

TRINITY COUNTY, TEXAS

**AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORTS**

SEPTEMBER 30, 2015

INTRODUCTORY SECTION

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**TRINITY COUNTY, TEXAS
PRINCIPAL PUBLIC OFFICIALS
SEPTEMBER 30, 2015**

COMMISSIONERS' COURT

Steven D. Page County Judge
Grover "Tiger" Worsham Commissioner Precinct #1
Richard Chamberlin Commissioner Precinct #2
Neal Smith..... Commissioner Precinct #3
Jimmy Brown Commissioner Precinct #4

COUNTY ELECTED OFFICIALS

Rusty Barrett Constable Precinct #1
Mark Cole Constable Precinct #2
Carl Casey Constable Precinct #3
Reggie Olive..... Constable Precinct #4
Joe Warner Bell.....County Attorney
Shasta Bergman.....County Clerk
Bob DockensCounty Treasurer
Danny Martin Justice of the Peace, Precinct #1
Lyle Stubbs..... Justice of the Peace, Precinct #2
Hayne Huffman Justice of the Peace, Precinct #3
Sam "Rod" Blair, III..... Justice of the Peace, Precinct #4
Woody Wallace. Sheriff
Lindy Madden Warren Tax Assessor/Collector

DISTRICT ELECTED OFFICIALS

Bennie Shiro..... District Attorney, 258th Judicial District
Kristen Raiford.....District Clerk
Ernie McClendon District Judge, 258th Judicial District
Kaycee Jones District Judge, 411th Judicial District

APPOINTED OFFICIALS

Sheila Johnson..... County Auditor

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FINANCIAL SECTION

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Todd, Hamaker & Johnson, LLP

CERTIFIED PUBLIC ACCOUNTANTS

420 S 1st Street • PO Box 468 • Lufkin, TX 75902-0468 • (936) 632-8181
301 N 6th Street • PO Box 1249 • Crockett, TX 75835-1249 • (936) 544-2143

Melvin R. Todd, CPA
Daren Hamaker, CPA
Kim Johnson, CPA
Rachel Kennerly, CPA

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Members of the Commissioners' Court
Trinity County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trinity County, Texas, (the "County") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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, each major fund, and the aggregate remaining

INDEPENDENT AUDITORS' REPORT – CONTINUED

fund information of Trinity County, Texas, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in the notes to the financial statements, in 2015 the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability, and the schedule of pension contributions and related notes on pages 11 - 17 and 61 - 75, respectively, 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 the County's basic financial statements. The combining nonmajor fund financial statements section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards, on pages 81 - 90 and 99, respectively, 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 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.

INDEPENDENT AUDITORS' REPORT – CONTINUED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, on pages 93 - 94, on our consideration of the County'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Todd, Hamaker & Johnson, LLP

Todd, Hamaker & Johnson, LLP
Lufkin, Texas

June 21, 2016

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**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

As management of Trinity County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2015. We encourage readers to consider information presented here as well as the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide financial statements

- The County's overall assets exceeded its total liabilities by \$7,440,668 (net position) at September 30, 2015.
- Total assets increased by \$1,899,634 over the prior year; total liabilities increased by \$1,136,494 over the prior year.
- Overall revenues exceeded expenses by \$1,199,653.

Fund financial statements

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$970,401. Overall revenues exceeded expenditures by \$1,258,658.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary that further explains and supports the information in the financial statements.

Government-wide Financial Statements. The *government-wide financial statements*, which begin on page 23 of this report, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The *statement of net position* presents information on all of the County's 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 the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the fiscal year. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

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* available at the end of the fiscal year.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due.

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 in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 28 to 35 of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the County's own programs.

The fiduciary fund financial statement can be found on page 37 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 to 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. The County's assets exceeded its liabilities by \$7,440,668 at September 30, 2015.

The largest portion of the County's net position, or \$6,369,944, reflects its investment in capital assets (\$8,440,220) less the related debt used to acquire those assets that remains outstanding (\$2,070,276). The County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (a total of \$339,081) represents resources that are subject to restriction on how they may be used.

The remaining balance of \$731,643 is unrestricted in nature.

