 30, 2014.

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.

Inter-fund receivables and payables between funds should be short-term. During our audit, we noted that the inter-fund 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.

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.
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.
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.

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.

Criteria:

1. Deficient Accounting Records. Adequate accounting records should be kept to ensure the accurate reporting of financial statement information. In addition, inter-fund receivables and payables are short term in nature, the receivable and payable balances should be settled at the end of each month. Also, inter-fund receivables and payables should be reconciled as of the end of each month so that all payable amounts agree to corresponding receivable amounts. Maverick County should have a policy in place to write off old receivables. All journal entries should be reviewed and approved prior to general ledger posting. Month-end and year-end closing procedures should be maintained and followed to ensure proper and accurate reporting of financial statements.
2. Materially Weak Financial Reporting Process - The County must have procedures in place to ensure that transactions are recorded in the appropriate accounting period. The County must also have procedures in place to ensure appropriate review and approval of all journal entries, account reconciliations, financial statements and related notes that are prepared in connection with the month and year-end closing process on a timely basis.
3. Poor Cash Controls - The County is required to prepare bank reconciliations for all cash accounts on a monthly basis. This includes Agency cash accounts held in the name of the County or by any County official. This responsibility is held by the County Treasurer. Maverick County should have a policy in place to escheat stale dated checks for outstanding checks. The County is required to properly put internal controls on cash accounts in place. The County must have policies whereby only County authorized and empowered officials and employees open and close bank accounts.
4. No Monitoring and Reporting of County's Risk Financing Liabilities - In accordance with GASB Codification Section C50.145, the County is required to track its self-insurance liability in order to estimate its liability for unpaid claims. The County should also provide sufficient information to disclose required information in accordance with accounting principles generally accepted in the United States of America.
5. 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 asset inventory list which includes capital assets purchased with grant funds.

Effect:

1. Deficient Accounting Records - The County's financial statements could not be adequately audited and may be misstated. Also, if inter-fund receivable and payable balances are not settled on a monthly basis, the inter-fund balances will continue to grow, calling into question the borrowing funds' ability to repay the amount that it received. Also, failure to reconcile payable and receivable amounts could result in interfund receivable or payable amounts being misstated. Lack of journal entry supervisory reviews and approval materially weakens internal controls. The County failure to close their books in a timely manner could and has resulted in noncompliance of grant and other funding sources requirements.
2. Materially Weak Financial Reporting Process - Failure to record transactions in the appropriate accounting period and failure to review accounting transactions could result in misstated financial statements as well as financial statements that cannot be audited.
3. Budget Monitoring Process is Not Effective - Failure to monitor the appropriated budget on a regular basis will cause poor or no budget management and control and leads to the severe budget deficits as have been recurring annually.
4. Poor Cash Controls - Failure to prepare and review bank reconciliations on a timely basis could result in the misstatement or misappropriation of cash. Also, cash account balances are not fairly stated if the outstanding checks consist of checks and deposits with stale dates. Unauthorized open and closing of bank accounts could result in fraud or abuse in regards to the County's cash accounts.
5. No Monitoring and Reporting of County's Risk Financing Liabilities - Liabilities and expenses associated with unpaid self-insurance claims may not be recorded properly in the County's financial statements. Also, without proper monitoring tools and processes for managing its risk financing, the County risks incurring significant liabilities or contingencies without its knowledge or control. In addition, the County's risk financing may not be properly disclosed which will cause a GAAP departure.
6. Improper 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. Deficient Accounting Records -Deteriorating operating results are restricting the ability of funds to pay inter-fund borrowings. Errors in certain accounts receivable, accounts payable and failure to prepare reconciliations are results of inadequate supervision and review of finance staff by the County Auditor as well as lack of finance staff training.
2. Materially Weak Financial Reporting Process - Inadequate supervision and review of finance staff by the County Auditor as well as the lack of finance staff training.
3. Poor Cash Controls - The County Treasurer did not performing this function for the year ended September 30, 2014, as is required. The County Auditor's office is performing this function; however, there is a lack of finance staff training and related supervisory review in the County Auditor's office.
4. No Monitoring and Reporting of County's Risk Financing Liabilities - Failure of the County Auditor to design and implement a process for tracking and recording the self-insurance liabilities in accordance with business practices , and the County has a GAAP departure.
5. Improper Infrastructure and Buildings Capital Asset Financial Reporting - Inadequate review of financial statements by the County Auditor. Prior County Auditor lost the detailed capital assets records for inventory control and depreciation expense. Current County Auditor has not corrected this matter during his term from September 2012 through March 18, 2015.

