

# **Maverick County Hospital District**

Independent Auditor's Report and Financial Statements

August 31, 2018 and 2017



**Maverick County Hospital District**  
**August 31, 2018 and 2017**

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## Independent Auditor's Report

Board of Directors  
Maverick County Hospital District  
Eagle Pass, Texas

We have audited the accompanying financial statements of Maverick County Hospital District (District), as of and for the years ended August 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of August 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information as listed in the table of contents 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 audits 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.

***BKD, LLP***

Dallas, Texas  
February 26, 2019

# **Maverick County Hospital District**

## **Management's Discussion and Analysis**

### **Years Ended August 31, 2018 and 2017**

#### ***Introduction***

This management's discussion and analysis of the financial performance of Maverick County Hospital District (District) provides an overview of the District's financial activities for the years ended August 31, 2018 and 2017. It should be read in conjunction with the accompanying financial statements of the District.

#### ***Financial Highlights***

- Cash and investments decreased in 2018 by \$1,102,112, or 6.3%, and decreased by \$980,125, or 5.3% in 2017.
- The District's net position decreased in 2018 by \$769,051, or 3.2%, and decreased in 2017 by \$252,988, or 1.0%.
- The District reported an operating loss in 2018 of \$3,965,758 and an operating loss in 2017 of \$2,211,623. The operating loss increased in 2018 by \$1,754,135 or 79.3%.
- Net nonoperating revenues increased by \$1,238,072, or 63.2%, in 2018 compared to 2017 and increased by \$5,872, or 0.3%, in 2017 compared to 2016.

#### ***Using This Annual Report***

The District's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

#### ***The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position***

One of the most important questions asked about any District's finances is "Is the District as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, all liabilities and all deferred inflows and outflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The District's total net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the District.

## **The Statement of Cash Flows**

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

## **The District's Net Position**

A summary of the District's balance sheets are presenting in the following table:

**Table 1: Assets and Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,106,578	\$ 4,428,079	\$ 2,524,428
Investments	14,226,398	13,007,009	15,890,785
Receivables and other assets, net	2,092,943	1,983,841	1,473,477
Capital assets, net	4,921,419	4,668,579	4,791,355
Net pension asset	874,007	619,526	587,244
Total assets	24,221,345	24,707,034	25,267,289
<b>Deferred Outflows of Resources - Pensions</b>	154,751	402,201	450,090
Total assets and deferred outflows of resources	<u>\$ 24,376,096</u>	<u>\$ 25,109,235</u>	<u>\$ 25,717,379</u>
<b>Liabilities and Long-term Debt</b>	<u>\$ 616,293</u>	<u>\$ 616,716</u>	<u>\$ 953,965</u>
<b>Deferred Inflows of Resources - Pensions</b>	130,371	94,036	111,943
<b>Net Position</b>			
Net investment in capital assets	4,821,955	4,584,804	4,583,454
Restricted for pension	874,007	619,526	587,244
Unrestricted	17,933,470	19,194,153	19,480,773
Total net position	<u>23,629,432</u>	<u>24,398,483</u>	<u>24,651,471</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 24,376,096</u>	<u>\$ 25,109,235</u>	<u>\$ 25,717,379</u>

A significant change in the District's assets in 2018 as compared to 2017, is the decrease in cash and investments of \$1,102,112, or 6.3%. The decrease is primarily a result of investments maturing during the year and being used for operating purposes and to fund capital improvements.

## **Operating Results and Changes in the District's Net Position**

The following table presents a summary of the District's revenues and expenses for each of the years ended August 31, 2018, 2017 and 2016.

**Table 2: Operating Results and Changes in Net Position**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Operating Revenues</b>			
Net patient service revenue	\$ 2,866,358	\$ 2,967,569	2,399,920
Other	1,097,827	1,676,185	788,313
Total operating revenues	<u>3,964,185</u>	<u>4,643,754</u>	<u>3,188,233</u>
<b>Operating Expenses</b>			
Salaries and wages and employee benefits	4,920,964	4,058,523	3,123,590
Purchased services and professional fees	791,421	973,471	1,312,061
Depreciation and amortization	257,688	293,414	266,694
Supplies and other	1,959,870	1,529,969	1,518,400
Total operating expenses	<u>7,929,943</u>	<u>6,855,377</u>	<u>6,220,745</u>
<b>Operating Loss</b>	<u>(3,965,758)</u>	<u>(2,211,623)</u>	<u>(3,032,512)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Property taxes	3,429,878	2,399,187	2,198,240
Investment return	10,603	211,472	182,047
Noncapital grants	688,667	668,962	534,494
Tobacco settlement	127,012	83,024	69,269
Indigent care and Medicaid waiver payments	(1,059,453)	(1,404,010)	(1,031,287)
Total nonoperating revenues, net	<u>3,196,707</u>	<u>1,958,635</u>	<u>1,952,763</u>
<b>Decrease in Net Position</b>	<u>\$ (769,051)</u>	<u>\$ (252,988)</u>	<u>(1,079,749)</u>