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

The County's Net Position

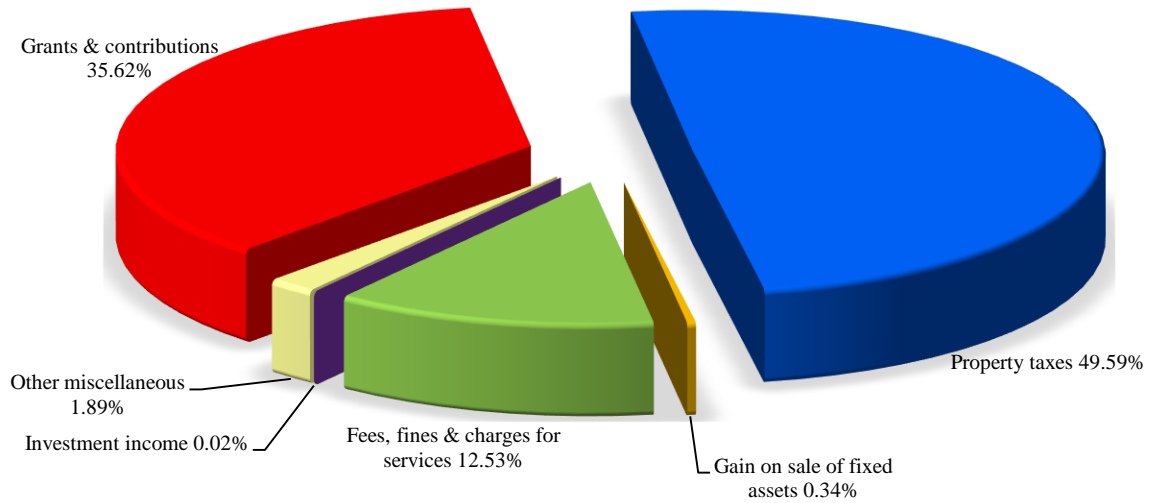
	<u>2015</u>	<u>2014</u>
ASSETS		
Current and other assets	\$ 2,209,519	\$ 1,165,720
Capital assets, net	<u>8,440,220</u>	<u>7,584,385</u>
Total assets	<u>10,649,739</u>	<u>8,750,105</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>345,244</u>	<u>-</u>
LIABILITIES		
Long-term liabilities	2,349,791	1,905,627
Other liabilities	<u>1,204,524</u>	<u>512,194</u>
Total liabilities	<u>3,554,315</u>	<u>2,417,821</u>
NET POSITION		
Invested in capital assets, net of related debt	6,369,944	5,678,758
Restricted	339,081	205,386
Unrestricted	<u>731,643</u>	<u>448,140</u>
Total net position	<u>\$ 7,440,668</u>	<u>\$ 6,332,284</u>

Change in Net Position

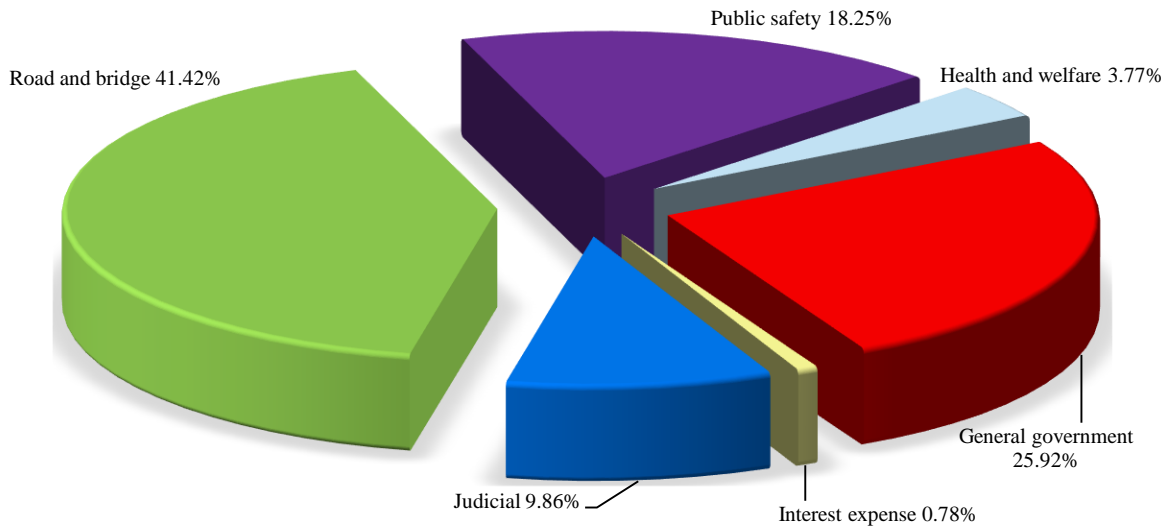
	<u>2015</u>	<u>2014</u>
Revenues		
Fees, fines, charges for services	\$ 1,133,076	\$ 1,100,134
Grants and contributions, net of pass-through expenditures	3,221,974	823,136
Property taxes	4,485,948	4,376,274
Payment in lieu of taxes	22,345	24,239
Investment income	2,103	4,397
Gain on sale of assets	31,000	8,638
Other miscellaneous	<u>171,173</u>	<u>53,069</u>
Total revenues	<u>9,067,619</u>	<u>6,389,887</u>
Expenses		
General government	2,038,955	1,995,409
Road and bridge	3,259,289	1,346,956
Judicial	776,080	789,679
Public safety	1,435,749	1,380,252
Health and welfare	296,683	286,016
Interest on long-term debt	<u>61,210</u>	<u>77,867</u>
Total expenses	<u>7,867,966</u>	<u>5,876,179</u>
Increase (decrease) in net position	1,199,653	513,708
Prior period adjustment	(91,269)	-
Net position at beginning of year	<u>6,332,284</u>	<u>5,818,576</u>
Net position at end of year	<u>\$ 7,440,668</u>	<u>\$ 6,332,284</u>

