

MAVERICK COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

September 30, 2019

Maverick County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2019

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, blended component units, each major fund, and the aggregate remaining fund information of Maverick County, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Maverick County, Texas's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Maverick County Solid Waste Authority, which represent 64 percent, 51 percent, and 75 percent, respectively, of the assets, net position, and revenues of the Business-type activities of Maverick County, Texas. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Maverick County Solid Waste Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, blended component units, each major funds, and the aggregate remaining fund information of Maverick County, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Road and Bridge Funds, and the Debt Service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employees' retirement system information, and the OPEB system information on pages 4–12, 82-85 and 86–87 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's 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 March 25, 2020, on our consideration of Maverick County, Texas's 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Maverick County, Texas's 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's internal control over financial reporting and compliance.

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
March 25, 2020

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, 2019.

Financial Highlights

- . The assets of Maverick County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$10,170,827 (net position). Unrestricted net position was a minus \$9,207,637 at year's end.
- . The government's total net position increased by \$3,800,294. This increase is due to the following: An increase in Maintenance and Operations Taxes of \$1,701,553 and an increase in Sales Taxes of \$497,925, and careful budget management.
- . Maverick County, Texas' total restricted net position at September 30, 2019 is \$6,431,476 or 63%. There was an increase of \$3,589,676 in the restricted net position. This increase is the result of the issuance of two bonds and one partial bond totaling \$7,604,000.
- . Maverick County, Texas' total debt increased by \$11,031,520 (38.11 percent) during the current fiscal year. This increase is the result of the issuance of two bonds and one partial bond totaling \$7,604,000 and an increase in GASB 68 payable of \$3,023,201.

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 like a private-sector business.

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

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

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

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

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

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

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

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

Maverick County, Texas maintains 43 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 and the Tax Notes 2019. The other 38 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

Notes to the financial statements: The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-81 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 82-87 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 88-95 of this report. The single audit section can be found on pages 96-107 of this report

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Maverick County, Texas, assets exceeded liabilities by \$10,170,827 at the close of the most recent fiscal year. A large portion of Maverick County, Texas' net position (127 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	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$19,300,061	\$13,597,755	\$6,376,795	\$3,970,062	\$25,676,856	17,567,817
Restricted Assets:			659,000		659,000	0
Capital Assets:	12,665,926	8,970,460	11,625,388	11,034,698	24,291,314	20,005,158
Total Assets	31,965,987	22,568,215	18,661,183	15,004,760	50,627,170	37,572,975
Deferred Inflows of Resources	3,971,193	1,959,249	243,840	98,107	4,215,033	2,057,356
Long-Term Liabilities	34,604,942	24,434,438	5,376,534	4,515,518	39,981,476	28,949,956
Other Liabilities	4,042,669	3,559,567	644,670	152,842	4,687,339	3,712,409
Total Liabilities	38,647,611	27,994,005	6,021,204	4,668,360	44,668,815	32,662,365
Deferred Inflows of Resources	0	554,631	2,561	42,802	2,561	597,433
Invested in Capital Assets, Net of Related Debt	3,410,609	7,885,019	9,536,379	9,674,658	12,946,988	17,559,677
Restricted	6,431,476	2,841,800			6,431,476	2,841,800
Unrestricted	(12,552,516)	(14,747,991)	3,344,879	717,047	(9,207,637)	(14,030,944)
Total Net Position	(\$2,710,431)	(\$4,021,172)	\$12,881,258	\$10,391,705	\$10,170,827	\$6,370,533

An additional portion of Maverick County, Texas' net position (63 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position was a minus \$9,207,637 at year's end.

At the end of the current fiscal year and the prior year, Maverick County, Texas was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities except for Unrestricted Net Position in the governmental activities. Unrestricted Net Position in the governmental activities was a minus \$12,552,516 in the current year and a minus \$14,747,991 in the prior year.

Maverick County, Texas' total restricted net position at September 30, 2019 is \$6,431,476 or 63%. There was an increase of \$3,589,676 in the restricted net position. This increase is the result of the issuance of two bonds and one partial bond totaling \$7,604,000.

The government's total net position increased by \$3,800,294. This increase is due to the following: An increase in Maintenance and Operations Taxes of \$1,701,553 and an increase in Sales Taxes of \$497,925 and careful budget management.

Governmental activities: Governmental activities increased Maverick County, Texas' net position by \$1,310,741, thereby accounting for 34 percent of the total growth in the net position of Maverick County, Texas. This increase is due to the following: An increase in Maintenance and Operations Taxes of \$1,701,553 and an increase in Sales Taxes of \$497,925 and careful budget management.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$6,050,371	\$7,526,453	\$2,657,465	\$2,228,983	\$8,707,836	\$9,755,436
Operating Grants and Contributions	1,190,459	1,230,764			1,190,459	1,230,764
Capital Grants and Contributions	714,811	100,000	66,683		781,494	100,000
General Revenues:						
Maintenance and Operations Taxes	14,694,585	12,993,032			14,694,585	12,993,032
Sales Taxes	5,770,611	5,272,686			5,770,611	5,272,686
Other Taxes	44,624	44,763			44,624	44,763
Unrestricted Investment Earnings	12,530	8,960	5,337	3,374	17,867	12,334
Assignment of Prison Facility to the Bond Trustee					0	0
Miscellaneous	891,260	538,177			891,260	538,177
Total Revenue	29,369,251	27,714,835	2,729,485	2,232,357	32,098,736	29,947,192
Expenses:						
General Administration	3,237,845	3,204,573			3,237,845	3,204,573
Legal	316,106	267,389			316,106	267,389
Judicial	2,528,642	2,290,306			2,528,642	2,290,306
Financial Administration	1,699,199	1,479,819			1,699,199	1,479,819
Public Facilities	455,279	288,575			455,279	288,575
Public Safety	7,761,662	6,991,200			7,761,662	6,991,200
Public Transportation	3,435,147	3,457,811			3,435,147	3,457,811
Culture and Recreation	625,968	481,484			625,968	481,484
Health and Welfare	1,871,283	1,073,128			1,871,283	1,073,128
Conservation - Agriculture	1,083,755	916,837			1,083,755	916,837
Interest and Fiscal Charges	1,635,110	1,511,735			1,635,110	1,511,735
Business-Type Activities			3,648,446	3,186,730	3,648,446	3,186,730
Total Expenses	24,649,996	21,962,857	3,648,446	3,186,730	28,298,442	25,149,587
Increase in Net Position Before Transfers and Special Items	4,719,255	5,751,978	(918,961)	(954,373)	3,800,294	4,797,605
Transfers	(3,408,514)	(426,828)	3,408,514	426,828	0	0
Increase in Net Position	1,310,741	5,325,150	2,489,553	(527,545)	3,800,294	4,797,605
Net Position at 09/30/2018 - Restated	(4,021,172)	(9,346,322)	10,391,705	10,919,250	6,370,533	1,572,928
Net Position at 09/30/2019	(\$2,710,431)	(\$4,021,172)	\$12,881,258	\$10,391,705	\$10,170,827	\$6,370,533

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	\$3,237,845	\$446,075	\$0	\$0
Legal	316,106	2,038	23,333	
Judicial	2,528,642	497,942	327,724	
Financial Administration	1,699,199	325,213		
Public Facilities	455,279			714,811
Public Safety	7,761,662	3,862,498	127,140	
Public Transportation	3,435,147	901,284	14,090	
Culture and Recreation	625,968			
Health and Welfare	1,871,283	15,321	698,172	
Conservation - Agriculture	1,083,755			
Interest and Fiscal Charges	1,635,110			
Total Government Activities	<u>\$24,649,996</u>	<u>\$6,050,371</u>	<u>\$1,190,459</u>	<u>\$714,811</u>

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$6,050,371	21%
Operating Grants and Contributions	1,190,459	4%
Capital Grants and Contributions	714,811	2%
Maintenance and Operations Taxes	14,694,585	50%
Sales Taxes	5,770,611	20%
Other Taxes	44,624	0%
Unrestricted Investment Earnings	12,530	0%
Miscellaneous	891,260	3%
	<u>\$29,369,251</u>	<u>100%</u>

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

Business-type activities: Business-type activities increased Maverick County, Texas' net position by \$2,489,553, accounting for 66 percent of the total increase in the government's net position. Key elements of this increase are as follows: Maverick County Solid Waste Authority received an additional transfer from the Landfill Fund of \$2,734,005. This transfer resulted from the proceeds of the sales of Series 2019A bonds.

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary Government			
Business-Type Activities:			
Water	\$622,282	\$660,804	\$66,683
MCSWA	2,910,828	1,990,881	
Airport	115,336	5,780	
Total Business-Type Activities	\$3,648,446	\$2,657,465	\$0

Revenues by Source - Business-Type Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$2,657,465	99.60%
Capital Grants and Contributions	66,683	2.44%
Unrestricted Investment Earnings	5,337	0.20%
	<u>\$2,729,485</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. 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 \$12,338,892, an increase of \$7,153,598 in comparison with the prior year. *Unassigned fund balance* is \$5,907,238. The remainder of fund balance of \$6,431,654 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 \$3,102,211, while total fund balance was \$3,102,389. 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 18 percent of total general fund expenditures, while total fund balance represents 18 percent of that same amount.

The fund balance of Maverick County, Texas' general fund increased by \$1,683,686 during the current fiscal year. This increase is due to an increase in Sales Taxes of \$497,925 and careful budget management.

At the end of the current fiscal year unassigned fund balance of the Road and Bridge fund was \$0, while total fund balance was \$471,783. As a measure of the Road and Bridge fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 0 percent of total Road and Bridge fund expenditures, while total fund balance represents 14 percent of that same amount.

The fund balance of Maverick County, Texas' Road and Bridge fund decreased by \$163,147 during the current fiscal year. This decrease is due to an increase in expenditures of \$338,129.

At the end of the current fiscal year unassigned fund balance of the Debt Service fund was \$0, while total fund balance reached \$777,447. As a measure of the Debt Service fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 0 percent of total Debt Service fund expenditures, while total fund balance represents 22 percent of that same amount.

The fund balance of Maverick County, Texas' Debt Service fund increased by \$300,864 during the current fiscal year. This increase is a result of property tax revenues exceeding debt service expenditures.

At the end of the current fiscal year unassigned fund balance of the Landfill Waste/Criminal Detention Center fund was \$2,848,497, while total fund balance reached \$2,848,497. 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 increased by \$1,240 during the current fiscal year. This increase is immaterial.

At the end of the current fiscal year unassigned fund balance of the Tax Notes 2019 fund was \$0, while total fund balance reached \$3,140,339. As a measure of the Tax Notes 2019 fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures; however, the Tax Notes 2019 fund is a construction fund and no further analysis is necessary.

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

Unrestricted net position of the Water Fund amounted to \$ 41,939, those for the MCSWA Fund amounted to \$1,584,767, those for the Airport Fund amounted to \$1,671,087, and those for the Commissary Fund amounted to \$47,086. The total increase/(decrease) in net position was \$38,522 for the Water Fund, 2,560,587 for the MCSWA Fund, (\$109,556) for the Airport Fund, and \$0 for the Commissary Fund.

General Fund Budgetary Highlights

During the year there was a \$522,673 increase in appropriations between the original and final amended budget. The largest increases were in the Parks and Recreation and Intergovernmental Agriculture Contract Service funds which increased by \$217,897 and \$116,995, respectively. The Parks and Recreation added a deputy and purchased equipment and the Intergovernmental Agriculture Contract Service fund ad across the board increases.

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, 2019, amounts to \$25,613,013 (net of cumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. The total increase in Maverick County, Texas’ investment in capital assets for the current fiscal year was 28 percent (a 41 percent increase for governmental activities and a 17 percent increase for business-type activities).

The Water Fund had a water expansion project during the 2019 year. There was also an energy conservation project and road improvement projects during the 2019 year. The Solid Waste Authority has executed a construction contract with a construction contractor to construct cell 3. The total contracted fees are \$2,611,974 of which \$1,231,648 had been incurred, including \$123,165 in retainages payable, as of September 30, 2019.

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

	Governmental Activities:		Business-Type		Total	
	Activities		Activities		2019	2018
	2019	2018	2019	2018	2019	2018
Land	\$4,612,570	\$3,741,021	\$71,209	\$71,209	\$4,683,779	\$3,812,230
Construction in Progress			1,884,724	309,361	1,884,724	309,361
Buildings	5,625,435	3,167,558	3,387,469	3,509,544	9,012,904	6,677,102
Machinery and Equipment	1,796,106	1,811,642	0	109	1,796,106	1,811,751
Infrastructure	503,715	93,822			503,715	93,822
Intangible	128,100	156,417			128,100	156,417
Water Rights			558,360	577,395	558,360	577,395
MCSWA			7,045,325	6,576,669	7,045,325	6,576,669
Total	\$12,665,926	\$8,970,460	\$12,947,087	\$11,044,287	\$25,613,013	\$20,014,747

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

Long-term debt: At the end of the current fiscal year, Maverick County, Texas had total bonded debt of \$29,144,844. Of this amount, \$29,144,844 comprises debt backed by the full faith and credit of the government.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>	<u>Due After</u> <u>One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$20,095,000	\$6,945,000	\$1,340,000	\$25,700,000	\$2,390,000	\$23,310,000
Tax Notes	1,030,000	2,310,317	554,473	2,785,844	666,847	2,118,997
	<u>21,125,000</u>	<u>9,255,317</u>	<u>1,894,473</u>	<u>28,485,844</u>	<u>3,056,847</u>	<u>25,428,997</u>
<u>Business-Type Activities:</u>						
General Obligation Bonds		659,000		659,000		659,000
Grand Total	<u>\$21,125,000</u>	<u>\$9,914,317</u>	<u>\$1,894,473</u>	<u>\$29,144,844</u>	<u>\$3,056,847</u>	<u>\$26,087,997</u>

Maverick County, Texas' bonded debt increased by \$8,019,844 (38 percent) during the current fiscal year. This increase is the result of the issuance of two bonds and one partial bond totaling \$7,604,000.

Additional information on Maverick County, Texas' long-term debt can be found in note IV.F on pages 47-51 of this report.

Economic Factors and Future Trends

The Eagle Ford Oil and Gas Shale have brought in new businesses which have increased the sales taxes.