## **Operating Losses**

The first component of the overall change in the District's net position is its operating income or loss—the difference between operating revenues and the expenses incurred to perform those services. In 2018, 2017 and 2016, the District reported operating losses. This is consistent with the District's recent operating history as the District was formed and is operated primarily to support health care for low income residents in Maverick County. The District levies property taxes to provide sufficient resources to support that mission.

The operating loss for 2018 increased by \$1,754,135, or 79.3%, as compared to the operating loss in 2017. The primary component of the change in the operating loss in 2018 loss is the decrease in operating revenues of \$679,569, which is primarily attributable to the District receiving a refund in December 2016 of approximately \$935,000 for intergovernmental transfers made in prior years. The refund did not recur in 2018. Another component of the increase in operating loss in 2018 is that operating expenses increased by \$1,074,566 from 2017 to 2018, primarily as a result of increases in

salaries, wages and employee benefits and supplies and other. The increases are attributable to volume increases, which resulted in hiring additional full time employees during 2018.

The operating loss for 2017 improved by \$820,889, or 27.1%, as compared to the operating loss in 2016.

### ***Nonoperating Revenues and Expenses***

Nonoperating revenues and expenses consist primarily of property taxes levied by the District, investment income, noncapital grants, and indigent care and Medicaid waiver related payments. Total nonoperating revenues and expenses increased by \$1,238,072, or 63.2%, between 2018 and 2017. The increase was primarily due to an increase in property tax revenue of approximately \$1,031,000 due to an increase in the property values.

Nonoperating revenues and expenses increased in 2017 as compared to 2016 by \$5,872, or 0.3%.

### ***The District's Cash Flows***

Changes in the District's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses for 2018, 2017 and 2016 discussed earlier.

### ***Capital Asset and Debt Administration***

#### **Capital Assets**

At August 31, 2018, the District had \$4,921,419 invested in capital assets, net of accumulated depreciation. In 2018, the District added capital assets costing approximately \$511,000.

At August 31, 2017, the District had \$4,668,579 invested in capital assets, net of accumulated depreciation. In 2017, the District purchased new equipment costing approximately \$171,000.

#### **Debt**

At August 31, 2018 and 2017, the District had \$46,132 and \$83,775, respectively, in capital lease obligations and notes payable outstanding.

### ***Contacting the District's Financial Management***

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Maverick County Hospital District at 3406 Bob Rogers Drive, Suite 230, Eagle Pass, TX 78852.



**Maverick County Hospital District**  
**Balance Sheets**  
**August 31, 2018 and 2017**

**Assets and Deferred Outflows of Resources**

	<u>2018</u>	<u>2017</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,106,578	\$ 4,428,079
Short-term investments	3,508,237	3,649,109
Patient accounts receivable, net of allowance; 2018—\$838,000, 2017—\$1,012,000	431,704	600,606
Property taxes receivable, net of allowance; 2018—\$479,000 2017—\$377,000	366,564	371,104
Other receivables, net of allowance; 2018—\$270,000, 2017—\$290,000	1,139,743	916,179
Prepaid expenses and other	154,932	95,952
	<hr/>	<hr/>
Total current assets	7,707,758	10,061,029
	<hr/>	<hr/>
<b>Noncurrent Cash and Investments</b>	10,718,161	9,357,900
	<hr/>	<hr/>
<b>Capital Assets, Net</b>	4,921,419	4,668,579
	<hr/>	<hr/>
<b>Net Pension Asset</b>	874,007	619,526
	<hr/>	<hr/>
Total assets	24,221,345	24,707,034
	<hr/>	<hr/>
<b>Deferred Outflows of Resources - Pensions</b>	154,751	402,201
	<hr/>	<hr/>
Total assets and deferred outflows of resources	<u>\$ 24,376,096</u>	<u>\$ 25,109,235</u>