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

**Revenues by Source
For the Fiscal Year Ended September 30, 2015**



**Expenses by Function
For the Fiscal Year Ended September 30, 2015**



**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

The County's governmental fund financial statements are presented on pages 28 to 35.

As of September 30, 2015, the County's road and bridge precinct no. 1 fund reported a total deficit fund balance of \$12,502. The remaining governmental funds reported a combined positive fund balance of \$982,903. Overall, a positive fund balance of \$970,401 is shown.

This fund balance is comprised of \$594,185 that is either in a nonspendable form, restricted, or assigned for specific purposes. The remaining balance, \$376,216, is unassigned. During the year, the fund balance in the County's governmental funds increased by \$374,022.

Budgetary Comparisons. A comparison of the County's major fund's budget and actual results are presented as required supplementary information on pages 61 to 69.

General Fund. A decrease of \$52,966 (expenditures greater than revenues) was budgeted for the general fund. Actual results yielded a \$185,853 increase in fund balance and a favorable budget variance of \$238,819.

Road and Bridge Fund, Precinct No. 1. No change in fund balance (revenues equal to expenditures) was budgeted for the fund. Actual results yielded a \$49,275 increase in fund balance. Adjusted to a budgetary basis (which provides for short-term debt), a \$31,245 favorable budget variance was reported.

Road and Bridge Fund, Precinct No. 2. No change in fund balance (revenues equal to expenditures) was anticipated in the final budget for the fund. Actual results yielded a \$26,141 increase in fund balance and favorable budget variance.

Road and Bridge Fund, Precinct No. 3. No change in fund balance (revenues equal to expenditures) was budgeted for the fund. Actual results yielded a \$7,905 increase in fund balance and favorable budget variance.

Road and Bridge Fund, Precinct No. 4. No change in fund balance (revenues equal to expenditures) was budgeted for the fund. Actual results yielded a \$47,027 increase in fund balance and favorable budget variance.

Grant Funds. No budget was adopted for the grant funds.

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

CAPITAL ASSETS

The County's investment in capital assets as of September 30, 2015 totaled \$8,440,220 (net of accumulated depreciation). This investment includes land, building, equipment, improvements (other than buildings), and construction in progress.

Capital assets of \$1,635,491 were purchased during the year. Significant purchases included:

- Road improvements (grant-funded)
- Various building improvements
- Various trucks and heavy equipment (funded by capital leases/notes)

Capital Assets (Net of Depreciation)

	2015	2014
Land	\$ 44,999	\$ 44,999
Construction in progress	-	25,000
Buildings and improvements	7,157,555	7,126,334
Infrastructure	899,108	96,880
Rolling stock	2,948,744	2,721,815
Furniture and equipment	849,261	846,447
Less: accumulated depreciation	(3,459,447)	(3,277,090)
Total	\$ 8,440,220	\$ 7,584,385