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, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$13,245,675	\$5,867,345	\$19,113,020
Receivables (net of allowance for uncollectibles)	6,054,208	509,450	6,563,658
Prepaid Items	178	0	178
Restricted Assets:			
Cash and Cash Equivalents		659,000	659,000
Capital Assets Not Being Depreciated: (Incl: MCSWA)			
Land	4,075,344	71,209	4,146,553
Construction in Progress	537,226	563,025	1,100,251
Total Capital Assets Being Depreciated, Net			
Buildings	5,625,435	3,387,469	9,012,904
Machinery and Equipment	1,796,106		1,796,106
Infrastructure	503,715		503,715
Intangible	128,100		128,100
Water Rights		558,360	558,360
MCSWA		7,045,325	7,045,325
Total Assets	<u>\$31,965,987</u>	<u>\$18,661,183</u>	<u>\$50,627,170</u>
DEFERRED OUTFLOWS OF RESOURCES			
GASB 68			
Deferred Outflow of Resources-Contributions (after 12/31/18)	1,305,509	83,431	1,388,940
Net difference between projected and actual earnings	2,061,408	145,643	2,207,051
Differences between expected and actual experience	47,229	3,336	50,565
Changes of assumptions	138,475	9,783	148,258
GASB 75			
Differences between projected and actual experience	4,397	90	4,487
Changes of assumptions	29,175	1,557	30,732
Loss on Bond Refunding	385,000		385,000
Total Deferred Outflows of Resources	<u>3,971,193</u>	<u>243,840</u>	<u>4,215,033</u>
LIABILITIES:			
Accounts Payable	\$2,045,233	\$2,229,509	\$4,274,742
Due to Other Funds	1,629,216	(1,629,216)	0
Due to Others	0	26,543	26,543
Accrued Wages	217,485	17,834	235,319
Accrued Interest Payable	150,735	0	150,735
Noncurrent Liabilities:			
Due Within One Year	3,837,816	390,800	4,228,616
Due in More Than One Year	30,767,126	4,985,734	35,752,860
Total Liabilities	<u>38,647,611</u>	<u>6,021,204</u>	<u>44,668,815</u>
DEFERRED INFLOWS OF RESOURCES			
GASB 75			
Net difference between projected and actual earnings	0	2,561	2,561
Total Deferred Inflows of Resources	<u>0</u>	<u>2,561</u>	<u>2,561</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,410,609	9,536,379	12,946,988
Restricted			
Construction	3,290,164		3,290,164
Debt Service	777,447		777,447
General Administration	202,460		202,460
Health and Welfare	350,078		350,078
Judicial	597,501		597,501
Public Safety - Sheriff	618,270		618,270
Public Transportation	471,783		471,783
Records Management	123,773		123,773
Unrestricted	(12,552,516)	3,344,879	(9,207,637)
Total Net Position	<u>(\$2,710,431)</u>	<u>\$12,881,258</u>	<u>\$10,170,827</u>

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and	Revenue and	
					Changes in	Changes in	
				Net Position	Net Position		
Primary government							
Government Activities:							
General Administration	\$3,237,845	\$446,075	\$0		(\$2,791,770)		(\$2,791,770)
Legal	316,106	2,038	23,333		(290,735)		(290,735)
Judicial	2,528,642	497,942	327,724		(1,702,976)		(1,702,976)
Financial Administration	1,699,199	325,213			(1,373,986)		(1,373,986)
Public Facilities	455,279			714,811	259,532		259,532
Public Safety	7,761,662	3,862,498	127,140		(3,772,024)		(3,772,024)
Public Transportation	3,435,147	901,284	14,090		(2,519,773)		(2,519,773)
Culture and Recreation	625,968				(625,968)		(625,968)
Health and Welfare	1,871,283	15,321	698,172		(1,157,790)		(1,157,790)
Conservation - Agriculture	1,083,755				(1,083,755)		(1,083,755)
Interest and Fiscal Charges	1,635,110				(1,635,110)		(1,635,110)
Total Government Activities	24,649,996	6,050,371	1,190,459	714,811	(16,694,355)	0	(16,694,355)
Business-Type Activities:							
Water	622,282	660,804		66,683		105,205	105,205
MCSWA	2,910,828	1,990,881				(919,947)	(919,947)
Airport	115,336	5,780				(109,556)	(109,556)
Total Business-Type Activities:	3,648,446	2,657,465	0	66,683	0	(924,298)	(924,298)
Total Primary Government	\$28,298,442	\$8,707,836	\$1,190,459	\$781,494	(16,694,355)	(924,298)	(17,618,653)
General Revenues							
Property Taxes, Levies for General Purposes					14,694,585		14,694,585
Sales Taxes					5,770,611		5,770,611
Other Taxes					44,624		44,624
Unrestricted Investment Earnings					12,530	5,337	17,867
Miscellaneous					891,260		891,260
Transfers					(3,408,514)	3,408,514	0
Total General Revenues					18,005,096	3,413,851	21,418,947
Change in Net Position					1,310,741	2,489,553	3,800,294
Net Position - Beginning - Restated					(4,021,172)	10,391,705	6,370,533
Net Position - Ending					(\$2,710,431)	\$12,881,258	\$10,170,827

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

MAVERICK COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Road and Bridge Fund	Debt Service Fund	Landfill Waste/ Criminal Detention Ctr. Fund	Tax Notes 2019	Other Governmental Funds	Total Governmental Funds
<i>ASSETS</i>							
Cash and Cash Equivalents	\$6,301,240	\$886,918	\$777,447	\$244,310	\$3,716,930	\$1,318,830	\$13,245,675
Receivables (net of allowance for uncollectibles)	3,957,839		633,647			843,014	5,434,500
Prepaid Items	178						178
Due from Other Funds	10,514			2,840,580	450	534,095	3,385,639
Total Assets	<u>\$10,269,771</u>	<u>\$886,918</u>	<u>\$1,411,094</u>	<u>\$3,084,890</u>	<u>\$3,717,380</u>	<u>\$2,695,939</u>	<u>\$22,065,992</u>
<i>LIABILITIES AND FUND BALANCES:</i>							
<i>Liabilities</i>							
Accounts Payable	\$525,479	\$38,145		\$236,393	\$577,041	\$668,175	\$2,045,233
Due to Other Funds	4,655,603	349,012				10,240	5,014,855
Accrued Wages	170,420	27,978				19,087	217,485
Unearned Revenues							0
Total Liabilities	<u>5,351,502</u>	<u>415,135</u>	<u>0</u>	<u>236,393</u>	<u>577,041</u>	<u>697,502</u>	<u>7,277,573</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>							
Deferred Property Taxes	1,815,880		633,647				2,449,527
Total Deferred Inflows of Resources	<u>1,815,880</u>	<u>0</u>	<u>633,647</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,449,527</u>
<i>Fund Balances:</i>							
<i>Non-Spendable</i>							
Prepaid Items	178						178
<i>Restricted</i>							
Construction					3,140,339	149,825	3,290,164
Debt Service			777,447				777,447
General Administration						202,460	202,460
Health and Welfare						350,078	350,078
Judicial						597,501	597,501
Public Safety - Sheriff						618,270	618,270
Public Transportation		471,783					471,783
Records Management						123,773	123,773
Unassigned	3,102,211			2,848,497		(43,470)	5,907,238
Total Fund Balance	<u>3,102,389</u>	<u>471,783</u>	<u>777,447</u>	<u>2,848,497</u>	<u>3,140,339</u>	<u>1,998,437</u>	<u>12,338,892</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$10,269,771</u>	<u>\$886,918</u>	<u>\$1,411,094</u>	<u>\$3,084,890</u>	<u>\$3,717,380</u>	<u>\$2,695,939</u>	<u>\$22,065,992</u>

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, 2019

Total Fund Balances - governmental funds balance sheet	\$12,338,892
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.	12,665,926
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,590,901
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	2,449,527
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(34,755,677)
Net Position of governmental activities - statement of Net Position	<u><u>(\$2,710,431)</u></u>
The accompanying notes are an integral part of this statement.	

MAVERICK COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Road and Bridge Fund	Debt Service Fund	Landfill Waste/ Criminal Detention Ctr. Fund	Tax Notes 2019	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>							
Taxes							
Property	\$10,623,792		\$3,796,350				\$14,420,142
Sales	2,905,072			2,865,539			5,770,611
Other	44,624						44,624
Intergovernmental	48,533	14,090				1,842,647	1,905,270
Licenses and Permits	288,223	867,089					1,155,312
Charges for Services	4,452,063	34,195				285,316	4,771,574
Fines and Forfeitures	335,029						335,029
Interest	3,846		6,635	1,240		809	12,530
Miscellaneous	703,637	835	1,149			151,559	857,180
Total Revenues	19,404,819	916,209	3,804,134	2,866,779	0	2,280,331	29,272,272
<i>EXPENDITURES</i>							
Current:							
General Administration	3,618,634				27	283,983	3,902,644
Legal	310,612						310,612
Judicial	2,215,790					315,944	2,531,734
Financial Administration	1,625,222						1,625,222
Public Facilities	388,155						388,155
Public Safety	7,039,416					296,731	7,336,147
Public Transportation		3,346,397					3,346,397
Culture and Recreation	662,178						662,178
Health and Welfare	435,591					1,377,089	1,812,680
Conservation - Agriculture	1,082,585						1,082,585
Capital Projects -							
Capital Outlay and Other					863,734	2,296,986	3,160,720
Debt Service							
Principal Retirement	39,473		2,050,990				2,090,463
Bond Issuance Cost				110,995	95,900	0	206,895
Interest Retirement	9,748		1,454,270				1,464,018
Total Expenditures	17,427,404	3,346,397	3,505,260	110,995	959,661	4,570,733	29,920,450
Excess (Deficiency) of Revenues Over (Under)							
Expenditures	1,977,415	(2,430,188)	298,874	2,755,784	(959,661)	(2,290,402)	(648,178)
<i>OTHER FINANCING SOURCES (USES):</i>							
Debt Issuance Proceeds				2,845,000	4,100,000	2,296,986	9,241,986
Operating Transfers In	2,794,490	2,870,501	1,990			215,728	5,882,709
Operating Transfers Out	(3,088,219)	(603,460)		(5,599,544)		0	(9,291,223)
Total Other Financing Sources (Uses)	(293,729)	2,267,041	1,990	(2,754,544)	4,100,000	2,512,714	5,833,472
Net Changes in Fund Balances	1,683,686	(163,147)	300,864	1,240	3,140,339	222,312	5,185,294
Fund Balances - Beginning - Restated	1,418,703	634,930	476,583	2,847,257	0	1,776,125	7,153,598
Fund Balances - Ending	3,102,389	471,783	777,447	2,848,497	3,140,339	1,998,437	12,338,892

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, 2019

Net Changes in Fund Balances - total governmental funds	\$5,185,294
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.	3,695,466
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.	(211,544)
Amortization of Loss on Refunded Bonds -	(9,270)
Amortization of Bond Premium	18,293
GASB 68	
Deferred Outflow of Resources-Contributions (after 12/31/17) - This is the change in these amounts this year.	55,763
Net difference between projected and actual earnings - This is the change in these amounts this year.	2,274,667
Differences between expected and actual experience - This is the change in these amounts this year.	388,601
Changes of assumptions - This is the change in these amounts this year.	(136,875)
GASB 75	
Net difference between projected and actual earnings - This is the change in these amounts this year.	4,397
Changes of assumptions - This is the change in these amounts this year.	7,522
Loss on Bond Refunding - This is the change in these amounts this year.	(27,500)
(Increase) decrease in Compensated Absences from beginning of period to end of period.	(28,476)
Capital Lease Issuance Proceeds	(9,255,317)
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	(28,989)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	274,443
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	(3,023,201)
(Increase) decrease in OPEB Payable from beginning of period to end of period.	37,004
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	<u>2,090,463</u>
Change in Net Position of governmental activities - statement of activities	<u>\$1,310,741</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 (BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Budgetary Basis	Variance with
	Original	Final		Final Budget - Positive (Negative)
<i>REVENUES</i>				
Taxes				
Property	\$10,145,558	\$10,145,558	\$10,623,792	\$478,234
Sales	2,550,000	2,550,000	2,905,072	355,072
Other	50,538	50,538	44,624	(5,914)
Intergovernmental	48,533	48,533	48,533	0
Licenses and Permits	250,000	250,000	288,223	38,223
Charges for Services	3,454,846	3,454,846	4,452,063	997,217
Fines and Forfeitures	382,508	382,508	335,029	(47,479)
Interest	100	100	3,846	3,746
Miscellaneous	501,965	680,981	703,637	22,656
Total Revenues	17,384,048	17,563,064	19,404,819	1,841,755

EXPENDITURES

Current:

General Administration				
Bank Fees	41,000	41,000	604	40,396
Code Enforcement	50,503	96,054	89,116	6,938
County Clerk	240,568	249,168	221,549	27,619
County Judge and Commissioners	767,537	809,784	626,340	183,444
Elections	313,353	313,353	212,560	100,793
Human Resources	103,518	103,518	99,273	4,245
IT Media Tech	41,709	19,003	18,516	487
Matching Funds	295,424	403,798	361,362	42,436
Non-Departmental	2,176,663	1,855,686	1,471,766	383,920
Planner	70,686	123,721	92,952	30,769
State Aid	324,001	324,001	320,001	4,000
Veterans Service	52,713	55,713	50,039	5,674
VFW Precinct No. 1	47,954	59,989	54,556	5,433
Legal				
County Attorney	389,240	405,194	310,612	94,582
Judicial				
293rd District	438,960	438,960	411,301	27,659
365th District	443,053	443,052	438,724	4,328
Collections Department	53,900	94,759	71,698	23,061
District Attorney	426,598	441,598	440,251	1,347
District Clerk	402,776	405,140	383,448	21,692
Justice of the Peace	471,898	486,132	470,368	15,764
Financial Administration				
County Auditor	577,052	580,760	522,979	57,781
County Treasurer	373,789	379,081	374,866	4,215
Information Department	330,794	330,794	217,320	113,474
Tax Assessor-Collector	690,500	671,219	510,057	161,162
Public Facilities				
Courthouse	388,580	453,117	388,155	64,962
Public Safety				
Code Enforcement	156,048	156,048	154,345	1,703
Constables	428,176	434,533	382,491	52,042
HIDTA - City of Eagle Pass	57,335	57,335	52,340	4,995
Jail	3,613,736	3,580,585	3,140,577	440,008
Sheriff	3,403,774	3,437,431	3,269,132	168,299
Vector Control	72,034	72,034	40,531	31,503

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Culture and Recreation				
Administrative Office	70,258	82,958	68,482	14,476
Community Center	195,087	226,293	187,137	39,156
Compt. Center - Pct. 1	117,515	107,234	81,453	25,781
Parks and Recreation	184,672	402,569	325,106	77,463
Health and Welfare				
Cemetery	223,341	223,341	157,464	65,877
Food Pantry	295,440	321,687	278,127	43,560
Conservation - Agriculture				
Agriculture Extension Service	63,843	63,843	56,078	7,765
Intergovernmental Agriculture Contract Service	1,008,193	1,125,188	1,026,507	98,681
Debt Service				
Principal Retirement	0	39,473	39,473	0
Interest Retirement	0	9,748	9,748	0
Total Expenditures	<u>19,402,221</u>	<u>19,924,894</u>	<u>17,427,404</u>	<u>2,497,490</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(2,018,173)</u>	<u>(2,361,830)</u>	<u>1,977,415</u>	<u>4,339,245</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	2,129,750	2,129,750	2,191,030	61,280
Operating Transfers Out	<u>(4,111,577)</u>	<u>(3,377,920)</u>	<u>(3,088,219)</u>	<u>289,701</u>
Total Other Financing Sources (Uses)	<u>(1,981,827)</u>	<u>(1,248,170)</u>	<u>(897,189)</u>	<u>350,981</u>
Net Changes in Fund Balances - Budgetary Basis	<u>(\$4,000,000)</u>	<u>(\$3,610,000)</u>	<u>1,080,226</u>	<u>\$4,690,226</u>
Reconciliation from cash basis to modified accrual				
Transfer from Road and Bridge Fund			<u>603,460</u>	
Net Changes in Fund Balances-Modified Accrual Basis			<u>1,683,686</u>	
Fund Balances - Beginning - Restated			<u>1,418,703</u>	
Fund Balances - Ending			<u>\$3,102,389</u>	

The accompanying notes are an integral part of this statement.