Recommendation:

1. Deficient Accounting Records - The County should revise all of its fiscal management, financial reporting and fiscal operation to correct all material weaknesses noted in the "Condition and Context", section. Also, the County should analyze all inter-fund receivables and payables to identify balances that will be repaid and then implement a plan to settle those amounts. For any balances that will not be repaid the County should reclassify the inter-fund balances as permanent transfers of equity. Also, on a monthly basis, the County should reconcile all inter-fund receivable and payable accounts. The reconciliation should be prepared within 30 days of the end of each month, signed, and dated by the preparer. The reconciliation should also be reviewed by the supervisor of the preparer who should also sign and date the reconciliation to indicate review and approval. In addition, the County should also provide more training for finance staff in the area of inter-fund payables and receivables as inter-fund transfers. MRC recommends that the County establishes a policy that ensure receivables to be collected or written off during the monthly closing process and a policy of correctly expensing items in the proper period during the monthly closing process. journal entries must have a documented supervisory review and approval process. The County must implement a proactive strategy to close the books monthly and yearly in a timely manner.
2. Materially Weak Financial Reporting Process - The County should design and put into place procedures to ensure that all transactions are recorded in the appropriate accounting period. The County should also ensure that journal entries, account reconciliations, financial statements and related notes are properly reviewed and approved in connection with the month and year-end closing process.

3. Poor Cash Controls - The County must ensure that bank reconciliations are prepared for all cash accounts within 45 days of the end of the month and that the reconciliations are signed and dated by the preparer. The reconciliations must be reviewed by the supervisor of the preparer and they must be signed and dated by the reviewer to provide evidence of supervisory review. Also, the County should establish a policy to review outstanding checks and deposits periodically; especially to determine whether the check needs to be escheated to the state. All voided checks should have proper supporting documentation showing the reason why the check was voided and who authorized to void the check. The County should establish a policy to close the bank account and ensure the ending balance is transferred to another account and properly recorded in the book. The County should implement the necessary policies and procedures in regards to the establishment and closure of bank accounts to prevent fraud or abuse.
4. Monitoring and Reporting of County's Risk Financing Liabilities - The County should implement a process to monitor and track the liabilities and expenses for unpaid claims associated with its self-insurance programs and ensure that they are managed and correctly recorded on a timely basis throughout the year. The County should also obtain all the required information needed to disclose the County's risk financing properly in its financial statements.
5. Improper 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.

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.

Criteria: All County officials and employees must comply with County policies.

Effect: The County's failure to properly monitor gas cards may lead to misuse and abuse of gas cards.

Cause: Lack of enforcement of County's policy and lack of internal controls.

Recommendation: The County should review its policies to strengthen internal controls over credit cards. The policy should be revised to include the process of obtaining approval from the department manager or supervisor prior to payment of the gas card invoices. Also, the County should develop a method to track all gas cards issued to employees to ensure the cards are only in the hands of active and authorized County employees. We also recommend the County revise its policies to include the process of obtaining from the employee and deactivating gas cards upon termination of employment.

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.

Criteria: The County must comply with all requisite State of Texas laws.

Effect: The County's public funds are at risk should their financial institutions fail.

Cause: The County does not have an ongoing process to monitor compliance with the Act.

Recommendation: The County should develop and implement a policy to ensure compliance and monitoring with the Act

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.

Criteria: The County should have strong financial reporting, accounting procedures and internal controls in order to ensure compliance with grant requirements.

Effect: By failing to establish proper financial reporting, accounting procedures and internal controls, the County could fail to comply with grant requirements.

Cause: Weak oversight and ineffective performance of duties by the County Auditor. Lack of overall adherence to the County's policies and procedures. Inadequate supervision and review of fiscal staff, as well as, the lack of fiscal staff training.

Recommendation: The County should review and revise their accounting policies and procedures and controls to ensure financial reporting and accounting related records maintenance and internal controls are sufficient to enable material compliance with grant requirements.