DEBT ADMINISTRATION

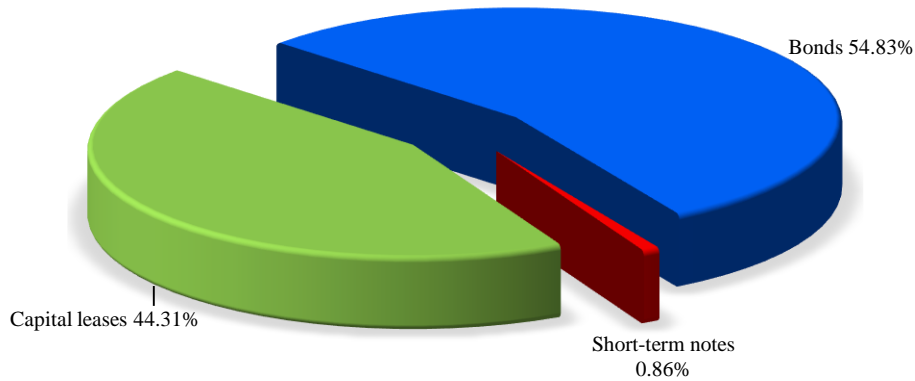
At the end of the current fiscal year, the County had total debt and capital lease obligations of \$2,088,306.

Debt Outstanding

	Beginning Balance	Additions	Reductions	Ending Balance
Short-term notes	\$ 36,030	\$ -	\$ (18,000)	\$ 18,030
Capital leases	595,627	851,383	(521,734)	925,276
Bond obligations	1,310,000	-	(165,000)	1,145,000
Total	\$ 1,941,657	\$ 851,383	\$ (704,734)	\$ 2,088,306

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

**Total Debt Outstanding
September 30, 2015**



REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the County's finances. If you have questions about this report or need any additional information, contact the Trinity County Auditor at (936) 642-2233 or write to P.O. Box 457, Groveton, Texas 75845.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 854,158	\$ 854,158
Receivables		
Property taxes, net of allowance for uncollectibles	143,737	143,737
Fines, net of allowance for uncollectibles	-	-
Grants	840,501	840,501
Other	2,315	2,315
Prepays	20,175	20,175
Restricted assets		
Cash and cash equivalents	348,633	348,633
Capital assets, net of accumulated depreciation	8,440,220	8,440,220
TOTAL ASSETS	10,649,739	10,649,739
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	164,042	164,042
Unamortized differences - pension plan investment earnings	74,239	74,239
Unamortized differences - pension plan economic experience	106,963	106,963
TOTAL DEFERRED OUTFLOWS OF RESOURCES	345,244	345,244
LIABILITIES		
Accounts payable	952,627	952,627
Accrued expenses	87,171	87,171
Accrued interest	8,507	8,507
Accrued compensated absences	63,189	63,189
Unearned revenue - 2016 salary supplements	75,000	75,000
Notes payable - short term	18,030	18,030
Noncurrent liabilities		
Net pension liability	279,515	279,515
Due within one year	268,651	268,651
Due in more than one year	1,801,625	1,801,625
TOTAL LIABILITIES	3,554,315	3,554,315
NET POSITION		
Invested in capital assets, net of related debt	6,369,944	6,369,944
Restricted for:		
Pension	65,729	65,729
Debt service	74,831	74,831
Grants	13,926	13,926
Judicial/courts	19,141	19,141
Records management	89,330	89,330
Hotel/motel tax	1,083	1,083
Law enforcement	75,041	75,041
Unrestricted	731,643	731,643
TOTAL NET POSITION	\$ 7,440,668	\$ 7,440,668

See accompanying notes to the financial statements.

**TRINITY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses
Primary government	
Governmental activities	
General government	\$ 2,038,955
Judicial	776,080
Public safety	1,435,749
Road and bridge	3,259,289
Health and welfare	296,683
Pass-through expenditures	1,611,816
Interest on long-term debt	61,210
Total governmental activities	9,479,782

Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 106,051	\$ 46,086	\$ -	\$ (1,886,818)
323,286	113,997	-	(338,797)
193,766	28,513	-	(1,213,470)
488,568	2,195,420	777,228	201,927
21,405	60,730	-	(214,548)
-	1,611,816	-	-
-	-	-	(61,210)
<u>1,133,076</u>	<u>4,056,562</u>	<u>777,228</u>	<u>(3,512,916)</u>

General revenues	
Property taxes	4,485,948
Investment income	2,103
Payments in lieu of taxes	22,345
Gain on sale of assets	31,000
Miscellaneous income	<u>171,173</u>
Total general revenues	<u>4,712,569</u>
Change in net position	1,199,653
Net position - beginning	6,332,284
Prior period adjustment	<u>(91,269)</u>
Net position - ending	<u>\$ 7,440,668</u>

See accompanying notes to the financial statements.