MAVERICK COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$15,064	\$15,064	\$14,090	(\$974)
Licenses and Permits	870,000	870,000	867,089	(2,911)
Charges for Services	25,400	25,400	34,195	8,795
Miscellaneous	8,398	8,398	835	(7,563)
Total Revenues	<u>918,862</u>	<u>918,862</u>	<u>916,209</u>	<u>(2,653)</u>
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	4,551,985	3,914,453	3,346,397	568,056
Total Expenditures	<u>4,551,985</u>	<u>3,914,453</u>	<u>3,346,397</u>	<u>568,056</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,633,123)	(2,995,591)	(2,430,188)	565,403
OTHER FINANCING SOURCES (USES):				
Transfers In	3,694,678	2,872,501	2,870,501	(2,000)
Transfers Out	(5,977)	(7,977)	0	7,977
Total Other Financing Sources (Uses)	<u>3,688,701</u>	<u>2,864,524</u>	<u>2,870,501</u>	<u>5,977</u>
Net Changes in Fund Balances - Budgetary Basis	<u>\$55,578</u>	<u>(\$131,067)</u>	<u>440,313</u>	<u>\$571,380</u>
Reconciliation from cash basis to modified accrual				
Transfer to General Fund			(603,460)	
Net Changes in Fund Balances-Modified Accrual Basis			(163,147)	
Fund Balances - Beginning			634,930	
Fund Balances - Ending			<u>\$471,783</u>	

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

MAVERICK COUNTY, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$3,502,996	\$3,502,996	\$3,796,350	\$293,354
Interest	0	0	6,635	6,635
Miscellaneous	0	0	1,149	1,149
Total Revenues	<u>3,502,996</u>	<u>3,502,996</u>	<u>3,804,134</u>	<u>301,138</u>
EXPENDITURES				
Debt Service				
Principal Retirement	2,050,990	2,050,990	2,050,990	0
Interest Retirement	<u>1,453,995</u>	<u>1,454,295</u>	<u>1,454,270</u>	<u>25</u>
Total Expenditures	<u>3,504,985</u>	<u>3,505,285</u>	<u>3,505,260</u>	<u>25</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,989)</u>	<u>(2,289)</u>	<u>298,874</u>	<u>301,163</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	3,980	2,290	1,990	(300)
Transfers Out				0
Total Other Financing Sources (Uses)	<u>3,980</u>	<u>2,290</u>	<u>1,990</u>	<u>(300)</u>
Net Changes in Fund Balances	1,991	1	300,864	300,863
Fund Balances - Beginning	<u>476,583</u>	<u>476,583</u>	<u>476,583</u>	
Fund Balances - Ending	<u>\$478,574</u>	<u>\$476,584</u>	<u>\$777,447</u>	<u>\$300,863</u>

MAVERICK COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

BUSINESS TYPE ACTIVITIES
 - ENTERPRISE FUNDS

	Water Current Year	Water Prior Year	MCSWA Current Year	MCSWA Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year
ASSETS									
Current Assets									
Cash and Cash Equivalents	\$312,240	\$138,437	\$5,440,326	\$1,747,269	\$47,362	\$40,717	\$67,417	\$106,481	\$5,867,345
Accounts Receivables (net of allowance for uncollectibles)	28,528	26,513	480,922	177,925					509,450
Prepaid Items									0
Due from Other Funds					1,629,450	1,740,272			1,629,450
Total Current Assets	340,768	164,950	5,921,248	1,925,194	1,676,812	1,780,989	67,417	106,481	8,006,245
Noncurrent Assets									
Restricted Assets:									
Cash and Cash Equivalents	659,000								659,000
Total Restricted Assets	659,000	0	0	0	0	0	0	0	659,000
Capital Assets									
Land	143	143	308,919	308,919	71,066	71,066			380,128
Landfill Cell One and Two			5,482,492	5,482,492					5,482,492
Buildings	4,749,646	4,749,646	502,396	502,395	133,337	133,337			5,385,379
Machinery and Equipment	1,304,892	1,304,892	3,905,757	3,905,759					5,210,649
Infrastructure			1,935,484	1,935,484	21,942	21,942			1,957,426
Landfill Permit			2,175,360	2,175,360					2,175,360
Water Rights	761,400	761,400							761,400
Construction in Progress	563,025	299,770	1,321,699	9,591					1,884,724
Total Capital Assets	7,379,106	7,115,851	15,632,107	14,320,000	226,345	226,345	0	0	23,237,558
Less Accumulated Depreciation/Amortization	(2,932,505)	(2,794,620)	(8,586,782)	(7,743,329)	(92,883)	(89,549)			(11,612,170)
Total Capital Assets (net of accumulated depreciation)	4,446,601	4,321,231	7,045,325	6,576,671	133,462	136,796	0	0	11,625,388
Total Noncurrent Assets	5,105,601	4,321,231	7,045,325	6,576,671	133,462	136,796	0	0	12,284,388
TOTAL ASSETS	\$5,446,369	\$4,486,181	\$12,966,573	\$8,501,865	\$1,810,274	\$1,917,785	\$67,417	\$106,481	\$20,290,633
DEFERRED OUTFLOWS OF RESOURCES									
GASB 68									
Deferred Outflow of Resources-Contributions (after 12/31/17)		18,921		50,194		5,762			0
Deferred Outflow of Resources-Contributions (after 12/31/18)	20,521		56,609		6,301				83,431
Differences between projected and actual experience	32,403		103,291		9,949				145,643
Differences between expected and actual experience	742		2,366		228				3,336
Changes of assumptions	2,177	4,169	6,938	17,363	668	1,270			9,783
GASB 75									
Differences between projected and actual experience	69				21				90
Changes of assumptions	459	328	957		141	100			1,557
TOTAL DEFERRED OUTFLOWS OF RESOURCES	56,371	23,418	170,161	67,557	17,308	7,132	0	0	243,840

(continued)

(continued)

	Water Current Year	Water Prior Year	MCSWA Current Year	MCSWA 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	\$272,038	\$11,016	\$1,957,471	\$64,032					\$2,229,509
Accrued Wages	4,023	2,243	12,661	10,364	1,150	890			17,834
Accrued Interest Payable									0
Due to Other Funds	234	7,079							234
Due to Others	6,212	5,375					20,331	59,395	26,543
Compensated Absences			4,511	4,629					4,511
Capital Lease Obligation			289,953	279,131					289,953
Compromise and Settlement Note Payable			96,336	96,336					96,336
Bonds, Notes, and Loans Payable - Current									0
Total Current Liabilities	282,507	25,713	2,360,932	454,492	1,150	890	20,331	59,395	2,664,920
Noncurrent Liabilities									
Compensated Absences			42,953	41,658					42,953
Capital Lease Obligation			486,948	776,901					486,948
Bonds Payable	659,000								659,000
Compromise and Settlement Note Payable				96,336					0
Net Pension Payable	65,593	18,072	213,252	61,770	19,703	5,112			298,548
Net OPEB Payable	7,100	7,399	21,574		2,180	2,253			30,854
Accrued Landfill Closure and Postclosure Care Costs			3,467,431	3,125,921					3,467,431
Total Noncurrent Liabilities	731,693	25,471	4,232,158	4,102,586	21,883	7,365	0	0	4,985,734
Total Liabilities	1,014,200	51,184	6,593,090	4,557,078	23,033	8,255	20,331	59,395	7,650,654
DEFERRED INFLOWS OF RESOURCES									
GASB 68									
Differences between expected and actual experience		5,168		18,732		1,574			0
Differences between projected and actual experience		3,229		13,116		983			0
GASB 75									
Differences between projected and actual experience			2,561						2,561
TOTAL DEFERRED INFLOWS OF RESOURCES	0	8,397	2,561	31,848	0	2,557	0	0	2,561
Net Position									
Invested in Capital Assets, Net of Related Debt	4,446,601	4,321,231	4,956,316	5,516,401	133,462	136,796	0	0	9,536,379
Unrestricted	41,939	128,787	1,584,767	(1,535,905)	1,671,087	1,777,309	47,086	47,086	3,344,879
Total Net Position	\$4,488,540	\$4,450,018	\$6,541,083	\$3,980,496	\$1,804,549	\$1,914,105	\$47,086	\$47,086	\$12,881,258

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

MAVERICK COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water Current Year	Water Prior Year	MCSWA Current Year	MCSWA Prior Year	Airport Current Year	Airport Prior Year	Commissary Current Year	Commissary Prior Year	Totals Current Year
OPERATING REVENUES:									
Charges for Services	\$655,293	\$461,304			\$5,780	\$3,784			661,073
Rents									0
Commissary Sales									0
Tipping Fee			1,989,364	1,757,475					1,989,364
Miscellaneous	5,511	900	1,517	5,520					7,028
Total Operating Revenues	660,804	462,204	1,990,881	1,762,995	5,780	3,784	0	0	2,657,465
OPERATING EXPENSES:									
Personal Services	241,270	228,975	817,920	785,735	79,019	75,382			1,138,209
Supplies	151,175	102,434	14,915	12,408	15,938	5,634			182,028
Other Services and Charges	91,952	93,894	854,941	784,925	17,045	12,145			963,938
Depreciation	137,885	147,257	843,453	841,646	3,334	3,333			984,672
Closure and Post Closure Care Costs (Recovery)			341,510	372,113					341,510
Total Operating Expenses	622,282	572,560	2,872,739	2,796,827	115,336	96,494	0	0	3,610,357
Operating Income (Loss)	38,522	(110,356)	(881,858)	(1,033,832)	(109,556)	(92,710)	0	0	(952,892)
NON-OPERATING REVENUES (EXPENSES):									
Interest Income			5,337	3,374					5,337
Grant Revenue			66,683						66,683
Interest and Fiscal Charges			(38,089)	(19,704)					(38,089)
Total Non-Operating Revenues (Expenses)	0	0	33,931	(16,330)	0	0	0	0	33,931
Income Before Transfers	38,522	(110,356)	(847,927)	(1,050,162)	(109,556)	(92,710)	0	0	(918,961)
Assignment of Prison Facility to the Bond Trustee									0
Transfers In (Out) - Net			3,408,514	426,828	0	0			3,408,514
Change in Net Position	38,522	(110,356)	2,560,587	(623,334)	(109,556)	(92,710)	0	0	2,489,553
Total Net Position - Beginning - Restated	4,450,018	4,560,374	3,980,496	4,603,830	1,914,105	2,006,815	47,086	47,086	10,391,705
Total Net Position - Ending	\$4,488,540	\$4,450,018	\$6,541,083	\$3,980,496	\$1,804,549	\$1,914,105	\$47,086	\$47,086	\$12,881,258

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, 2019

BUSINESS TYPE ACTIVITIES
- ENTERPRISE FUNDS

	Water Current Year	Water Prior Year	MCSWA Current Year	MCSWA 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	\$652,781	\$468,103	\$1,687,884	\$1,809,462	\$5,780	\$3,784	(\$39,064)	\$8,844	2,307,381
Payments to Suppliers	17,895	(186,242)	1,023,583	(835,098)	77,839	70,916	0	0	1,119,317
Payments to Employees	(233,618)	(229,247)	(773,281)	(777,139)	(76,974)	(74,356)	0	0	(1,083,873)
Net Cash Provided (Used) By Operating Activities	437,058	52,614	1,938,186	197,225	6,645	344	(39,064)	8,844	2,342,825
Cash Flows from Non-Capital and Related Financing Activities									
Transfers In (Out) - Net	0	0	3,408,514	426,828	0	0	0	0	3,408,514
Federal Grant and Contributions			66,683						66,683
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	0	0	3,475,197	426,828	0	0	0	0	3,475,197
Cash Flows from Capital and Related Financing Activities									
Payment of Revenue Bonds, Notes and Capital Leases			(279,131)	(274,452)					(279,131)
Amortization of City of Eagle Pass Liability	0	0	(96,336)	(96,336)	0	0	0	0	(96,336)
Proceeds from Capital Debt	659,000			686,731					659,000
Interest and Fiscal Charges			(38,089)	(19,704)					(38,089)
Acquisition of Capital Assets	(263,255)		(1,312,107)	(696,322)					(1,575,362)
Net Cash Provided (Used) By Capital and Related Financing Activities	395,745	0	(1,725,663)	(400,083)	0	0	0	0	(1,329,918)
Cash Flows from Investing Activities									
Interest Received	0	0	5,337	3,374	0	0	0	0	5,337
Net Cash Provided (Used) by Investment Activities	0	0	5,337	3,374	0	0	0	0	5,337
Net Increase (Decrease) in Cash Equivalents	832,803	52,614	3,693,057	227,344	6,645	344	(39,064)	8,844	4,493,441
Cash and Cash Equivalents at Beginning of Year	138,437	85,823	1,747,269	1,519,925	40,717	40,373	106,481	97,637	2,032,904
Cash and Cash Equivalents at End of Year	\$971,240	\$138,437	\$5,440,326	\$1,747,269	\$47,362	\$40,717	\$67,417	\$106,481	\$6,526,345
Unrestricted Assets:									
Cash and Cash Equivalents	\$312,240	\$138,437	\$5,440,326	\$1,747,269	\$47,362	\$40,717	\$67,417	\$106,481	5,867,345
Restricted Assets:									
Cash and Cash Equivalents	659,000	0	0	0	0	0	0	0	659,000
Total	\$971,240	\$138,437	\$5,440,326	\$1,747,269	\$47,362	\$40,717	\$67,417	\$106,481	\$6,526,345

(continued)

(continued)

BUSINESS TYPE ACTIVITIES
- ENTERPRISE FUNDS

	Water Current Year	Water Prior Year	MCSWA Current Year	MCSWA 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)	38,522	(110,356)	(881,858)	(1,033,832)	(109,556)	(92,710)	0	0	(952,892)
Adjustments to Reconcile to Net Cash Flow									
Non-Cash Items Included in Net Income									
Depreciation	137,885	147,257	843,453	841,646	3,334	3,333	0	0	984,672
Closure and Post Closure Care Costs	0	0	341,510	372,113	0	0	0	0	341,510
Changes in Current Items									
Decrease (Increase) in Accounts Receivable	(2,015)	(2,985)	(302,997)	46,467	0	0	0	0	(305,012)
Decrease (Increase) in Prepaid Items	0	1,340	0	0	0	0	0	0	0
Decrease (Increase) in Due from Other Funds	0	0	0	0	110,822	88,727	0	0	110,822
Decrease (Increase) in Due from Others	0	0	0	0	0	0	0	0	0
GASB 68									
Decrease (Outcrease) Deferred Outflow of Res.-Contributions	(1,600)	(2,436)	(6,415)	110,159	(539)	(347)	0	0	(8,554)
Increase (Decrease) Deferred Outflow-									
Net difference between projected and actual earnings	(35,632)	30,757	(116,407)	13,116	(10,932)	10,025	0	0	(162,971)
Increase (Decrease) Deferred Outflow-									
Differences between expected and actual experience	(5,910)	(2,846)	(21,098)	(16,900)	(1,802)	(1,059)	0	0	(28,810)
Decrease (Increase) Deferred Outflow-Changes of assumptions	1,992	(2,093)	10,425	(17,363)	602	(588)	0	0	13,019
GASB 75									
Increase (Decrease) Deferred Inflow-									
Net difference between projected and actual earnings	(69)	0	2,561	0	(21)	0	0	0	2,471
Decrease (Increase) Deferred Outflow-Changes of assumptions	(131)	(328)	(957)	0	(41)	(100)	0	0	(1,129)
Increase (Decrease) in Accounts Payable	261,022	8,746	1,893,439	(37,765)	0	(32)	0	0	2,154,461
Increase (Decrease) in Accrued Wages	1,780	(540)	2,297	54	260	34	0	0	4,337
Increase (Decrease) in Accrued Interest Payable	0	0	0	0	0	0	0	0	0
Increase (Decrease) in Compensated Absences	0	0	1,177	357	0	0	0	0	1,177
Increase (Decrease) in Due to Other Funds	(6,845)	6,971	0	0	0	0	0	0	(6,845)
Increase (Decrease) in Due to Others	837	1,913	0	0	0	0	(39,064)	8,844	(38,227)
Increase (Decrease) in Net Pension Liability	47,521	(23,593)	151,482	(80,827)	14,591	(7,185)	0	0	213,594
Increase (Decrease) in Net OPEB Payable	(299)	807	21,574	0	(73)	246	0	0	21,202
Net Cash Provided (Used)									
By Operating Activities	437,058	52,614	1,938,186	197,225	6,645	344	(39,064)	8,844	2,342,825
Noncash Investing, Capital, and Financing Activities:									
Bond Proceeds	\$659,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$659,000
Grant Revenue	0	0	66,683	0	0	0	0	0	\$66,683
Capital Lease	0	0	0	686,731	0	0	0	0	0
Total	\$659,000	\$0	\$66,683	\$686,731	\$0	\$0	\$0	\$0	\$725,683

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, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	<u>\$8,081,391</u>
Total Assets	<u><u>\$8,081,391</u></u>
LIABILITIES	
Due to Others	<u>\$8,081,391</u>
Total Liabilities	<u><u>\$8,081,391</u></u>

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

Maverick County, Texas
Notes to the Financial Statements
September 30, 2019

I. Summary of significant accounting policies

A. Reporting entity/ Basis of Accounting/Measurement Focus

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

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

B. Government-wide financial statements

The County’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the County accompanied by a total column. Fiduciary activities of the County are not included in these statements.