## Liabilities, Deferred Inflows of Resources, and Net Position

	<u>2018</u>	<u>2017</u>
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 24,067	\$ 38,501
Accounts payable	174,077	208,014
Accrued salaries, wages and compensated absences	396,084	324,927
	<hr/>	<hr/>
Total current liabilities	594,228	571,442
<b>Long-term debt</b>	<hr/> 22,065	<hr/> 45,274
Total liabilities	<hr/> 616,293	<hr/> 616,716
<b>Deferred Inflows of Resources - Pensions</b>	<hr/> 130,371	<hr/> 94,036
<b>Net Position</b>		
Net investment in capital assets	4,821,955	4,584,804
Restricted for pension	874,007	619,526
Unrestricted	17,933,470	19,194,153
	<hr/>	<hr/>
Total net position	23,629,432	24,398,483
Total liabilities, deferred inflows of resources, and net position	<hr/> <u>\$ 24,376,096</u>	<hr/> <u>\$ 25,109,235</u>

**Maverick County Hospital District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended August 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Operating Revenues</b>		
Net patient service revenue, net of provision for uncollectible accounts; 2018—\$512,000, 2017—\$157,000	\$ 2,866,358	\$ 2,967,569
Other	1,097,827	1,676,185
Total operating revenues	3,964,185	4,643,754
<b>Operating Expenses</b>		
Salaries and wages	4,167,081	3,419,241
Employee benefits	753,883	639,282
Purchased services and professional fees	791,421	973,471
Supplies and other	1,874,888	1,453,210
Professional liability insurance expense	84,982	76,759
Depreciation and amortization	257,688	293,414
Total operating expenses	7,929,943	6,855,377
<b>Operating Loss</b>	(3,965,758)	(2,211,623)
<b>Nonoperating Revenues (Expenses)</b>		
Property taxes	3,429,878	2,399,187
Interest income	256,665	202,492
Change in unrealized gain (loss) in fair value of investments	(246,062)	8,980
Noncapital grants and gifts	688,667	668,962
Tobacco settlement	127,012	83,024
Indigent care and Medicaid waiver payments	(1,059,453)	(1,404,010)
Total nonoperating revenues, net	3,196,707	1,958,635
<b>Decrease in Net Position</b>	(769,051)	(252,988)
<b>Net Position, Beginning of Year</b>	24,398,483	24,651,471
<b>Net Position, End of Year</b>	\$ 23,629,432	\$ 24,398,483

**Maverick County Hospital District**  
**Statements of Cash Flows**  
**Years Ended August 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Receipts from and on behalf of patients and program participants	\$ 2,732,607	\$ 2,537,565
Payments to suppliers	(2,897,540)	(2,495,787)
Payments to employees	(4,820,503)	(3,938,117)
Other receipts, net	1,047,267	1,409,265
Net cash used in operating activities	(3,938,169)	(2,487,074)
<b>Noncapital Financing Activities</b>		
Property taxes supporting operations	3,434,418	2,335,351
Proceeds received from tobacco settlement	127,012	83,024
Noncapital grants and gifts	613,220	667,011
Medicaid waiver program payments	(838,124)	(1,496,140)
Net cash provided by noncapital financing activities	3,336,526	1,589,246
<b>Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(37,643)	(38,464)
Purchase of capital assets	(457,196)	(256,300)
Net cash used in capital and related financing activities	(494,839)	(294,764)
<b>Investing Activities</b>		
Investment income	(5,630)	212,467
Purchase of investments	(7,068,389)	(7,514,954)
Proceeds from sale of investments	5,849,000	10,398,730
Net cash provided by (used in) investing activities	(1,225,019)	3,096,243
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(2,321,501)	1,903,651
<b>Cash and Cash Equivalents, Beginning of Year</b>	4,428,079	2,524,428
<b>Cash and Cash Equivalents, End of Year</b>	\$ 2,106,578	\$ 4,428,079