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FUND FINANCIAL STATEMENTS

**TRINITY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>Road and Bridge Fund Pct No. 1</u>	<u>Road and Bridge Fund Pct No. 2</u>
ASSETS			
Cash and cash equivalents	\$ 512,954	\$ 33,264	\$ 90,736
Receivables			
Property taxes, net of allowance for uncollectibles	130,455	-	-
Fines, net of allowance for uncollectibles	-	-	-
Grants	271	-	-
Other	2,315	-	-
Due from other funds	86,771	-	-
Prepaid items	<u>13,639</u>	<u>1,767</u>	<u>173</u>
TOTAL ASSETS	<u>\$ 746,405</u>	<u>\$ 35,031</u>	<u>\$ 90,909</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 91,022	\$ 5,220	\$ -
Accrued expenses	79,073	1,733	56
Accrued interest	-	227	-
Unearned revenue - 2016 salary supplements	75,000	-	-
Due to other funds	60	22,323	8,586
Short term notes payable	-	<u>18,030</u>	-
Total liabilities	<u>245,155</u>	<u>47,533</u>	<u>8,642</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	<u>94,707</u>	-	-
Total deferred inflows of resources	<u>94,707</u>	-	-
Fund balances:			
Nonspendable	13,639	1,767	173
Restricted	2,419	-	-
Assigned	-	-	82,094
Unassigned	<u>390,485</u>	<u>(14,269)</u>	-
Total fund balances	<u>406,543</u>	<u>(12,502)</u>	<u>82,267</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 746,405</u>	<u>\$ 35,031</u>	<u>\$ 90,909</u>

Road and Bridge Fund Pct No. 3	Road and Bridge Fund Pct No. 4	Grant Funds	Nonmajor Governmental Funds	Total Governmental Funds
\$ 80,776	\$ 166,568	\$ 12,635	\$ 305,857	\$ 1,202,790
-	-	-	13,282	143,737
-	-	-	-	-
-	-	840,230	-	840,501
-	-	-	-	2,315
-	-	-	60	86,831
<u>1,767</u>	<u>2,829</u>	<u>-</u>	<u>-</u>	<u>20,175</u>
<u>\$ 82,543</u>	<u>\$ 169,397</u>	<u>\$ 852,865</u>	<u>\$ 319,199</u>	<u>\$ 2,296,349</u>
\$ 9,010	\$ 8,333	\$ 838,940	\$ 102	\$ 952,627
2,200	2,245	-	1,864	87,171
-	-	-	-	227
-	-	-	-	75,000
19,748	35,202	-	912	86,831
-	-	-	-	18,030
<u>30,958</u>	<u>45,780</u>	<u>838,940</u>	<u>2,878</u>	<u>1,219,886</u>
-	-	-	11,355	106,062
-	-	-	11,355	106,062
1,767	2,829	-	-	20,175
-	-	13,925	257,007	273,351
49,818	120,788	-	47,959	300,659
-	-	-	-	376,216
<u>51,585</u>	<u>123,617</u>	<u>13,925</u>	<u>304,966</u>	<u>970,401</u>
<u>\$ 82,543</u>	<u>\$ 169,397</u>	<u>\$ 852,865</u>	<u>\$ 319,199</u>	<u>\$ 2,296,349</u>

See accompanying notes to the financial statements.

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TRINITY COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Total fund balances - governmental funds balance sheet	\$	970,401
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		8,440,220
Pension contributions made subsequent to the plan measurement date consume current financial resources, but relate to subsequent pension plan measurement periods. Accordingly, this amount is excluded from the net pension liability calculation and reported as a deferred outflow of resources.		164,042
Differences between projected pension plan investment earnings and actual investment earnings do not consume current financial resources and therefore, are not reported in the governmental funds.		74,239
Differences between expected and actual pension plan economic experience do not consume current financial resources and therefore, are not reported in the governmental funds.		106,963
Certain revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows in the governmental funds.		106,063
Payables for accrued interest on long-term liabilities and accrued compensated absences are not due in the current period and therefore, are not reported in the governmental funds.		(71,469)
Net pension liabilities are not due in the current period and therefore, are not reported in the governmental funds.		(279,515)
Payables for long-term liabilities, including certificates of obligations and capital leases, are not due in the current period and therefore, are not reported in the governmental funds.		<u>(2,070,276)</u>
Net position of governmental activities	\$	<u>7,440,668</u>

See accompanying notes to the financial statements.