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

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

C. Governmental Fund Financial Statements

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

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

The government reports the following major governmental funds:

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

The road and bridge fund administer 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).

The Tax Notes 2019 Fund is used to administer bond monies for road improvements.

D. Proprietary fund financial statements

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

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

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

The government reports the following major proprietary funds:

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

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

The Airport Fund operates the County Airport.

The Commissary Fund manages the Commissary for the Jail Inmates.

E. Fiduciary Funds

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

F. Blended Component Units

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

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

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

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

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

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

MCSWA

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

Child Welfare Board

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

G. Non-Profit Corporations

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

H. interlocal Agreements

Maverick County Solid Waste Authority

During the fiscal year, the Solid Waste Authority entered into an Interlocal Governmental Agreement with the County whereby the Solid Waste Authority agreed to pledge monetary funds from tipping fees and the County has agreed to accept the monetary funds pledged by the Solid Waste Authority.

Per terms of the agreement, the Solid Waste Authority agreed to transfer \$661,337 during the 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.

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

2. Receivables and payables

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 1 percent of current outstanding property taxes at September 30, 2019, and 10 percent of delinquent outstanding property taxes at September 30, 2019. Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and prepaid items

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

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

4. Restricted assets

Maverick County had \$659, 000 in restricted assets at September 30, 2019. This represented unexpended USDA 2019 Bond proceeds.

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 acquisition value. 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 Water Fund had a water expansion project during the 2019 year. There was also an energy conservation project and road improvement projects during the 2019 year. The Solid Waste Authority has executed a construction contract with a construction contractor to construct cell 3. The total contracted fees are \$2,611,974 of which \$1,231,648 had been incurred, including \$123,165 in retainages payable, as of September 30, 2019.

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

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

6. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation, comp. time, 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 and comp. time 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, 2019, 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 in-tact.

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, 2019, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$178
Restricted	
Construction	3,290,164
Debt Service	777,447
General Administration	202,460
Health and Welfare	350,078
Judicial	597,501
Public Safety - Sheriff	618,270
Public Transportation	471,783
Records Management	123,773
Unassigned	<u>5,907,238</u>
Total Fund Balance	<u><u>\$12,338,892</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 Commissioners' Court or the finance committee has provided otherwise in its commitment or assignment actions. In fiscal year 2011, the Commissioners' Court 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 has two items that qualify for reporting in this category. They are deferred under GASB 68 and GASB 75.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government only has one item that qualifies for reporting in this category. It is deferred under GASB 75.

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

11. Net position flow assumption

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

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$34,755,677 difference are as follows:

Tax Notes Payable	\$2,785,844
Bonds Payable	25,700,000
Capital Lease Payable	889,451
Compensated Absences	574,957
Accrued Interest Payable	150,735
Net Pension Liability	3,954,891
Net OPEB Payable	451,699
Bond Discount	248,100
	<u>\$34,755,677</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 \$12,665,926 difference are as follows:

Capital assets not being depreciated	\$4,612,570
Capital assets being depreciated	24,432,614
Depreciation expense	(16,379,258)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in Net Position of governmental activities	<u>\$12,665,926</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.") The details of this \$2,449,527 difference are as follows:

Property Taxes Receivable	\$2,643,465
Allowance for Doubtful Accounts	<u>(193,938)</u>
Net	<u>\$2,449,527</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 "Justice's of the Peace fines and fees receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles") and amounts deferred pursuant to GASB 68. The details of this \$4,590,901 difference are as follows:

Fines Receivable	\$3,282,042
Allowance for Doubtful Accounts	(2,662,334)
GASB 68	
Deferred Outflow of Resources-Contributions (after 12/31/18)	1,305,509
Net difference between projected and actual earnings	2,061,408
Differences between expected and actual experience	47,229
Changes of assumptions	138,475
GASB 75	
Net difference between projected and actual earnings	4,397
Changes of assumptions	29,175
Bond Issuance Premium	<u>385,000</u>
Net	<u>\$4,590,901</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 \$3,695,466 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$871,549
Capital Outlay - Additions - Being Depreciated (Net)	3,788,480
Capital Outlay - Deletions	(22,283)
Depreciation Expense	(942,280)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$3,695,466</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 2019 fiscal year was adopted for the General Fund, the Road and Bridge fund, and the Debt Service fund.

B. Excess of expenditures over appropriations

For the year ended September 30, 2019, expenditures did not exceed appropriations in any fund.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2019 except for the following. The Stone Garden 2009 fund - \$43,470. This deficit is expected to be liquidated by future resources of the fund.

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 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 adopted a deposit and investment policy.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does have a deposit policy for custodial credit risk. As of September 30, 2019, the government's depository bank balance of \$25,451,538 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 \$26,665,766 and the FDIC coverage is \$250,000.

The County had \$3,496 in BVA Compass Bank. This amount was covered by FDIC insurance.

At September 30, 2019, the Solid Waste Authority had cash and cash equivalents totaling \$5,387,464. The Solid Waste Authority's deposits at September 30, 2019, were entirely covered by FDIC insurance or by pledged collateral held by the Solid Waste Authority's depository banks in their name.

The total book amount of cash was \$5,440,326 at September 30, 2019.

B. Receivables

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

	General	Road and Bridge	Debt Service	Other Governmental Funds	Water	MCSWA	Total
<u>Receivables</u>							
Taxes	\$1,960,086		\$683,379				\$2,643,465
Accounts	939,734			21,593	28,528	480,922	1,470,777
Fines	3,282,042						3,282,042
Sales Tax	452,641						452,641
Intergovernmental	72,141			821,421			893,562
Other	677,443						677,443
Gross Receivables	7,384,087	0	683,379	843,014	28,528	480,922	9,419,930
Less: Allowance for Uncollectibles	2,806,540	0	49,732				2,856,272
Net Total Receivables	<u>\$4,577,547</u>	<u>\$0</u>	<u>\$633,647</u>	<u>\$843,014</u>	<u>\$28,528</u>	<u>\$480,922</u>	<u>\$6,563,658</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2019 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	3,741,021	\$338,823	\$4,500	\$4,075,344
Construction in Progress	0	959,634	422,408	537,226
Total capital assets not being depreciated:	<u>3,741,021</u>	<u>1,298,457</u>	<u>426,908</u>	<u>4,612,570</u>
Capital assets being depreciated:				
Building and Improvements	7,411,321	2,706,215		10,117,536
Machinery and Equipment	10,416,841	659,857	235,951	10,840,747
Infrastructure	2,768,755	422,408		3,191,163
Intangible	283,168		0	283,168
Total capital assets being depreciated:	<u>20,880,085</u>	<u>3,788,480</u>	<u>235,951</u>	<u>24,432,614</u>
Less: Accumulated Depreciation for:				
Building and Improvements	4,243,763	248,338		4,492,101
Machinery and Equipment	8,605,199	653,110	213,668	9,044,641
Infrastructure	2,674,933	12,515		2,687,448
Intangible	126,751	28,317		155,068
Total Accumulated Depreciation	<u>15,650,646</u>	<u>942,280</u>	<u>213,668</u>	<u>16,379,258</u>
Total Capital Assets Depreciated, Net	<u>5,229,439</u>	<u>2,846,200</u>	<u>22,283</u>	<u>8,053,356</u>
Governmental Activities capital assets, Net	<u>\$8,970,460</u>	<u>\$4,144,657</u>	<u>\$449,191</u>	<u>\$12,665,926</u>
Business-type Activities Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$380,128	\$0	\$0	\$380,128
Construction in Progress	309,361	1,575,363	0	1,884,724
Total capital assets not being depreciated:	<u>689,489</u>	<u>1,575,363</u>	<u>0</u>	<u>2,264,852</u>
Capital assets being depreciated:				
Building and Improvements	5,385,378	0	0	5,385,378
Landfill Cell One and Two	5,482,492	0	0	5,482,492
Machinery and Equipment	5,210,649	0	0	5,210,649
Infrastructure	1,935,484	0	0	1,935,484
Landfill Permit	2,175,360	1	0	2,175,361
Water Rights	761,400	0	0	761,400
Total capital assets being depreciated:	<u>20,950,763</u>	<u>1</u>	<u>0</u>	<u>20,950,764</u>
Less: Accumulated Depreciation for:				
Building and Improvements	1,373,439	122,075	0	1,495,514
Machinery and Equipment	1,304,783	109	0	1,304,892
Water Rights	184,005	19,035	0	203,040
MCSWA	7,743,329	843,453	0	8,586,782
Total Accumulated Depreciation	<u>10,605,556</u>	<u>984,672</u>	<u>0</u>	<u>11,590,228</u>
Total Capital Assets Depreciated, Net	<u>10,345,207</u>	<u>(984,671)</u>	<u>0</u>	<u>9,360,536</u>
Business-type Activities capital assets, Net	<u>\$11,034,696</u>	<u>\$590,692</u>	<u>\$0</u>	<u>\$11,625,388</u>

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

Governmental Activities	
General Administration	\$62,981
Judicial	13,373
Financial Administration	43,760
Public Facilities	62,836
Public Safety	369,143
Public Transportation	308,937
Culture and Recreation	32,969
Health and Welfare	48,281
Total Depreciation Expense - Governmental Activities	<u>\$942,280</u>
Business-Type Activities	
Water	\$137,885
MCSWA	843,453
Airport	3,334
Total Depreciation Expense - Business-Type Activities	<u>\$984,672</u>

Construction commitments:

The Water Fund had a water expansion project during the 2019 year. There was also an energy conservation project and road improvement projects during the 2019 year. The Solid Waste Authority has executed a construction contract with a construction contractor to construct cell 3. The total contracted fees are \$2,611,974 of which \$1,231,648 had been incurred, including \$123,165 in retainages payable, as of September 30, 2019.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2019, is as follows:

Due to/from other funds:

DUE TO	DUE FROM			TOTAL
	General Fund	Road and Bridge Fund	Other Governmental Funds	
General Fund		\$41	\$10,240	\$10,281
Landfill Waste/Criminal Detention Ctr. Fund	2,840,580			2,840,580
Tax Notes 2019		450		450
Other Governmental Funds	534,994			534,994
Airport Fund	1,280,029	348,521		1,628,550
TOTALS	<u>\$4,655,603</u>	<u>\$349,012</u>	<u>\$10,240</u>	<u>\$5,014,855</u>

DUE TO	DUE FROM	
	Water Fund	TOTAL
General Fund	\$234	\$234
TOTALS	<u>\$234</u>	<u>\$234</u>

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

The amounts due from the general fund and the road and bridge fund to the various respective funds were for operating expenses.

Transfers:

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, and 3) to provide operating capital to the general fund.

In the year ended September 30, 2019, the government made the following recurring transfers:

	TRANSFER IN				TOTAL
	General Fund	Road and Bridge Fund	Debt Service Fund	Other Governmental Funds	
TRANSFER OUT					
General Fund		\$2,870,501	\$1,990	\$215,728	\$3,088,219
Road and Bridge	603,460				603,460
TOTALS	\$603,460	\$2,870,501	\$1,990	\$215,728	\$3,691,679

	TRANSFER IN		TOTAL
	General Fund	MCSWA Fund	
TRANSFER OUT			
Landfill Waste/Criminal Detention Ctr. Fund		\$5,599,544	\$5,599,544
MCSWA Fund	(2,191,030)		(2,191,030)
TOTALS	(\$2,191,030)	\$5,599,544	\$3,408,514

The transfers into the general fund and the MCSWA fund are for operations.

E. Leases

Operating Leases

The government leases equipment under non cancellable operating leases. Total costs for such leases were \$4,454 for the year ended September 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	<u>Amount</u>
2020	\$ 2,818
2021	1,879
2022	0
2023	0
2024	0
Total	<u>\$4,697</u>

Rent expenditures were \$43,500 for the year ended September 30, 2019. Rental income was \$66,730 for the year ended September 30, 2019.

F. Long-term debt

Certificates of Obligation Bonds

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

Certificates of 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	\$720,000	2004	2020	Sinking Fund	Ad Valorem Tax
Governmental activities	7.00%	18,690,000	18,035,000	2016	2034	Sinking Fund	Ad Valorem Tax
Governmental activities	3.82%	2,845,000	2,845,000	2019A	2024	Sinking Fund	Ad Valorem Tax and Utility Fees
Governmental activities	4.50%	4,100,000	4,100,000	2019	2026	Sinking Fund	Ad Valorem Tax
Business-type activities	2.75%	659,000	659,000	FEMA 2019	2059	Sinking Fund	Ad Valorem Tax and Utility Fees
			<u>\$26,359,000</u>				

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$2,390,000	\$1,616,988	\$0	\$52,265
2021	1,850,000	1,417,101	0	55,770
2022	1,950,000	1,315,722	31,000	55,340
2023	2,060,000	1,208,395	32,000	54,474
2024	2,165,000	1,094,946	33,000	53,581
2025-2029	7,100,000	3,991,725	177,000	253,655
2030-2034	8,185,000	1,512,525	203,000	227,692
2035-2039			232,000	197,783
2040-2044			266,000	163,599
2045-2049			305,000	124,364
2050-2054			350,000	79,439
2055-2059			399,000	27,884
TOTALS	<u>\$25,700,000</u>	<u>\$12,157,402</u>	<u>\$2,028,000</u>	<u>\$1,345,846</u>

Capital Leases

The Solid Waste Authority had two lease purchase agreements for the acquisition of machinery and equipment. Lease principal payments for the fiscal year ended September 30, 2019, totaled \$279,131. The effective interest rate was 3.2% for the first lease and 4.55% for the second lease. Total cost of the assets acquired under these two capital leases is \$1,445,881 with accumulated depreciation of \$447,151.