**Maverick County Hospital District**  
**Statements of Cash Flows (Continued)**  
**Years Ended August 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Reconciliation of Operating Loss to Net Cash</b>		
<b>Used in Operating Activities</b>		
Operating loss	\$ (3,965,758)	\$ (2,211,623)
Depreciation and amortization	257,688	293,414
Provision for uncollectible accounts	512,199	163,094
Changes in operating assets and liabilities		
Patient accounts receivable and other, net	(696,510)	(860,018)
Accounts payable and accrued expenses	(16,112)	42,281
Net pension asset	(254,481)	(32,282)
Deferred outflows of resources - pensions	247,450	47,889
Deferred inflows of resources - pensions	36,335	(17,907)
Other assets and liabilities	(58,980)	88,078
	(3,938,169)	(2,487,074)
Net cash used in operating activities	\$ (3,938,169)	\$ (2,487,074)
<b>Supplemental Cash Flows Information</b>		
Capital assets acquisitions included in accounts payable	\$ 53,332	\$ -
Notes payable incurred for capital assets	\$ -	\$ 78,518

# **Maverick County Hospital District**

## **Notes to Financial Statements**

### **August 31, 2018 and 2017**

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

##### ***Nature of Operations and Reporting Entity***

Maverick County Hospital District is a political subdivision of the state of Texas. The District is controlled by a five-member board of governors elected by the public. The purpose of the District is to provide medical services to residents of Maverick County through support of indigent care programs by area medical care providers and to provide educational services through direct community involvement. The District also recruits physicians of various specialties to Maverick County in an effort to expand the range of medical services in Maverick County.

##### ***Basis of Accounting and Presentation***

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, property taxes and investment income are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

##### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Cash Equivalents***

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At August 31, 2018 and 2017, cash equivalents consisted of investments in public fund investment pools that included funds used for operations.

##### ***Property Taxes***

The District received approximately 42% in 2018 and 30% in 2017 of its financial support from property taxes. These funds were used to support operations.

**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

Property taxes are levied by the District on October 1 of each year based on the preceding January 1 assessed property values. To secure payment, an enforceable lien attaches to the property on January 1, when the value is assessed. Property taxes become due and payable when levied on October 1. This is the date on which an enforceable legal claim arises and the District records a receivable for the property tax assessment, less an allowance for uncollectible taxes. Property taxes are considered delinquent after January 31 of the following year.

The District's property tax rate was \$.1299 per \$100 valuation for the years ending August 31, 2018 and 2017. Property tax revenue totaled \$3,429,878 and \$2,399,187 for 2018 and 2017, respectively.

***Risk Management***

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice claims. Settled claims have not exceeded this commercial coverage in any of the three preceding periods.

***Investments and Investment Income***

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in non-negotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

***Patient Accounts Receivable***

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the District:

Land improvements	7-15 years
Buildings and improvements	25-40 years
Equipment	3-10 years

**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

***Defined Benefit Pension Plan***

The District provides pension benefits to its employees through an agent multiple-employer defined benefit pension plan operated by the Texas County and District Retirement System (Plan). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows of Resources***

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position.

***Deferred Inflows of Resources***

The District reports decreases in net position that relate to future periods as deferred inflows of resources in a separate section of its statements of net position.

***Compensated Absences***

District policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits when earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expenses when the time off occurs and no liability is accrued for such benefits employees have earned, but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

***Net Position***

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted for pension represents assets restricted for providing contributions to the agent multiple-employer defined benefit pension plan which provides pensions in accordance with the benefit terms of the plan. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.



# Maverick County Hospital District

## Notes to Financial Statements

### August 31, 2018 and 2017

#### ***Net Patient Service Revenue***

Net patient service revenue is derived from services of physicians employed by the District. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, and include estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods, as adjustments become known. The District's physician group provided approximately \$221,000 and \$163,000 in indigent care to participants in the District's indigent care program in 2018 and 2017, respectively.

Net patient service revenue also includes revenue from the collection of coinsurance or cost-sharing payments from individuals who receive medical care under the District's indigent care program. These payments are based on a sliding scale of federal poverty guidelines.

#### ***Income Taxes***

The District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the District is subject to federal income tax on any unrelated business taxable income.

#### ***Reclassifications***

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation. The reclassifications had no effect on the changes in financial position.

#### **Note 2: Indigent Care**

As discussed in *Note 1*, the primary purpose of the District is to provide medical services to residents of Maverick County. This is done through support of indigent care programs at area medical providers. As part of its mission of providing indigent care to citizens of Maverick County, the District participates in the Medicaid Section 1115(a) Waiver program, a program designed to benefit hospitals that service low income and indigent patients. As part of the program, certain governmental entities, including hospital districts, advance funds which are matched with federal funding. Based on specific requirements, all funds are then disbursed to providers throughout Texas. In connection with this program, the District transferred funds in the amount of \$838,124 and \$1,266,636 for the years ended August 31, 2018 and 2017, respectively. In December 2016, the District was refunded approximately \$935,000 for transfers made in prior years. This amount is included in other operating revenue in the statements of revenues, expenses and changes in net position.