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

	General Fund	Road and Bridge Fund Pct No. 1	Road and Bridge Fund Pct No. 2
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 4,196,261	\$ -	\$ -
Fines and forfeitures	166,697	-	-
Fees, licenses, and permits	335,121	127,010	48,850
Intergovernmental revenue and grants	204,460	67,932	26,128
Contributions and donations from private sources	-	1,787	-
Payment in lieu of taxes	22,345	-	-
Investment earnings	1,250	38	110
Other revenue	82,648	2,078	-
Total revenues	<u>5,008,782</u>	<u>198,845</u>	<u>75,088</u>
EXPENDITURES			
General government	1,801,354	-	-
Judicial	784,322	-	-
Public safety	1,366,342	-	-
Road and bridge	119,292	237,813	48,083
Health and welfare	284,553	-	-
Pass-through expenditures	-	-	-
Capital outlay	159,375	370,315	-
Debt service			
Principal	82,284	184,917	-
Interest	2,013	9,005	-
Total expenditures	<u>4,599,535</u>	<u>802,050</u>	<u>48,083</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>409,247</u>	<u>(603,205)</u>	<u>27,005</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	164,275	-
Proceeds from notes/capital leases	105,143	365,315	-
Transfers in	19,403	122,890	59,136
Transfers out	(347,940)	-	(60,000)
Net other financing sources (uses)	(223,394)	652,480	(864)
NET CHANGE IN FUND BALANCE	185,853	49,275	26,141
FUND BALANCE - BEGINNING OF YEAR	<u>220,690</u>	<u>(61,777)</u>	<u>56,126</u>
FUND BALANCE - END OF YEAR	<u>\$ 406,543</u>	<u>\$ (12,502)</u>	<u>\$ 82,267</u>

Road and Bridge Fund Pct No. 3	Road and Bridge Fund Pct No. 4	Grant Funds	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 272,014	\$ 4,468,275
-	-	-	26,443	193,140
112,355	200,284	-	140,814	964,434
60,094	107,124	4,199,409	8,720	4,673,867
-	-	-	-	1,787
-	-	-	-	22,345
77	217	14	397	2,103
27,328	100,712	-	147	212,913
<u>199,854</u>	<u>408,337</u>	<u>4,199,423</u>	<u>448,535</u>	<u>10,538,864</u>
-	-	-	57,450	1,858,804
-	-	-	19,248	803,570
-	-	-	11,337	1,377,679
320,925	560,182	1,815,059	-	3,101,354
-	-	-	15,300	299,853
-	-	1,611,816	-	1,611,816
166,128	266,972	655,237	2,340	1,620,367
139,032	115,500	-	165,000	686,733
5,944	2,320	-	44,042	63,324
<u>632,029</u>	<u>944,974</u>	<u>4,082,112</u>	<u>314,717</u>	<u>11,423,500</u>
<u>(432,175)</u>	<u>(536,637)</u>	<u>117,311</u>	<u>133,818</u>	<u>(884,636)</u>
137,000	106,000	-	-	407,275
118,953	261,972	-	-	851,383
184,127	215,692	-	408	601,656
-	-	(183,616)	(10,100)	(601,656)
440,080	583,664	(183,616)	(9,692)	1,258,658
7,905	47,027	(66,305)	124,126	374,022
43,680	76,590	80,230	180,840	596,379
<u>\$ 51,585</u>	<u>\$ 123,617</u>	<u>\$ 13,925</u>	<u>\$ 304,966</u>	<u>\$ 970,401</u>

See accompanying notes to the financial statements.