In 2019, Maverick County entered into a lease purchase agreement for the acquisition of various equipment. The effective interest rate is 5.05% for the lease. Total cost of the asset acquired under this capital leases is \$798,290 with accumulated depreciation of \$399,145. The security for the equipment is the equipment financed.

In 2019, Maverick County entered into a lease purchase agreement for the acquisition of two Peterbilt Trucks. The effective interest rate is 5.05% for the lease. Total cost of the asset acquired under this capital leases is \$287,151 with accumulated depreciation of \$143,576. The security for the equipment is the equipment financed.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, were as follows:

YEAR	Governmental	Business-Type	Total
	Activities	Activities	
	Amount	Amount	Amount
2020	\$248,363	\$317,221	\$565,584
2021	248,363	221,904	470,267
2022	248,363	153,820	402,183
2023	248,363	141,002	389,365
Total Minimum Lease Payments	993,452	833,947	1,827,399
Less: Amount Representing Interest	104,001	57,046	161,047
Present Value of Net Minimum Lease Payments	\$889,451	\$776,901	\$1,666,352

Compromise and Settlement Agreement -Note Payable

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

Estimated Cost of Closure and Post Closure Costs

The Solid Waste Authority at year-end operated one active cell and one inactive cell at the landfill site. State and federal laws and regulations require the Solid Waste Authority to place a cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years (30) after closure. The Solid Waste Authority accounts for and discloses closure and post closure care costs in accordance with GASB Statement No. 18 *Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Cost* (the "Statement"). The Statement requires, among other matters: (1) that the liability for closure and post closure 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 post closure 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 post closure 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. The Solid Waste Authority estimates a total combined cost for the closure and post closure of Cells 1 and 2 to be \$3,801,600. These future closure and post closure care costs will be paid only near or after the date the landfill no longer accepts waste. The \$3,467,431 reported as accrued landfill closure and post closure care costs at September 30, 2019, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of Cell 1 and 88% of the estimated capacity of the Cell 2. The current addition recognized in this fiscal year of \$341,510 is from current year usage of capacity. 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 \$334,169 as the remaining estimated capacity is filled. The Solid Waste Authority estimates the useful life as of September 30, 2019, to be approximately 4 years. The estimated total current cost of the accrued landfill closure and post closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of September 30, 2019. 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 capacity usage is based on a study conducted by SCS Engineers and presented in a report dated November 4, 2019.

Tax Notes Payable

Tax Notes, Series 2013, Issued May 20, 2013, Interest Rate: 8%, Maturity Year: 2020, Amount Issued: \$3,090,000, Amount Outstanding: \$515,000. The security for the Tax Notes is Ad Valorem Taxes.

Tax Notes, Series 2019, Issued June 24, 2019, Interest Rate: 2%, Maturity Year: 2034, Amount Issued: \$2,310,317, Amount Outstanding: \$2,270,845. The security for the Tax Notes is Ad Valorem Taxes.

Annual debt service requirements to maturity for the notes are as follows:

Year Ending September 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$666,847	\$86,234
2021	155,354	41,527
2022	158,484	38,396
2023	161,678	35,203
2024	164,936	31,945
2025-2029	875,892	108,512
2030-2034	602,654	21,846
TOTALS	\$2,785,845	\$363,663

The annual requirements for the above general long-term debt outstanding at September 30, 2019 are as follows:

Changes in long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$20,095,000	\$6,945,000	\$1,340,000	\$25,700,000	\$2,390,000	\$23,310,000
Add Deferred Amounts:						
For Issuance Premium	294,203		18,293	275,910		275,910
Tax Notes	1,030,000	2,310,317	554,473	2,785,844	666,847	2,118,997
Less Deferred Amounts:						
For Tax Note Discount	(37,080)	9,270		(27,810)		(27,810)
Total Bonds Payable	21,382,123	9,264,587	1,912,766	28,733,944	3,056,847	25,677,097
Capital Lease Payable	1,085,441		195,990	889,451	206,012	683,439
Net Pension Liability	931,690	3,023,201		3,954,891		3,954,891
Net OPEB Payable	488,703		37,004	451,699		451,699
Compensated Absences	546,481	574,957	546,481	574,957	574,957	0
Total Governmental Activities	24,434,438	12,862,745	2,692,241	34,604,942	3,837,816	30,767,126
<u>Business-Type Activities:</u>						
General Obligation Bonds		659,000		659,000		659,000
Capital Lease Obligation	1,056,032		279,131	776,901	289,953	486,948
Compensated Absences	46,287	47,464	46,287	47,464	4,511	42,953
Net Pension Liability	84,954	213,594		298,548		298,548
Net OPEB Payable	9,652	21,202		30,854		30,854
Compromise and Settlement Note Payable	192,672		96,336	96,336	96,336	0
Accrued Landfill Closure and Post closure Care Costs	3,125,921	341,510		3,467,431		3,467,431
Total Business-Type Activities	4,515,518	1,282,770	421,754	5,376,534	390,800	4,985,734
Grand Total	\$28,949,956	\$14,145,515	\$3,113,995	\$39,981,476	\$4,228,616	\$35,752,860

The government-wide statement of net assets includes \$4,228,616 as "noncurrent liabilities, due within one year".

Note: Compensated absences are considered to be short term liabilities with the exception of \$4,511 or 10% in the MCSWA fund in the Business-Type Activities. The governmental activities bonds, capital leases, and compensated absences are serviced by the general fund. The Business-type activities bonds, capital leases, and compensated absences are serviced by the both the water fund and the sewer fund.

V. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage and subrogation).

	Year ended <u>09/30/19</u>	Year ended <u>09/30/18</u>
Unpaid Claims, Beginning of Fiscal Year	\$ -0-	\$ -0-
Incurring 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 stop/loss health insurance plan for active employees and their eligible dependents. The stop/loss amounts for the year 2019 were \$50,000 per individual and \$2,071,499 aggregate. The stop/loss amounts for the year 2020 are \$50,000 per individual and \$1,866,901 aggregate. Costs are recorded in the fund from which the employees' compensation is paid.

5. Unemployment Compensation Insurance

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

B. Related party transaction

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

County Judge – His brother is the Sheriff Grant Administrator.

County Treasurer – His family owns Memorial Funeral Home. The amount paid to the home for the year ended September 30, 2019 was \$7,657. There were no amounts owed to either party at September 30, 2019.

Commissioner Pct. No. 1 – His brother owns Morales Enterprises which sells tortillas to the Maverick County Nutrition Center. The amount paid to Morales Enterprises for the year ended September 30, 2019 was \$493. There were no amounts owed to either party at September 30, 2019.

C. Subsequent Events

In the November 21, 2019 meeting, approved construction of a metal canopy at Lopetegui Park in Precinct 1, and amend bond to include requirement for a performance bond and that the overall bid should not exceed \$49,999, add a 10 day limit for the contractor to submit revised proposal, and bond should be for amount of project. Approved to award contract for Architectural Services for the Design of on Amphitheater at Maverick County Lake to Gignac & Associates, LLP.

In the December 9, 2019 meeting, approved to award contract for Maverick County Lake Sprinkler and Landscaping system to The Green Company in the amount of \$53,132.

In the January 30, 2020, meeting, approved the Maverick County Food Pantry & Family Services Department to submit yearly contributions of \$45,600 to Quad Counties for food distribution purchases.

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.

Daniel Cruz, et al. v. Maverick County, et al. Civil Action No. 2:14-CV-50-AM-CWS&W File No. 5872 - On August 1, 2014, Plaintiffs Daniel Cruz and Armando Sanchez filed a lawsuit against Maverick County and the Maverick County Sheriff's Department claiming that they and several yet to be identified employees were wrongfully denied overtime compensation in the preceding three-year period. They filed a request that the Court permit them to identify other employee who they allege may have been deprived of overtime compensation. On April 1, 2015, the Court granted Plaintiffs' Motion for Conditional Certification as to the applicable class of employees. In doing so, the Court awarded Plaintiffs the opportunity to contact as many of 253 current and former employees and offer them the opportunity to join the conditionally certified class. The Court has identified an additional twenty-seven (27) employees as Plaintiffs. The Parties had a trial before the Federal Judge. The Federal Court issued a Final Order of Judgment on March 30, 2018. The Judgment awarded the Plaintiff for actual damages in the amount of \$569,669.59 plus attorney fees in the amount of \$196,600.00 and costs in the amount of \$2,287.50. This judgment earns interest at the rate of 2.06% and the attorney fees and costs of court earns interest at a rate of 2.55% until all fees, expenses and costs are paid. The County has appealed this Final Judgment to the 5th Circuit of the Federal Court of Appeals. The 5th Circuit heard arguments of the parties on November 6, 2019. There has been no opinion issued by the 5th Circuit. The County would not be covered by insurance in the event the Circuit Court rules in favor of Cruz.

Gricelda Saucedo v. Maverick County EEOC 451-2017-02517 S&W File No.:6279 - Gricelda Saucedo filed charge of discrimination with the EEOC based upon retaliation and disability. Ms. Saucedo claims the county terminated her due to her physical limitations. She believes that she has been discriminated in violation of the Americans with Disabilities Act of 1990. The EEOC has not issued a finding as of the date of this correspondence. The possible exposure to the County, if she is successful, is not in excess of \$20,000.

E. Prior Period Adjustments

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

The County had a prior period adjustment whereby governmental activities and the Funds were increased by \$348,569. The restatement was a result of accounts receivable being adjusted.

The County also had a prior period adjustment whereby business-type activities Net Position were increased by \$299,770. The restatement was a result of an inclusion of construction in progress.

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

	Net Position, as Previously Reported	Accounts Receivable Write-off/ Adjustment	Various Other	Net Position As Restated
Governmental Activities:				
Net Position	(\$4,389,473)	\$348,569	\$19,732	(\$4,021,172)
Total Governmental Activities	<u>(\$4,389,473)</u>	<u>\$348,569</u>	<u>\$19,732</u>	<u>(\$4,021,172)</u>

	Net Position, as Previously Reported	Construction in Progress Adjustment	Various Other	Net Position As Restated
Business-Type Activities:				
Net Position	\$10,092,408	\$299,770	(\$473)	\$10,391,705
Total Business-Type Activities	<u>\$10,092,408</u>	<u>\$299,770</u>	<u>(\$473)</u>	<u>\$10,391,705</u>

	Fund Balance as Previously Reported	Accounts Receivable Adjustment	Various Other	Fund Balance as Restated
Governmental Funds:				
Fund Balance	\$6,785,297	\$348,569	\$19,732	\$7,153,598
Total Governmental Funds	<u>\$6,785,297</u>	<u>\$348,569</u>	<u>\$19,732</u>	<u>\$7,153,598</u>

F. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2017	December 31, 2018
Total pension liability	\$35,225,126	\$38,086,762
Fiduciary net position	34,216,018	33,840,859
Net pension liability/(asset)	1,009,109	4,245,904
Fiduciary net position as a % of total pension liability	97.14%	88.85%
Pensionable covered payroll	\$10,237,419	\$11,129,647
Net Pension liability as a % of covered payroll	9.86%	38.15%

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

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

Discount Rate

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

Other Key Actuarial Assumptions

All actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

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

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

	Beginning Date	Ending Date
Valuation date	December 31, 2017	December 31, 2018
Measurement date	December 31, 2017	December 31, 2018
Employer's fiscal year	October 1, 2018	September 30, 2019

Projection of Fiduciary Net Position

Calendar Year Ending	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2019	\$33,840,859	\$1,829,903	\$2,331,898	\$33,841	\$2,719,831	\$36,024,853
2020	36,024,853	1,779,597	1,948,442	36,025	2,909,877	38,729,860
2021	38,729,860	1,809,588	2,025,761	38,730	3,126,996	41,601,954
2022	41,601,954	1,848,366	2,151,947	41,602	3,356,051	44,612,822
2023	44,612,822	1,886,029	2,285,615	44,613	3,595,999	47,764,623
2024	47,764,623	1,929,431	2,473,294	47,765	3,845,440	51,018,434
2025	51,018,434	1,904,570	2,602,055	51,018	4,102,769	54,372,700
2026	54,372,700	1,869,655	2,765,792	54,373	4,366,443	57,788,632
2027	57,788,632	1,780,800	2,970,856	57,789	4,631,325	61,172,113
2028	61,172,113	1,740,711	3,191,360	61,172	4,894,904	64,555,197
2038	92,463,922	1,304,544	5,793,549	92,464	7,307,641	95,190,094
2048	108,347,729	267,907	8,281,495	108,348	8,453,632	108,679,424
2058	104,543,790	61,346	8,816,342	104,544	8,116,221	103,800,471
2068	104,079,192	4,443	6,591,564	104,079	8,164,697	105,552,689
2078	142,862,023	0	3,618,740	142,862	11,422,445	150,522,866
2088	268,645,863	0	1,276,394	268,646	21,698,959	288,799,781
2098	568,607,401	0	172,400	568,607	46,027,773	613,894,166

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)	
	Balances as of December 31, 2017	\$35,225,126	\$34,216,018	\$1,009,109
	Changes of the year:			
Service cost	1,287,251		\$1,287,251	
Interest on total pension liability	2,898,449		\$2,898,449	
Effect of plan changes	0		\$0	
Effect of economic/demographic gains or losses	162,991		\$162,991	
Effect of assumptions changes or inputs	0		\$0	
Refund of contributions	(94,563)	(94,563)	\$0	
Benefit payments	(1,392,492)	(1,392,492)	\$0	
Administrative expenses		(27,181)	\$27,181	
Member contributions		667,779	(\$667,779)	
Net investment income		(634,369)	\$634,369	
Employer contributions		1,094,044	(\$1,094,044)	
Other	0	11,623	(\$11,623)	
Balances as of December 31, 2017	\$38,086,762	\$33,840,859	\$4,245,904	

Sensitivity Analysis

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$43,504,347	\$38,086,762	\$33,585,460
Fiduciary net position	33,840,859	33,840,859	33,840,859
Net pension liability/(asset)	\$9,663,488	\$4,245,904	(\$255,399)

Pension Expense / (Income)

Pension Expense / (Income)	<u>January 1, 2018 to December 31, 2018</u>
Service cost	\$1,287,251
Interest on total pension liability	2,898,449
Effect of plan changes	0
Administrative expenses	27,181
Member contributions	(667,779)
Expected investment return net of investment expenses	(2,781,791)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(257,215)
Recognition of assumption changes or inputs	149,893
Recognition of investment gains or losses	978,192
Other	(11,623)
Pension expense	<u>\$1,622,559</u>

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$71,677	\$122,243
Changes of assumptions	0	148,258
Net difference between projected and actual earnings	0	2,207,050
Contributions made subsequent to measurement date	N/A	Employer determined