**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

**Note 3: Deposits and Investment Income**

***Deposits***

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or other qualified investments. At August 31, 2018 and 2017, the District's deposits were either insured or collateralized in accordance with state law.

***Investments***

The District may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities, and in bank repurchase agreements.

At August 31, 2018 and 2017, the District had the following investments and maturities:

Type	August 31, 2018		
	Fair Value	Maturities in Years	
		Less than 1	1-5
U.S. agencies obligations	\$ 6,915,714	\$ 398,740	\$ 6,516,974
Municipal bonds	2,691,032	1,242,250	1,448,782
Certificates of deposit	4,619,652	1,867,247	2,752,405
Texas Class Investment Pool	546,374	546,374	-
	\$ 14,772,772	\$ 4,054,611	\$ 10,718,161
Type	August 31, 2017		
	Fair Value	Maturities in Years	
		Less than 1	1-5
U.S. agencies obligations	\$ 6,174,665	\$ 750,000	\$ 5,424,665
Municipal bonds	2,430,671	419,436	2,011,235
Certificates of deposit	3,655,540	1,733,540	1,922,000
Texas Class Investment Pool	1,164,295	1,164,295	-
Commercial paper	746,133	746,133	-
	\$ 14,171,304	\$ 4,813,404	\$ 9,357,900

# Maverick County Hospital District

## Notes to Financial Statements

### August 31, 2018 and 2017

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy requires that total investments have a weighted-average maturity of five years or less. The District’s investments in U.S. agency obligations include fixed-rate notes and bonds with a weighted average maturity of three years.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the District’s policy to limit its investments to U.S. Treasury and agency obligations or otherwise follow the restrictions of the *Texas Public Funds Investment Act*. The debt securities of the U.S. agencies are rated AA+ by Standard & Poor’s rating agency. The District’s investments in municipal bonds were rated AA or AAA by Standard & Poor’s rating agency.

The District also utilizes a pooled investment concept for its funds to maximize its investment program by investing in TexCLASS, which is an investment pool authorized by the Texas Legislature. The Texas Treasury Safekeeping Trust Company is the trustee and is a limited purpose trust company authorized pursuant to Texas Government Code. The pool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in the pools is the same as the value of the pools shares.

The District also invests in certificates of deposit, which are classified as investments for financial reporting purposes. These certificates of deposit are fully collateralized by the various financial institutions.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the District’s investments are held in safekeeping or trust accounts.

Concentration of Credit Risk – As a means of limiting the risk of loss resulting from over concentration of assets in any one issuer, it is the District’s policy to diversify investment holdings to provide for stability of income and reasonable liquidity.

**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

The following table reflects the District's investments in single issuers that represent more than 5% of total investments at August 31, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Federal Farm Credit Bank	23%	16%
Federal Home Loan Bank	19%	13%
Federal National Mortgage Association	7%	8%
Florida State Board of Administration Finance Corporation	5%	6%
Harris County Texas	5%	6%
Federal Home Loan Mortgage Corporation	0%	12%

***Summary of Carrying Values***

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	<u>2018</u>	<u>2017</u>
Carrying value		
Deposits	\$ 1,560,204	\$ 3,263,784
Investments	<u>14,772,772</u>	<u>14,171,304</u>
	<u>\$ 16,332,976</u>	<u>\$ 17,435,088</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 2,106,578	\$ 4,428,079
Short-term investments	3,508,237	3,649,109
Noncurrent cash and investments	<u>10,718,161</u>	<u>9,357,900</u>
	<u>\$ 16,332,976</u>	<u>\$ 17,435,088</u>

**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

**Note 4: Capital Assets**

Capital assets activity for the years ended August 31, was:

	<b>2018</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
Land improvements	\$ 275,428	\$ 75,759	\$ -	\$ -	\$ 351,187
Buildings and improvements	7,168,965	-	-	-	7,168,965
Equipment	1,690,102	34,945	-	-	1,725,047
Construction in progress	-	399,824	-	-	399,824
	<u>9,134,495</u>	<u>510,528</u>	<u>-</u>	<u>-</u>	<u>9,645,023</u>
Less accumulated depreciation:					
Land improvements	58,845	19,461	-	-	78,306
Buildings and improvements	3,045,773	140,428	-	-	3,186,201
Equipment	1,361,298	97,799	-	-	1,459,097
	<u>4,465,916</u>	<u>257,688</u>	<u>-</u>	<u>-</u>	<u>4,723,604</u>
Capital assets, net	<u>\$ 4,668,579</u>	<u>\$ 252,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,921,419</u>
	<b>2017</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
Land improvements	94,480	\$ 16,768	\$ -	\$ 164,180	\$ 275,428
Buildings and improvements	7,168,965	-	-	-	7,168,965
Equipment	1,700,412	153,870	-	(164,180)	1,690,102
	<u>8,963,857</u>	<u>170,638</u>	<u>-</u>	<u>-</u>	<u>9,134,495</u>
Less accumulated depreciation:					
Land improvements	42,498	16,347	-	-	58,845
Buildings and improvements	2,880,693	165,080	-	-	3,045,773
Equipment	1,249,311	111,987	-	-	1,361,298
	<u>4,172,502</u>	<u>293,414</u>	<u>-</u>	<u>-</u>	<u>4,465,916</u>
Capital assets, net	<u>\$ 4,791,355</u>	<u>\$ (122,776)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,668,579</u>

**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

**Note 5: Risk Management**

***General Liability Risks***

The District participates in the Texas Municipal League Intergovernmental Risk Pool (Pool), currently operating as a common risk management and insurance program for its members. The District pays an annual premium to the Pool for its general liability torts insurance coverage. The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums.

***Medical Malpractice Risks***

The District is a unit of government covered by the Texas Tort Claims Acts (TTCA) which, by statute, limits its malpractice liability to \$100,000 per person and \$300,000 per occurrence. The District was self-insured for medical malpractice risks until June 30, 2011, at which time, the District was insured by a third party, up to the limits established by the TTCA. To cover such risks, the District purchases medical malpractice insurance under an occurrence-basis policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claims costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the District's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

**Note 6: Operating Leases**

The District leases office space in its medical office building to unrelated parties. All of the District's existing leases are cancellable with 30 days prior written notice. Rental income was approximately \$325,000 and \$205,000 for 2018 and 2017, respectively, and is recognized as a component of other operating revenue in the statements of revenues, expenses and changes in net position.

**Note 7: Pension Plans**

***Defined Contribution Plan Description***

In 2017, the District began to offer a defined contribution plan covering substantially all employees. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the District's governing body. Contributions made by plan members were approximately \$59,000 and \$11,000 during 2018 and 2017, respectively. The District does not make contributions to the plan. Employees are immediately vested in their own contributions and earnings on those contributions.

**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

**Defined Benefit Plan Description**

The District contributes to the Texas County and District Retirement System (TCDRS), an agent multiple-employer defined benefit pension plan covering substantially all employees. The Plan is administered by a board of trustees appointed by TCDRS. Benefit provisions are contained in the plan document and were established and can be amended by action of the District’s governing body within the options available in the state statutes governing TCDRS. The Plan does not issue a separate report that includes financial statements and required supplementary information for the plan. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or from the website [www.tcdrs.org](http://www.tcdrs.org).

**Benefits Provided**

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

Members can retire at ages 60 and above with eight or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after eight years but must leave his accumulated contributions in the Plan to receive any employer-financed benefit. If a member withdraws his personal contributions in a lump sum, he is not entitled to any amounts contributed by the employer.

The Plan has been adopted in lieu of the normal requirement that employers contribute to the social security program (other than for the Medicare portion).

The employees covered by the Plan at December 31 (measurement date) are:

	<b>2017</b>	<b>2016</b>
Inactive employees or beneficiaries currently receiving benefits	4	2
Inactive employees entitled to but not yet receiving benefits	42	41
Active employees	57	51
	103	94

# Maverick County Hospital District

## Notes to Financial Statements

### August 31, 2018 and 2017

#### **Contributions**

The District's governing body has the authority to establish and amend the contribution requirements of the District and active employees.

The District establishes rates based on the annually determined rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Plan members are required to contribute 6% of their annually covered salary. Under the TCDRS Act, rates are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended August 31, 2018, employees contributed \$197,159, or 4.9% of annual pay and the District contributed \$166,164, or 4.1% of annual pay. For the year ended August 31, 2017, employees contributed \$178,170, or 5.5% of annual pay, and the District contributed \$136,249, or 4.2% of annual pay, to the Plan.