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TRINITY COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balance - governmental funds	\$	374,022
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are not reported as expenses in the statement of activities.		1,620,367
The depreciation of capital assets used in governmental activities is not reported in the governmental funds.		(510,249)
The net effect of other miscellaneous transactions involving capital assets (i.e. sales, non-cash donations, trade-ins, disposals) decreases net position.		(254,284)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(12,421)
Repayment of long-term debt is an expenditure in the governmental funds, but is not an expense in the statement of activities.		686,733
Proceeds from the issuance of long-term debt (e.g. bonds, leases) do not provide revenue in the statement of activities, but are reported as current resources in the governmental funds.		(851,383)
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.		(12,243)
This amount represents the change in net pension assets and liabilities from the beginning of the period to the end of the period.		156,998
Amount represents the change in accrued interest from the beginning of the period to the end of the period.		<u>2,113</u>
Change in net position of governmental activities	\$	<u><u>1,199,653</u></u>

See accompanying notes to the financial statements.

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TRINITY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>524,088</u>
TOTAL ASSETS	\$ <u>524,088</u>
LIABILITIES	
Amounts held for others	\$ 396,813
Due to other units	<u>127,275</u>
TOTAL LIABILITIES	\$ <u>524,088</u>

See accompanying notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

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TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of Trinity County, Texas (the “County”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies used by the County are discussed below.

Reporting Entity

Trinity County, Texas (the “County”) is a public corporation and political subdivision of the State of Texas. The County is governed by an elected Commissioners’ Court, comprised of the County Judge and four Commissioners. The County provides the following services as authorized by the laws of the State of Texas: general government (e.g. tax collection), judicial (courts, juries, district attorney, etc.), public safety (sheriff, jail, etc.), highways and streets, and public welfare (e.g. juvenile services and assistance to indigents).

For financial reporting purposes, based on standards established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, these financial statements should present the County (the primary government) and its component units. Component units generally are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading. The County does not have any blended or discretely presented component units.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the activities of the County as a whole. *Governmental activities* include programs normally supported by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenue sources not properly included with program revenues are reported as *general revenues*.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Implementation of New Standards

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), establishes reporting standards for public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. As a result of the implementation of GASB 68, the financial statements reflect a restatement and decrease of beginning

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

government-wide net position in the amount of \$246,444 for net pension assets that were previously not required to be reported on the financial statements. *See also note that follows, Prior Period Adjustments.*

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* (“GASB 69”), establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. Implementation of GASB 69 did not have an impact on the County’s financial disclosures.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (“GASB 70”), establishes accounting and financial reporting standards related to local governments that extend and receive nonexchange financial guarantees. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. Implementation of GASB 70 did not have an impact on the County’s financial disclosures.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (“GASB 71”), eliminates the source of a potential understatement of restated beginning net position and expense in the first year of implementation of GASB 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. As a result of the implementation of GASB 71, the financial statements reflect a restatement and increase of beginning government-wide net position in the amount of \$155,175 for pension plan contributions made after the pension plan’s measurement date. *See also note that follows, Prior Period Adjustments.*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied. Grants and donations are recognized as revenue in the fiscal year in which grantor eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The County considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred, as under accrual accounting. Debt service expenditures, both principal and interest, are recorded only when payment is due.

Major governmental fund revenue sources susceptible to accrual include: sales and use taxes, property taxes, and investment income. In general, all other revenue items are considered to be measurable and available only when cash is received. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County’s funds are classified as either governmental or fiduciary and are described below.

Governmental Funds. Governmental funds are used to account for all or most of a government’s general activity.

The *general fund* is the County’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 principal sources of

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

revenues include local property taxes, fines, fees, license and permits, and intergovernmental revenue and grants. Expenditures include general government; judicial; public safety; and health and welfare.

The *debt service fund* is used to account for the collection of interest and sinking funds collected and expenditures for the payment of the County's certificates of obligation.

Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.

Fiduciary funds account for assets held by a government in a trustee or agency capacity on behalf of others.

Agency funds are used to account for assets received and held for the benefit of other funds, individuals, or organizations. Agency funds held by the county function as clearing accounts and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The general fund and grant funds are considered major governmental funds. Additionally, the County has elected to present the road and bridge funds for precincts 1, 2, 3, and 4 as major funds due to their significance within the County.

The County has no proprietary funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the County's policy to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the County that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, certificates of deposit, and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include investments with original maturities of three months or less and are stated at fair value.

Certificates of deposit consist of deposits with original maturities greater than three months. Certificates of deposit are recorded at cost, which approximates market value at September 30, 2015.