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

Year ending December 31:	
2019	\$959,703
2020	428,018
2021	334,921
2022	683,232
2023	0
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2018	
Original Amount	Date Established	Original Recognition Period	Amount Recognized for 2018	Inflows	Outflows
(a)	(b)	(c)	(a) / (c)		
Investment (gains) or losses					
\$3,416,160	12/31/2018	5.0	\$683,232	\$0	\$2,732,928
(1,945,282)	12/31/2017	5.0	(389,056)	1,167,170	0
198,116	12/31/2016	5.0	39,623	0	79,247
2,810,228	12/31/2015	5.0	562,046	0	562,045
411,733	12/31/2014	5.0	82,347	0	0
Economic/demographic (gains) or losses					
162,991	12/31/2018	4.0	40,748	0	122,243
(82,633)	12/31/2017	4.0	(20,658)	41,317	0
(121,441)	12/31/2016	4.0	(30,360)	30,360	0
(1,054,153)	12/31/2015	4.0	(263,538)	0	0
82,964	12/31/2014	5.0	16,593	0	0
Assumption changes or inputs					
0	12/31/2018	4.0	0	0	0
296,516	12/31/2017	4.0	74,129	0	148,258
0	12/31/2016	4.0	0	0	0
303,058	12/31/2015	4.0	75,765	0	0
0	12/31/2014	5.0	0	0	0

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31					2013 - 2009
	2018	2017	2016	2015	2014	
Total Pension Liability						
Service cost	\$1,287,251	\$1,322,517	\$1,355,260	\$1,510,500	\$1,543,919	N/A
Interest on total pension liability	2,898,449	2,684,791	2,455,239	2,357,675	2,170,666	N/A
Effect of plan changes	0	0	0	(301,064)	0	N/A
Effect of assumption changes or inputs	0	296,516	0	303,058	0	N/A
Effect of economic/demographic (gains) or losses	162,991	(82,633)	(121,441)	(1,054,153)	82,964	N/A
Benefit payments/refunds of contributions	<u>(1,487,055)</u>	<u>(1,606,940)</u>	<u>(1,422,968)</u>	<u>(1,641,645)</u>	<u>(1,311,566)</u>	<u>N/A</u>
Net change in total pension liability	2,861,636	2,614,251	2,266,090	1,174,371	2,485,983	<u>N/A</u>
Total pension liability, beginning	<u>35,225,126</u>	<u>32,610,875</u>	<u>30,344,785</u>	<u>29,170,414</u>	<u>26,684,432</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$38,086,762</u>	<u>\$35,225,126</u>	<u>\$32,610,875</u>	<u>\$30,344,785</u>	<u>\$29,170,414</u>	<u>N/A</u>
Fiduciary Net Position						
Employer contributions	\$1,094,044	\$952,080	\$858,985	\$965,176	\$1,166,148	N/A
Member contributions	667,779	614,245	596,941	667,172	711,066	N/A
Investment income net of investment expenses	(634,369)	4,365,798	2,054,541	(500,733)	1,733,967	N/A
Benefit payments/refunds of contributions	(1,487,055)	(1,606,940)	(1,422,968)	(1,641,645)	(1,311,566)	N/A
Administrative expenses	(27,181)	(22,755)	(22,360)	(20,188)	(20,913)	N/A
Other	<u>11,623</u>	<u>(759)</u>	<u>85,979</u>	<u>31,275</u>	<u>36,492</u>	<u>N/A</u>
Net change in fiduciary net position	(375,159)	4,301,669	2,151,116	(498,942)	2,315,193	N/A
Fiduciary net position, beginning	<u>34,216,018</u>	<u>29,914,349</u>	<u>27,763,233</u>	<u>28,262,175</u>	<u>25,946,981</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$33,840,859</u>	<u>\$34,216,018</u>	<u>\$29,914,349</u>	<u>\$27,763,233</u>	<u>\$28,262,175</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$4,245,904</u>	<u>\$1,009,109</u>	<u>\$2,696,527</u>	<u>\$2,581,553</u>	<u>\$908,239</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	88.85%	97.14%	91.73%	91.49%	96.89%	N/A
Pensionable covered payroll	\$11,129,647	\$10,237,419	\$9,949,012	\$11,119,540	\$11,851,093	N/A
Net pension liability/(asset) as % of covered payroll	38.15%	9.86%	27.10%	23.22%	7.66%	N/A

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$653,959	\$653,959	\$0	\$10,060,905	6.5%
2010	886,137	886,137	0	11,958,661	7.4%
2011	818,693	818,693	0	10,974,032	7.5%
2012	857,707	857,707	0	9,363,609	9.2%
2013	892,836	892,836	0	9,408,177	9.5%
2014	1,166,148	1,166,148	0	11,851,093	9.8%
2015	965,176	965,176	0	11,119,540	8.7%
2016	857,605	858,985	(1,380)	9,949,012	8.6%
2017	952,080	952,080	0	10,237,419	9.3%
2018	1,094,044	1,094,044	0	11,129,647	9.8%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.9 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule.

Appendix A - GASB 68 Plan Description for Maverick County

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

- a. Maverick County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 6% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 250%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Maverick County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 6%. Contributions to the pension plan from the county for 2018 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec. 31, 2017	Dec. 31, 2018
Number of inactive employees entitled to but not yet receiving benefits:	410	405
Number of active employees:	323	370
Average monthly salary:	\$2,652	\$2,644
Average age:	43.84	42.49
Average length of service in years:	8.24	7.46

Inactive Employees (or their Beneficiaries) Receiving Benefits

Number of benefit recipients:	113	118
Average monthly benefit:	\$1,006	\$1,041

Appendix B - Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2018 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Maverick County December 31, 2018 Summary Valuation Report for further details.

The following are key assumptions and methods used in the GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix C
Salary Increases	Same as funding valuation: See Appendix C
Investment Rate of Return	8.10% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Lavaca County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as funding valuation: See Appendix C
Turnover	Same as funding valuation: See Appendix C
Mortality	Same as funding valuation: See Appendix C

Appendix C - Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2018 financial reporting metrics are the same as those used in the December 31, 2018 actuarial valuation analysis for Maverick County.

The following is a description of the assumptions used in the December 31, 2018 actuarial valuation analysis for Maverick County. This information may also be found in the Maverick County December 31, 2018 Summary Valuation Report.

Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

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

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	3.25%

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

Appendix D-Contributions Made Subsequent to Measurement Date

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

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

Appendix E-Summary of TCDRS Funding Policy

Texas County & District Retirement System Funding Policy

In Effect for the Dec. 31, 2018 Actuarial Valuation

Introduction

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

This policy documents the current funding policies in effect for the Dec. 31, 2018 actuarial valuation as established by state law, administrative rule and action by the TCDRS Board of Trustees (the board). The policy serves as a comprehensive funding overview and complies with the GASB reporting requirements for an agent multiple-employer plan.

TCDRS funding overview

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

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

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

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

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

Methodology for determining employer contribution rates

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

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

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

Actuarial cost method

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

Amortization policy

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

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

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

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

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

Asset valuation method

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

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

Actuarial assumptions

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

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

Oversight

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

Review of actuarial assumptions

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

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

Review of employer contribution rates

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

Review and modification of funding policy

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

G. Summary of GASB 75 Group-Term Funding Policy

Overview of GASB 74 and GASB 75

The Governmental Accounting Standards Board (GASB) released new accounting standards for public postemployment benefit plans other than pension (OPEB) and participating employers in 2016. These standards, GASB Statements No. 74 and 75, have substantially revised the accounting requirements previously mandated under GASB Statements No. 43 and 45.

For the Texas County & District Retirement System (TCDRS), the retiree death benefit paid from the Group Term Life (GTL) program is an OPEB benefit. The OPEB program is treated as an unfunded trust, because the GTL trust covers both actives and retirees and is not segregated.

GASB 74 applies to financial reporting for the TCDRS and does not impact participating employers. GASB 75 governs the specifics of reporting public OPEB plan obligations for employers. Note that in general the requirements of GASB 75 are parallel to those of GASB 68 which relates to pensions.

GASB 75 governs the specifics of accounting for public OPEB plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017. GASB 75 requires a liability for OPEB obligations, known as the Net OPEB Liability (Total OPEB Liability for unfunded plans), to be recognized on the balance sheets of participating employers. Changes in the Net OPEB Liability (Total OPEB Liability for unfunded plans) will be immediately recognized as OPEB Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

The TCDRS Group Term Life program has been determined to be an unfunded OPEB plan as the GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, because the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. For GASB 75 purposes, the OPEB plan is not a cost sharing plan, so the annual benefit payments are treated as being equal to the employer's actual retiree GTL contributions for the year.

Please refer to the Glossary shown in Appendix D of this report for more information on the relevant accounting terminology.

Total OPEB Liability

Total OPEB Liability	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Total OPEB liability	\$498,355	\$460,979

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

Discount Rate

Discount rate	3.44%	4.10%
Long-term expected rate of return, net of investment expense	Does not apply	Does not apply
Municipal bond rate	3.44%	4.10%

Other Key Actuarial Assumptions

All actuarial assumptions that determined the total OPEB liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total OPEB liability and other GASB 75 metrics.

	Beginning Date	Ending Date
Valuation date	December 31, 2017	December 31, 2018
Measurement date	December 31, 2017	December 31, 2018
Employer's fiscal year	October 1, 2018	September 30, 2019

GASB Discount Rate

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.10% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2018.

Employer OPEB Contributions to the Plan

Employers in the TCDRS Group Term Life (GTL) Program make a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retiree coverage are included under GASB 75. For GASB 75 purposes, the employer's benefit payments for the year are treated as being equal to its annual retiree GTL contributions.

2018 Employer OPEB Contributions and Benefit Payments

The following table shows a breakdown of the employer's contributions to the GTL program for the calendar year 2018. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown on the exhibit on the next page. The contributions for active coverage are not considered an OPEB benefit under GASB 75.

Coverage Type	2018 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.17%	\$18,920	No change from prior year
Retiree GTL Benefit	0.11%	12,243	GASB 75

Employer OPEB Contributions made Subsequent to Measurement Date

Employer OPEB contributions made in the fiscal year, but subsequent to the measurement date of December 31, 2018 should be reflected as a deferred outflow as outlined in Appendix C of this report. As previously noted, only contributions to the GTL program for retiree coverage should be included under GASB 75. Therefore, once the total GTL contributions made subsequent to the measurement date have been determined, this amount should be multiplied by the portion attributable to retiree coverage to determine the OPEB contributions made subsequent to the measurement date that should be reported under GASB 75. This proportion is 42.85714%, allocated as follows:

Coverage Type	2019 GTL Rate	Proportion	Financial Reporting
Active Member GTL Benefit	0.16%	57.14286%	No change from prior year
Retiree GTL Benefit	0.12%	42.85714%	GASB 75

Changes in Total OPEB Liability

	Changes in Total OPEB Liability
Balances as of December 31, 2017	\$498,355
Changes for the year:	
Service cost	21,047
Interest on total OPEB liability	17,659
Changes of benefit terms	0
Effect of economic/demographic experience	(7,635)
Effect of assumptions changes or inputs	(56,204)
Benefit payments	(12,243)
Other	0
	\$460,979
Balance as of December 31, 2018	\$460,979

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 4.10%, as well as what the Maverick County Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease	Current Discount Rate	1% Increase
	3.10%	4.10 %	5.10%
Total OPEB Liability	\$550,132	\$460,979	\$391,772

OPEB Expense / (Income)

OPEB Expense / (Income)	January 1, 2018 to December 31, 2019
Service cost	\$21,047
Interest on total OPEB liability	17,659
Effect of plan changes	0
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(680)
Recognition of assumption changes or inputs Other	(4,349)
	0
OPEB expense / (income)	\$33,677

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$6,544	\$2,057
Changes of assumptions	48,175	18,401
Contributions made subsequent to measurement date	N/A	Employer determined

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

Year ended December 31:	
2019	\$(5,029)
2020	(5,029)
2021	(5,029)
2022	(5,029)
2023	(5,026)
Thereafter	(9,119)

Schedule of Deferred Inflows and Outflows of Resources

Schedule of Deferred Inflows and Outflows of Resources					Balances of Deferred Inflows and Outflows as of 12/31/2018	
Expense / (Income) Calculation						
Original Amount	Date Established	Original Recognition Period	Amount Recognized for 2018	Inflows	Outflows	
(a)	(b)	(c)	(a) / (c)			
<i>Economic/demographic (gains) or losses</i>						
(7,635)	12/31/2018	7.0	(1,091)	6,544	0	
2,880	12/31/2017	7.0	411	0	2,057	
<i>Assumption changes or inputs</i>						
(56,204)	12/31/2018	7.0	(8,029)	48,175	0	
25,761	12/31/2017	7.0	3,680	0	18,401	

Schedule of Changes in Total OPEB Liability and Related Ratios

	Year Ended December 31		
	2018	2017	2016 - 2009
Total OPEB Liability			
Service cost	\$21,047	\$19,649	N/A
Interest on total OPEB liability	17,659	17,315	N/A
Effect of plan changes	0	0	N/A
Effect of assumption changes or inputs	(56,204)	25,761	N/A
Effect of economic/demographic (gains) or losses	(7,635)	2,880	N/A
Benefit payments	<u>(12,243)</u>	<u>(11,261)</u>	<u>N/A</u>
Net change in total OPEB liability	(37,376)	54,344	<u>N/A</u>
Total OPEB liability, beginning	<u>498,355</u>	<u>444,011</u>	<u>N/A</u>
Total OPEB liability, ending (a)	<u>\$460,979</u>	<u>\$498,355</u>	<u>N/A</u>
Pensionable covered payroll	\$11,129,647	\$10,237,419	N/A
Net OPEB liability/(asset) as % of covered payroll	4.14%	4.87%	N/A

Appendix A - GASB 75 Plan Description for Maverick County

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

- a. Maverick County participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCERS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
 - 2) The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
 - 3) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
 - 4) No future increases are assumed in the \$5,000 benefit amount.
 - 5) Benefit terms are established under the TCERS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.
- c. Membership information is shown in the chart below.
- d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
- e. Benefit terms are established under the TCERS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The county's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

Membership Information

Members	Dec. 31, 2016	Dec. 31, 2017
Number of inactive employees entitled to but not yet receiving benefits	48	51
Number of active employees:	323	370
Average age of active employees:	43.84	42.49
Average length of service in years for active employees:	8.24	7.46
Inactive Employees Receiving Benefits		
Number of benefit recipients	88	91

Appendix B - Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

Valuation Timing

Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial Cost Method

Entry Age Normal

Amortization Method

Recognition of economic/demographic gains or losses

Straight-Line amortization over Expected Working Life

Recognition of assumptions changes or inputs

Straight-Line amortization over Expected Working Life

Asset Valuation Method

Does not apply

Inflation

Does not apply

Salary Increases

Does not apply

Investment Rate of Return (Discount Rate)

4.10%

20 Year Bond GO Index published by bondbuyer.com as of December 27, 2018.

Cost-of-Living Adjustment

Does not apply

Disability

See Table 1

Mortality

See Table 2

Retirement

See Table 3

Other Termination of Employment

See Table 4

Appendix C - Contributions Made Subsequent to Measurement Date

GASB Statement No. 75 requires employer contributions made between the measurement date, which is the date used to determine an employer's Total OPEB Liability (TOL) and the employer's fiscal year end be reported as a deferred outflow of resources ("DOoR"). The statement requires a beginning deferred outflow of resources for "amounts paid by the employer for OPEB as the benefits come due subsequent to the measurement date of the total OPEB liability and before the end of the reporting period."