#### **Net Pension Asset**

The District's net pension asset as of August 31, 2018 and 2017, was measured as of December 31, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension asset was determined by actuarial valuations as of these dates.

The total pension liability in the August 31, 2018 and 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% and 3.0% at December 31, 2017 and 2016, respectively
Salary increases	4.9% average over career, including inflation
Ad hoc cost of living adjustments	Not included
Investment rate of return	8.0%, net of pension plan administrative expenses

Mortality rates for depositing members were based on the RP-2014 Active Employee Mortality Table with a 110% for females and 130% for males, both projected with 110% of the MP-2014 Ultimate scale after that.

The actuarial assumptions used in the December 31, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016 and January 1, 2009 through December 31, 2012, respectively.



**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of geometric rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>
Equities		
U.S. Equities	11.5%	4.6%
International Equities — Developed	11.0%	4.6%
International Equities — Emerging	8.0%	5.6%
Global Equities	1.5%	4.9%
Hedge Funds	18.0%	4.1%
High-Yield Investments		
Strategic Credit	8.0%	4.1%
Distressed Debt	2.0%	6.3%
Direct Lending	10.0%	8.1%
Private Equity	16.0%	7.6%
Real Assets		
REITs	2.0%	4.1%
Private Real Estate Partnerships	6.0%	6.3%
Master Limited Partnerships	3.0%	6.0%
Investment-Grade Bonds	3.0%	0.8%
Total	100%	

***Discount Rate***

The discount rate used to measure the total pension liability was 8.1% at December 31, 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position and the net pension asset for the years end August 31, are:



**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

The District's net pension asset has been calculated using a discount rate of 8.1%. The following table presents the net pension asset using a discount rate 1% higher and 1% lower than the current rate for August 31:

	2018		
	Current		
	1% Decrease 7.1%	Discount Rate 8.1%	1% Increase 9.1%
District's net pension asset	\$ (300,497)	\$ (874,007)	\$ (1,349,312)

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the years ended August 31, 2018 and 2017, the District recognized pension expense of approximately \$196,000 and \$135,000, respectively. At August 31, 2018 and 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 118,974
Changes of assumptions	22,072	-
Net difference between projected and actual earnings on plan investments	-	11,397
Contributions subsequent to the measurement date	132,679	-
	\$ 154,751	\$ 130,371

**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

	<b>2017</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 94,036
Changes of assumptions	21,660	
Net difference between projected and actual earnings on plan investments	280,148	-
Contributions subsequent to the measurement date	100,393	-
	<b>\$ 402,201</b>	<b>\$ 94,036</b>

At August 31, 2018 and 2017, the District reported \$132,679 and \$100,393, respectively, as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as an increase of the net pension asset at August 31, 2018 and 2017, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at August 31, 2018, related to pensions will be recognized in pension expense as follows:

Year ending August 31:	
2019	\$ 19,907
2020	8,465
2021	(69,758)
2022	(58,433)
2023	(8,480)
	<b>\$ (108,299)</b>

***Pension Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is available in the separately issued financial report of TCDRS for the year ended December 31, 2017.

**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

**Note 8: Disclosure About Fair Value of Assets**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Recurring Measurements**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2018 and 2017:

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>August 31, 2018</b>				
<b>Investments by fair value level</b>				
U.S. agency obligations	\$ 6,915,714	\$ -	\$ 6,915,714	\$ -
Municipal bonds	2,691,032	-	2,691,032	-
Total investments by fair value level	9,606,746	\$ -	\$ 9,606,746	\$ -
<b>Investments measured at net asset value</b>				
Texas Class Investment Pool	546,374			
<b>Certificates of deposit</b>	4,619,652			
Total investments	\$ 14,772,772			

**Maverick County Hospital District**  
**Notes to Financial Statements**  
**August 31, 2018 and 2017**

	Carrying Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>August 31, 2017</b>				
<b>Investments by fair value level</b>				
U.S. agency obligations	\$ 6,174,665	\$ -	\$ 6,174,665	\$ -
Municipal bonds	2,430,671	-	2,430,671	-
Commercial paper	746,133	-	746,133	-
Total investments by fair value level	9,351,469	\$ -	\$ 9,351,469	\$ -
<b>Investments measured at net asset value</b>				
Texas Class Investment Pool	1,164,295			
<b>Certificates of deposit</b>	<u>3,655,540</u>			
Total investments	<u>\$ 14,171,304</u>			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At August 31, 2018 and 2017, no investments were held by the District meeting the Level 3 hierarchy classification.