For GASB valuation purposes, TCDRS' consulting actuary will compute each participating employer's TOL as of Dec. 31 of each year. Employers will need to account for OPEB contributions made between the measurement date and the employer's fiscal year end as a DOoR. These contributions will not be reported to you as part of this GASB report; employers can access their monthly employer activity statements, which display employer contributions to the GTL plan via the TCDRS Employer Portal. Note that only contributions for the retiree GTL benefit should be included in reporting under GASB 75. There should be no change in the financial reporting for the active GTL benefit. To determine the portion of the contribution related to retiree coverage, refer to the section of this report titled "Employer OPEB Contributions to the Plan."

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31					2013 - 2009
	2018	2017	2016	2015	2014	
Total Pension Liability						
Service cost	\$1,287,251	\$1,322,517	\$1,355,260	\$1,510,500	\$1,543,919	N/A
Interest on total pension liability	2,898,449	2,684,791	2,455,239	2,357,675	2,170,666	N/A
Effect of plan changes	0	0	0	(301,064)	0	N/A
Effect of assumption changes or inputs	0	296,516	0	303,058	0	N/A
Effect of economic/demographic (gains) or losses	162,991	(82,633)	(121,441)	(1,054,153)	82,964	N/A
Benefit payments/refunds of contributions	<u>(1,487,055)</u>	<u>(1,606,940)</u>	<u>(1,422,968)</u>	<u>(1,641,645)</u>	<u>(1,311,566)</u>	N/A
Net change in total pension liability	2,861,636	2,614,251	2,266,090	1,174,371	2,485,983	N/A
Total pension liability, beginning	<u>35,225,126</u>	<u>32,610,875</u>	<u>30,344,785</u>	<u>29,170,414</u>	<u>26,684,432</u>	N/A
Total pension liability, ending (a)	<u>\$38,086,762</u>	<u>\$35,225,126</u>	<u>\$32,610,875</u>	<u>\$30,344,785</u>	<u>\$29,170,414</u>	N/A
Fiduciary Net Position						
Employer contributions	\$1,094,044	\$952,080	\$858,985	\$965,176	\$1,166,148	N/A
Member contributions	667,779	614,245	596,941	667,172	711,066	N/A
Investment income net of investment expenses	(634,369)	4,365,798	2,054,541	(500,733)	1,733,967	N/A
Benefit payments/refunds of contributions	(1,487,055)	(1,606,940)	(1,422,968)	(1,641,645)	(1,311,566)	N/A
Administrative expenses	(27,181)	(22,755)	(22,360)	(20,188)	(20,913)	N/A
Other	<u>11,623</u>	<u>(759)</u>	<u>85,979</u>	<u>31,275</u>	<u>36,492</u>	N/A
Net change in fiduciary net position	(375,159)	4,301,669	2,151,116	(498,942)	2,315,193	N/A
Fiduciary net position, beginning	<u>34,216,018</u>	<u>29,914,349</u>	<u>27,763,233</u>	<u>28,262,175</u>	<u>25,946,981</u>	N/A
Fiduciary net position, ending (b)	<u>\$33,840,859</u>	<u>\$34,216,018</u>	<u>\$29,914,349</u>	<u>\$27,763,233</u>	<u>\$28,262,175</u>	N/A
Net pension liability / (asset), ending = (a) - (b)	<u>\$4,245,904</u>	<u>\$1,009,109</u>	<u>\$2,696,527</u>	<u>\$2,581,553</u>	<u>\$908,239</u>	N/A
Fiduciary net position as a % of total pension liability	88.85%	97.14%	91.73%	91.49%	96.89%	N/A
Pensionable covered payroll	\$11,129,647	\$10,237,419	\$9,949,012	\$11,119,540	\$11,851,093	N/A
Net pension liability/(asset) as % of covered payroll	38.15%	9.86%	27.10%	23.22%	7.66%	N/A

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$653,959	\$653,959	\$0	\$10,060,905	6.5%
2010	886,137	886,137	0	11,958,661	7.4%
2011	818,693	818,693	0	10,974,032	7.5%
2012	857,707	857,707	0	9,363,609	9.2%
2013	892,836	892,836	0	9,408,177	9.5%
2014	1,166,148	1,166,148	0	11,851,093	9.8%
2015	965,176	965,176	0	11,119,540	8.7%
2016	857,605	858,985	(1,380)	9,949,012	8.6%
2017	952,080	952,080	0	10,237,419	9.3%
2018	1,094,044	1,094,044	0	11,129,647	9.8%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.9 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule.

Appendix B - Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2018 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Maverick County December 31, 2018 Summary Valuation Report for further details.

The following are key assumptions and methods used in the GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix C
Salary Increases	Same as funding valuation: See Appendix C
Investment Rate of Return	8.10% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Lavaca County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as funding valuation: See Appendix C
Turnover	Same as funding valuation: See Appendix C
Mortality	Same as funding valuation: See Appendix C

Schedule of Changes in Total OPEB Liability and Related Ratios

	Year Ended December 31		
	2018	2017	2016 - 2009
Total OPEB Liability			
Service cost	\$21,047	\$19,649	N/A
Interest on total OPEB liability	17,659	17,315	N/A
Effect of plan changes	0	0	N/A
Effect of assumption changes or inputs	(56,204)	25,761	N/A
Effect of economic/demographic (gains) or losses	(7,635)	2,880	N/A
Benefit payments	<u>(12,243)</u>	<u>(11,261)</u>	<u>N/A</u>
Net change in total OPEB liability	(37,376)	54,344	<u>N/A</u>
Total OPEB liability, beginning	<u>498,355</u>	<u>444,011</u>	<u>N/A</u>
Total OPEB liability, ending (a)	<u>\$460,979</u>	<u>\$498,355</u>	<u>N/A</u>
Pensionable covered payroll	\$11,129,647	\$10,237,419	N/A
Net OPEB liability/(asset) as % of covered payroll	4.14%	4.87%	N/A

Appendix B - Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return (Discount Rate)	4.10%
	20 Year Bond GO Index published by bondbuyer.com as of December 27, 2018.
Cost-of-Living Adjustment	Does not apply
Disability	See Table 1
Mortality	See Table 2
Retirement	See Table 3
Other Termination of Employment	See Table 4

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

MAVERICK COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	SPECIAL REVENUE									
	911 RESTITU- TION	ALCOHOL AND DRUG ABUSE GRANT	ARCHIVE FEE - COUNTY CLERK	ARCHIVE FEE - DISTRICT CLERK	BORDER STAR NO. 1983102	CHILD ABUSE PREVENTION	CHILD WELFARE	CO. CLERK RECORDS MGMT & PRESER.	CONTINUING EDUCATION JUDGE & STAFF	COUNTY & DISTRICT TECH- NOLOGY
ASSETS										
Cash and Cash Equivalents	\$924	\$722	\$1,544	\$26,879	\$11,384	\$275	\$4,248	\$117,746	\$1,592	\$1,932
Receivables (net of allowance for uncollectibles)			20					2,054	15	
Due from Other Funds										
TOTAL ASSETS	\$924	\$722	\$1,564	\$26,879	\$11,384	\$275	\$4,248	\$119,800	\$1,607	\$1,932
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts Payable										
Due to Other Funds										
Accrued Wages										
Total Liabilities	0	0	0	0	0	0	0	0	0	0
Fund Balances										
Restricted										
Construction										
General Administration			1,564					119,800		
Health and Welfare		722								
Judicial				26,879		275	4,248		1,607	1,932
Public Safety - Sheriff	924				11,384					
Records Management										
Unassigned										
Total Fund Balances	924	722	1,564	26,879	11,384	275	4,248	119,800	1,607	1,932
TOTAL LIABILITIES AND FUND BALANCES	\$924	\$722	\$1,564	\$26,879	\$11,384	\$275	\$4,248	\$119,800	\$1,607	\$1,932

(continued)

SPECIAL REVENUE

COUNTY FAMILY PROTECTION	COUNTY RECORDS PRESER- VATION	COURT INITIATED GUARDIAN SHIP	COURT- HOUSE SECURITY	D.A. BORDER PROSECU- TION	DISTRICT REC. MGMT. & PRESER- VATION	E-FILE RECOVERY DISTRICT CLERK #2	ELDERLY NUTRI- TION	HEALTH	JUDICIAL EFFICIENCY OF COURTS	JUVENILE DELINQUENCY PREVENTION	LAW LIBRARY	LBSP 2014	MCKIN- STRAY ENERGY SAVINGS	
	\$9,856	\$54,763	\$2,747	\$208,594	\$43,910	\$29,581	\$22,312	\$115,066	\$824		\$195,927	\$20,424		
		40	1,063 150,973	24,506			88,793				140	11,933		
	\$9,856	\$54,803	\$2,747	\$360,630	\$68,416	\$29,581	\$22,312	\$203,859	\$0	\$824	\$0	\$438,038	\$32,357	\$0
				\$63,290			\$12,446							
				4,639			4,943						458	
	0	0	0	0	67,929	0	0	17,389	0	0	0	0	458	0
		54,803					186,470							
	9,856	2,747	360,630	487	29,581	22,312	186,470		824		438,038	31,899		
	9,856	54,803	2,747	360,630	487	29,581	22,312	186,470	0	824	0	438,038	31,899	0
	\$9,856	\$54,803	\$2,747	\$360,630	\$68,416	\$29,581	\$22,312	\$203,859	\$0	\$824	\$0	\$438,038	\$32,357	\$0

MAVERICK COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019
 (continued)

	SPECIAL REVENUE									
	MC JUVENILE PROBATION SERVICE	PARKLAND FEES	RECORDS MANAGE- MENT	SHERIFF CONFISCATED FUNDS	STONE GARDEN 2009	STONE GARDEN 2011	STONE GARDEN 2018	TECH- NOLOGY	TOBACCO GRANT CONSTR- UCTION	TOWER LEASE
ASSETS										
Cash and Cash Equivalents		\$605	\$23,537	\$25,817	\$687	\$41,148	\$79,174	\$67,882		\$20,046
Receivables (net of allowance for uncollectibles)		575	20	936			66,474	689		
Due from Other Funds			104,623				36,283			
TOTAL ASSETS	\$0	\$1,180	\$128,180	\$26,753	\$687	\$41,148	\$181,931	\$68,571	\$0	\$20,046
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts Payable			\$2,291		\$44,157	\$39,324				
Due to Other Funds										
Accrued Wages			2,116				6,931			
Total Liabilities	0	0	4,407	0	44,157	39,324	6,931	0	0	0
Fund Balances										
Restricted										
Construction										
General Administration		1,180								
Health and Welfare										20,046
Judicial								68,571		
Public Safety - Sheriff				26,753		1,824	175,000			
Records Management			123,773							
Unassigned					(43,470)					
Total Fund Balances	0	1,180	123,773	26,753	(43,470)	1,824	175,000	68,571	0	20,046
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$1,180	\$128,180	\$26,753	\$687	\$41,148	\$181,931	\$68,571	\$0	\$20,046

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

		CAPITAL PROJECTS		NON-MAJOR
VITAL	ZIKA	CDBG	CDBG	GOVERN-
STATISTICS	PROJECT	NO.	NO.	MENTAL
		7217299	7218065	FUNDS
\$25,087	\$136,791		\$26,806	\$1,318,830
26	20,918	441,613	183,199	843,014
	245			534,095
\$25,113	\$157,954	\$441,613	\$210,005	\$2,695,939
	\$4,874	\$322,208	\$179,585	\$668,175
	10,240			10,240
				19,087
0	15,114	322,208	179,585	697,502
		119,405	30,420	149,825
25,113				202,460
	142,840			350,078
				597,501
				618,270
				123,773
				(43,470)
25,113	142,840	119,405	30,420	1,998,437
\$25,113	\$157,954	\$441,613	\$210,005	\$2,695,939

MAVERICK COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	SPECIAL REVENUE										
	ALCOHOL AND DRUG RESTITU- TION	ARCHIVE FEE - COUNTY CLERK	ARCHIVE FEE - DISTRICT CLERK	BORDER STAR NO. 1983102	CHILD ABUSE PREVENTION	CHILD WELFARE	CO. CLERK RECORDS MGMT & PRESER.	CONTINUING EDUCATION JUDGE & STAFF	COUNTY & DISTRICT TECH- NOLOGY		
<i>REVENUES</i>											
Intergovernmental											
Charges for Services		690	15,120				119,221	335	536		
Interest											
Miscellaneous	14,381				300						
Total Revenues	14,381	0	690	15,120	0	300	0	119,221	335	536	
<i>EXPENDITURES</i>											
Current:											
General Administration											
General Administration											
Records Management		94					128				
Judicial											
Judicial			94		25			66	67		
Public Safety											
Public Safety	14,186			30							
Probation											
Sheriff											
Health and Welfare											
Health		20				1,823					
Capital Projects -											
Capital Outlay and Other											
Debt Service											
Bond Issuance Cost											
Total Expenditures	14,186	20	94	94	30	25	1,823	128	66	67	
Excess (Deficiency) of Revenues Over (Under)											
Expenditures	195	(20)	596	15,026	(30)	275	(1,823)	119,093	269	469	
<i>OTHER FINANCING SOURCES (USES):</i>											
Debt Issuance Proceeds											
Operating Transfers In											
Operating Transfers Out											
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	0	
Net Changes in Fund Balances	195	(20)	596	15,026	(30)	275	(1,823)	119,093	269	469	
Fund Balances - Beginning - Restated	729	742	968	11,853	11,414	0	6,071	707	1,338	1,463	
Fund Balances - Ending	\$924	\$722	\$1,564	\$26,879	\$11,384	\$275	\$4,248	\$119,800	\$1,607	\$1,932	

(continued)

SPECIAL REVENUE

COUNTY FAMILY PROTECTION	COUNTY RECORDS PRESER- VATION	COURT INITIATED GUARDIAN SHIP	COURT- HOUSE SECURITY	D.A. BORDER PROSECU- TION	DISTRICT REC. MGMT. & PRESER- VATION	E-FILE RECOVERY DISTRICT CLERK #2	ELDERLY NUTRI- TION	HEALTH	JUDICIAL EFFICIENCY OF COURTS	JUVENILE DELINQUENCY PREVENTION	LAW LIBRARY	LBSP 2014	MCKIN- STRAY ENERGY SAVINGS	
	2,535	15,840	500	36,149	\$302,523	9,018	1,226	11,517	260		49,595 809	\$26,385		
	2,535	15,840	500	36,149	302,523	9,018	1,226	600,500	0	260	0	50,404	26,385	0
		101												
					163									
				302,524		35			61		66			
											43,152			
			33,616								2			
						597,874	20,460							
													2,296,986	
	0	101	0	33,616	302,524	163	35	597,874	20,460	61	2	66	43,152	2,296,986
	2,535	15,739	500	2,533	(1)	8,855	1,191	2,626	(20,460)	199	(2)	50,338	(16,767)	(2,296,986)
														2,296,986
													15,384	
	0	0	0	0	0	0	0	0	0	0	0	0	15,384	2,296,986
	2,535	15,739	500	2,533	(1)	8,855	1,191	2,626	(20,460)	199	(2)	50,338	(1,383)	0
	7,321	39,064	2,247	358,097	488	20,726	21,121	183,844	20,460	625	2	387,700	33,282	0
	\$9,856	\$54,803	\$2,747	\$360,630	\$487	\$29,581	\$22,312	\$186,470	\$0	\$824	\$0	\$438,038	\$31,899	\$0

MAVERICK COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 (continued)

	SPECIAL REVENUE									
	MC JUVENILE PROBATION SERVICE	PARKLAND FEES	RECORDS MANAGE- MENT	SHERIFF CONFISCATED FUNDS	STONE GARDEN 2009	STONE GARDEN 2011	STONE GARDEN 2018	TECH- NOLOGY	TOBACCO GRANT CONSTR- UCTION	TOWER LEASE
<i>REVENUES</i>										
Intergovernmental	\$16,995						\$83,760	\$5,700		
Charges for Services			13,227					9,547		
Interest										
Miscellaneous		1,185		103,753					9,600	
Total Revenues	16,995	1,185	13,227	103,753	0	0	83,760	9,547	5,700	9,600
<i>EXPENDITURES</i>										
Current:										
General Administration										
General Administration			5					5,700	27,972	
Records Management			145,964							
Judicial										
Judicial							13,006			
Public Safety										
Public Safety					20					
Probation	16,995									
Sheriff				104,930		40	83,760			
Health and Welfare										
Health										
Capital Projects -										
Capital Outlay and Other										
Debt Service										
Bond Issuance Cost										
Total Expenditures	16,995	5	145,964	104,930	20	40	83,760	13,006	5,700	27,972
Excess (Deficiency) of Revenues Over (Under)										
Expenditures	0	1,180	(132,737)	(1,177)	(20)	(40)	0	(3,459)	0	(18,372)
<i>OTHER FINANCING SOURCES (USES):</i>										
Debt Issuance Proceeds										
Operating Transfers In			57,506							
Operating Transfers Out										
Total Other Financing Sources (Uses)	0	0	57,506	0	0	0	0	0	0	0
Net Changes in Fund Balances	0	1,180	(75,231)	(1,177)	(20)	(40)	0	(3,459)	0	(18,372)
Fund Balances - Beginning - Restated	0	0	199,004	27,930	(43,450)	1,864	175,000	72,030	0	38,418
Fund Balances - Ending	\$0	\$1,180	\$123,773	\$26,753	(\$43,470)	\$1,824	\$175,000	\$68,571	\$0	\$20,046

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

		CAPITAL PROJECTS		NON-MAJOR
VITAL	ZIKA	CDBG	CDBG	GOVERN-
STATISTICS	PROJECT	NO.	NO.	MENTAL
		7217299	7218065	FUNDS
	\$103,489	\$531,613	183,199	\$1,842,647
				285,316
				809
20,385		1,955		151,559
20,385	103,489	533,568	183,199	2,280,331
339	103,487		30	137,634
				146,349
				315,944
				57,388
				16,997
				222,346
		504,163	252,749	1,377,089
				2,296,986
				0
339	103,487	504,163	252,779	4,570,733
20,046	2	29,405	(69,580)	(2,290,402)
	142,838			2,296,986
				215,728
				0
0	142,838	0	0	2,512,714
20,046	142,840	29,405	(69,580)	222,312
5,067	0	90,000	100,000	1,776,125
\$25,113	\$142,840	\$119,405	\$30,420	\$1,998,437

SINGLE AUDIT SECTION

MAVERICK COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

SOURCE AND TITLE OF GRANT	FEDERAL CFDA NUMBER	Grant Period	Award Amount	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS- THROUGH TO SUB- RECIPIENTS	TOTAL FEDERAL EXPENDI- TURES
FEDERAL ASSISTANCE						
<u>U.S. Department of Justice</u>						
Direct						
SCAAP (State Criminal Alien Assistance Program)	16.606		\$7,850	None	None	\$7,850
Passed-Through:						
Criminal Justice Division - Office of the Governor						
Violence Against Women Formula Grants						
Violent Crimes against Women Justice-Maverick County Project	16.588	09-01-2018 to 08-31-2019	34,292	2930004	None	34,292
Violent Crimes against Women Justice-Maverick County Project		09-01-2019 to 08-31-2020	39,980	2930005	None	3,045
						<u>37,337</u>
<i>Total U.S. Department of Justice</i>						<u>45,187</u>
<u>U.S. Department of Health and Human Services</u>						
Passed-Through:						
Middle Rio Grande Development Council: Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers						
	93.044	10-01-17 to 09-30-18	None	AAA-2011-024-03	None	206,496
Passed-Through:						
Texas Department of Human Services Social Services Block Grant Title XX/XIX						
	93.667	10-01-17 to 09-30-18		1001465	None	96,936
<i>Total U.S. Department of Health and Human Services</i>						<u>303,432</u>
<u>Executive Office of the President</u>						
Passed-Through:						
District Attorney						
High Intensity Drug Trafficking Areas Program						
	95.001	01-01-2019 to 12-31-2020	65,394	G19SS0013A	None	13,457
Eagle Pass HIDTA Task Force		01-01-2018 to 12-31-2019	41,017	G18SS0013A	None	41,017
						<u>54,474</u>
<i>Total Executive Office of the President</i>						<u>54,474</u>
<u>United States Department of Homeland Security (DHS)</u>						
Direct						
Homeland Security Grant Program						
Maverick-2017 OPSP	97.067	02-01-2018 to 05-31-2019	175,000	3594001	None	17,286
Maverick-2018 OPSP		03-01-2019 to 02-29-2020	200,000	3594002	None	66,474
						<u>83,760</u>
<i>Total United States Department of Homeland Security</i>						<u>83,760</u>
<u>United States Department of Housing and Urban Development (HUD)</u>						
Passed-Through:						
Texas Department of Agriculture						
Community Development Block Grants/State's program						
Ranchito Road from Pioneer Rd to FM 2030	14.228		450,000	7217299	None	441,613
Sanitary Sewer & Lift Station Improvements			437,292	7218065	None	183,199
						<u>624,812</u>
<i>Total United States Department of Housing and Urban Development (HUD)</i>						<u>624,812</u>
<u>United States Department of Agriculture (USDA)</u>						
Passed-Through:						
Texas Department of Agriculture						
Community Development Block Grants/State's program						
Water & Waste Disposal Systems for Rural Communities - Loan	10.760		2,028,000	None	None	259,755
Water & Waste Disposal Systems for Rural Communities - Grant			3,261,000	None	None	
Water & Waste Disposal Systems for Rural Communities - Grant			1,107,000	None	None	
						<u>259,755</u>
<i>Total United States Department of Agriculture (USDA)</i>						<u>259,755</u>
TOTAL FEDERAL ASSISTANCE:						<u>\$1,371,420</u>

See Accompanying Notes to Schedule of Federal Financial Assistance

MAVERICK COUNTY, TEXAS
 BUDGET COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas Department of Agriculture
 CFDA Number: 14.228
 Project Number: 7217299
 Contract Period: December 1, 2017 to November 30, 2019

	BUDGET	FEDERAL		VARIANCE
		PRIOR YEAR	CURRENT YEAR	
REVENUE				
Federal	\$450,000		\$441,613	\$8,387
State	90,000		33,300	56,700
TOTAL REVENUE:	<u>540,000</u>	<u>0</u>	<u>474,913</u>	<u>65,087</u>
EXPENSES				
Federal				
Sewer Improvements-Construction	450,000		441,613	8,387
State				
Sewer Improvements-Engineering	45,000		33,300	11,700
General Program Administration	45,000		29,250	15,750
TOTAL EXPENSES	<u>540,000</u>	<u>0</u>	<u>504,163</u>	<u>35,837</u>
Excess Revenue over Expenditures	<u>\$0</u>	<u>\$0</u>	<u>(\$29,250)</u>	<u>\$29,250</u>

MAVERICK COUNTY, TEXAS
 BUDGET COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas Department of Agriculture
 CFDA Number: 14.228
 Project Number: 7218065
 Contract Period: April 23, 2018 to April 22, 2020

	FEDERAL		VARIANCE
	PRIOR	CURRENT	
	BUDGET	YEAR	YEAR
REVENUE			
Federal	\$437,292		\$254,093
State	100,000		30,450
TOTAL REVENUE:	537,292	0	284,543
EXPENSES			
Federal			
Sewer Improvements-Construction	384,142		200,943
Rehab: Single-Unit Sewer Service-Construction	53,150		53,150
State			
Sewer Improvements-Engineering	55,000		14,700
General Program Administration	45,000		15,750
TOTAL EXPENSES	537,292	0	284,543
Excess Revenue over Expenditures	\$0	\$0	\$0

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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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 County Judge and 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Maverick County, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Maverick County, Texas's basic financial statements and have issued our report thereon dated March 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maverick County, Texas's 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's internal control. Accordingly, we do not express an opinion on the effectiveness of Maverick County, Texas's 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify 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 as items 2019-001, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2019-002, 2019-003, 2019-004, and 2019-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maverick County, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Maverick County, Texas's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Wayne R. Beyer". The signature is written in a cursive style with a large, prominent 'W' and 'B'.

BEYER & COMPANY
Certified Public Accountants
March 25, 2020

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Maverick County, Texas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Maverick County, Texas's major federal programs for the year ended September 30, 2019. Maverick County, Texas's 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Maverick County, Texas's 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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's 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's 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, 2019.

Other Matter

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

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

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's 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 the Uniform Guidance, 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's 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



BEYER & COMPANY
Certified Public Accountants
March 25, 2020

MAVERICK COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Maverick County, Texas under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Maverick County, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Maverick County, Texas.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C-INDIRECT COST RATE

Maverick County, Texas has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

MAVERICK COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal

There were no prior audit findings for Federal Awards.

MAVERICK COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Maverick County, Texas.
2. There were four significant deficiencies disclosed during the audit. There was one material weakness disclosed during the audit.
3. There were no instances of noncompliance material to the financial statements of the Maverick County, Texas, which would be required to be reported in accordance with Government Auditing Standards.
4. There was no significant deficiency over major Federal award programs disclosed during the audit. There was no material weakness over major Federal award programs disclosed during the audit.
5. The auditor's report on compliance for the major Federal award programs for Maverick County, Texas expresses an unmodified opinion on all major Federal programs.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The programs tested as major programs: Community Development Block Grants/States Program - CFDA 14.228.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Maverick County did not qualify as a low-risk auditee.

Findings:

Material Weaknesses:

2019-001 District Clerk

Condition: District Clerk –There is an unknown excess amount of \$23,550.65 in the Refund Account, there is an unknown deficit amount of \$70,427.02 in the Trust Account, and there is an unknown overage amount of \$3,341.18 in the Bond Account.

Criteria: Internal controls should be in place that provide reasonable assurance that all monies in the District Clerk accounts be properly identified.

Effect: Since the District Clerk does not have proper internal controls in place that provide reasonable assurance that all monies in the District Clerk accounts are identified, the financial statements could be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because the District Clerk is understaffed.

Recommendation: The County should provide the manpower necessary to install internal controls to provide reasonable assurance that all monies in the District Clerk accounts be properly identified monthly; to avoid the possibility of the financial statements being materially misstated either through mistake, error, or fraud.

Significant Deficiencies:

2019-002 County Tax Office – Motor Vehicles

Condition: Motor Vehicle – We noted that the County is making late payments to the State for titles and Monday registration.

Criteria: All monies payable to the State for titles and Monday registration should be remitted timely.

Effect: Since the County Tax Office does not have proper internal controls in place that provide reasonable assurance that all monies payable to the State for titles and Monday registration are remitted timely, the financial statements could be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because of possible oversight by the County Tax Office.

Recommendation: The County Tax Office should install internal controls to provide reasonable assurance that all state monies collected be remitted to the State timely; to avoid the possibility of the financial statements being materially misstated either through mistake, error, or fraud.

2019-003 County Tax Office – Ad Valorem

Condition: County Tax Office – Ad Valorem –There is an unknown excess amount of \$163,230.12 in the Ad Valorem Account.

Criteria: Internal controls should be in place that provide reasonable assurance that all monies in the County Tax Office accounts be properly identified.

Effect: Since the County Tax Office does not have proper internal controls in place that provide reasonable assurance that all monies in the County Tax Office accounts are identified, the financial statements could be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because of possible oversight by the County Tax Office.

Recommendation: The County Tax Office should install internal controls to provide reasonable assurance that all monies in the County Tax Office accounts be properly identified monthly; to avoid the possibility of the financial statements being materially misstated either through mistake, error, or fraud.

2019-004 Segregation of Duties

Condition: Segregation of Duties - due to the limited number of people working in the office, many critical duties are combined and given to the available employees. To the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system as possible.

Criteria: Internal controls should be in place that provides reasonable assurance that to the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system as possible.

Effect: Because the County does not have proper segregation of duties the possibility exists that the financial statements can be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because it would be impracticable and expensive for the County to have a proper segregation of duties.

Recommendation: We recommend that the County look into the possibility of dividing up the accounting, bookkeeping/cash duties and/or to institute more oversight by management; to avoid the possibility of financial statements being materially misstated either through mistake, error, or fraud.

2019-005 County Clerk's Department

Condition: County Clerk –We noted in the test month, according to the computer reports, that the amount of cash remitted to the Treasurer was short in the amount of \$242.00.

Criteria: All monies collected in the County Clerk's office should be correctly remitted to the proper recipient.

Effect: Since the County Clerk does not have proper internal controls in place that provide reasonable assurance that all monies collected in the County Clerk's office are correctly remitted to the proper recipient, the financial statements could be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because of neglect by the County Clerk's department.

Recommendation: The County Clerk should install internal controls to provide reasonable assurance that all monies collected in the County Clerk's office be correctly remitted to the proper recipient; to avoid the possibility of the financial statements being materially misstated either through mistake, error, or fraud.

Maverick County's Reply to the above Findings

2019-001 District Clerk

The Auditor's Office would recommend to the Budget Officer (County Judge) to hire one person dedicated solely to the reconciliation of these accounts. Also, Auditor's Office will try to help the District Clerk in the reconciliation of these accounts.

2019-002 County Tax Office – Motor Vehicles

Tax Office will make an effort to comply with issuing payments on a timely manner.

2019-003 County Tax Office – Ad Valorem

The ad valorem balance has been carried prior to FYE2017; because that bank account had not been balanced as a "clearing" account, the balance in question could not be reconciled at FYE2017. That same balance existed as of FYE2018 and was kept by the tax collector in case an external claim for it was made. To date the same balance has remained on the books (since FYE2017) indicating that external sources do not have a claim to this amount. The Tax Collector intends to send this amount to the auditor for revenue classification in this fiscal year. The Auditor Office will recommend commissioner Court to transfer money to general fund as per external auditor's recommendation.

2019-004 Segregation of Duties

The Auditor's Office would recommend to the Budget Officer to consider hiring more people to avoid this issue. However, we are a small county and this has been a big issue for us for years.

2018-005 County Clerk's Department

County Clerk supervisor is making sure on a daily basis that the cash remitted to the Treasures' Office is the correct amount. Before remitting the cash to the Treasure's Office, the County Clerk makes a second revision.