**Investment in State Investment Pool** – During 2018 and 2017, the District invested in Texas CLASS, a public fund investment pool. Investments in the pool are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the District has not been issued certificates, but rather it owns an individual beneficial interest in the net position of the related investment pool. The fair value of the position of the pool is measured at net asset value and is designed to approximate the share value. The pool’s governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

## **Required Supplementary Information**

**Maverick County Hospital District**  
**Schedule of Changes in the District's Net Pension Asset and Related Ratios**  
**As of December 31,**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>				
Service cost	\$ 388,012	\$ 287,349	\$ 307,603	\$ 332,561
Interest on total pension liability	290,693	238,238	216,704	182,393
Effect of plan changes	-	-	(49,031)	-
Effect of assumption changes or inputs	6,993	-	32,490	-
Effect of economic and demographic gains	(57,868)	(5,377)	(128,830)	(6,419)
Benefit payments, including refunds of employee contributions	(81,946)	(156,114)	(68,123)	(61,222)
<b>Net change in total pension liability</b>	<b>545,884</b>	<b>364,096</b>	<b>310,813</b>	<b>447,313</b>
<b>Total pension liability—beginning</b>	<b>3,240,965</b>	<b>2,876,869</b>	<b>2,566,056</b>	<b>2,118,743</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 3,786,849</b>	<b>\$ 3,240,965</b>	<b>\$ 2,876,869</b>	<b>\$ 2,566,056</b>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 134,514	\$ 118,580	\$ 111,235	\$ 88,493
Contributions—employee	180,555	152,340	131,899	134,761
Net investment income net of investment expenses	567,247	257,852	(106,675)	197,186
Benefit payments, including refunds of employee contributions	(81,946)	(156,114)	(68,123)	(61,222)
Administrative expense	(3,100)	(2,803)	(2,482)	(2,482)
Other	3,095	26,523	3,644	11,935
<b>Net change in plan fiduciary net position</b>	<b>800,365</b>	<b>396,378</b>	<b>69,498</b>	<b>368,671</b>
<b>Plan fiduciary net position—beginning</b>	<b>3,860,491</b>	<b>3,464,113</b>	<b>3,394,615</b>	<b>3,025,944</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 4,660,856</b>	<b>\$ 3,860,491</b>	<b>\$ 3,464,113</b>	<b>\$ 3,394,615</b>
<b>District's net pension asset—ending (a) – (b)</b>	<b>\$ (874,007)</b>	<b>\$ (619,526)</b>	<b>\$ (587,244)</b>	<b>\$ (828,559)</b>
<b>Plan fiduciary net position as a percentage of the total pension asset</b>	123.08%	119.12%	120.41%	132.29%
<b>Covered-employee payroll</b>	\$ 3,009,257	\$ 2,536,740	\$ 2,198,316	\$ 2,246,025
<b>District's net pension asset as a percentage of covered-employee payroll</b>	-29.04%	-24.42%	-26.71%	-36.89%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Information presented in this schedule has been determined as of the measurement date (December 31) of the net pension asset in accordance with GASB 68.



**Maverick County Hospital District**  
**Schedule of District Contributions**  
**Year Ending August 31,**

Year Ending August 31,	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll (1)	Contributions as a percentage of covered-employee payroll
2018	\$ 166,164	\$ 166,164	-	\$ 4,013,512	4.1%
2017	\$ 136,249	\$ 136,249	-	\$ 3,253,760	4.2%
2016	\$ 104,205	\$ 104,205	-	\$ 2,571,786	4.1%
2015	\$ 105,356	\$ 105,356	-	\$ 2,465,973	4.3%

**Notes to Schedule:**

(1) Payroll is calculated based on contributions as reported to TCDRS

*Valuation date:*

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

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry age normal cost
Amortization method	Closed
Remaining amortization period	0.0 years
Asset valuation method	5-year smoothed non-asymptotic market
Inflation	2.75%
Salary increases	4.9% average over career, including inflation
Investment rate of return	8.0%, net of pension plan investment expense, including inflation
Retirement age	61 (average)
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.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Information presented in this schedule has been determined as of the District's fiscal year end (August 31) in accordance with GASB 68.