The County is required by the Public Funds Collateral Act (Government Code, chapter 2257) to maintain security for all deposits of funds that exceed coverage provided by the Federal Deposit Insurance Corporation (FDIC). As of the balance sheet date, the County's cash deposits were fully collateralized by securities pledged by the depository banks. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Funds Collateral Act.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

The County is required by the Public Funds Investment Act (Government Code, chapter 2256) (the “Act”) to adopt, implement, and publicize a written investment policy which primarily emphasizes safety of principal and liquidity, and addresses investment diversification, yield, and maturity. Additionally, the policy must address the quality and capability of investment management and include the types of investments in which the entity may invest its funds, as well as the maximum allowable stated maturity of any individual investment, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio of pooled fund groups, and bid requirements for certificates of deposit.

The County is authorized to invest in financial instruments, as authorized by the Act, including:

- U.S. Treasury securities which have a liquid market; direct obligations of the State of Texas, and other obligations that are guaranteed by the State of Texas or United States of America;
- obligations of states, agencies, counties, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent;
- fully insured or collateralized certificates of deposit at commercial banks;
- repurchase agreements collateralized by U.S. Treasury or U.S. Government Agency securities in accordance with a master repurchase agreement;
- joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law (the pool must be continuously rated no lower than “AAA” or “AAA-m” by at least one nationally recognized rating service).

The Act also requires an annual audit of investment practices. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Funds Investment Act.

Fair Value of Financial Instruments

The County evaluates the fair value of its non-investment financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying value of all non-investment financial instruments, including debt, is considered to approximate fair value.

Receivables

Property tax receivables reflect outstanding and delinquent property tax levies and are shown net of an allowance for uncollectibles. The allowance is calculated based on historical collection rates.

Fines receivable reflect outstanding fines and citations charged by the various justice of the peace offices within the County. The receivable is shown net of an allowance for uncollectibles. The fines receivable allowance is calculated based on historical collection rates.

Restricted Assets

Certain assets are classified as restricted because they are maintained in separate accounts and their use is limited by applicable bond covenants, grant agreements, laws or regulations, and/or other contractual agreements.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Prepaid Items

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

Capital Assets, Depreciation, and Amortization

The County's property, plant, equipment, and infrastructure are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date received.

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

Infrastructure assets are a subset of capital assets and primarily consist of roads and bridges. GASB No. 34 encourages but does not require Phase 3 governments (counties with revenues of less than \$10 million) to retroactively report major general infrastructure assets. New roads and bridges acquired after October 1, 2003 are required to be reported. No capital expenditures for roads or bridges were made during the year.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The estimated useful lives of the County's capital assets are as follows:

Buildings and improvements	5 to 40 years
Office furniture and equipment	3 to 7 years
Rolling stock	2 to 7 years
Infrastructure	20 to 30 years

Deferred Inflows/Outflows 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 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 that time. The County has three types of items, which arise only under a full accrual basis of accounting, that qualify for reporting in this category: 1) unamortized differences – pension plan projected and actual investment earnings, is recognized as a component of pension expense at an actuarially determined rate; 2) pension contributions subsequent to the plan measurement date, is recognized as a component of pension expense in the following fiscal year; and 3) unamortized differences – pension plan expected and actual economic experience, is reported on the government-wide statement of net position and is recognized as a component of pension expense at an actuarially determined rate.

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 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 County has two items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, unavailable revenue – property taxes and unavailable

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

revenue – fines, are reported only on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

A liability for unused vacation, personal, and comp-time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- Leave or compensation is attributable to services already rendered;
- Leave or compensation is not contingent on a specific event (such as illness).

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the bond premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period such activity occurs. 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.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financial sources and as capital outlay in the acquiring fund. Lease payments representing both principal and interest are recorded as expenditures in the applicable fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

Pensions

For purposes of measuring the net pension liability/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 Texas County & District Retirement System (“TCDRS”) and additions to/deductions from TMRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position and Fund Balances

In the government-wide financial statements, the difference between the County’s total assets and total liabilities represents net position. Net position is displayed in three components – invested in capital assets, net of related debt; restricted; and unrestricted. At September 30, 2015, restricted net position represents monies that are legally restricted for payment of pension costs, debt service, law enforcement costs, grant costs, and other purposes restricted by law. Unrestricted net position represents the net assets available for future operations.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes due to constraints imposed on resources either (a) externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Commissioners’ Court – the government’s highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Commissioners’ Court.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Process

The County Judge submits an annual budget to the Commissioners Court for review and approval prior to September of the upcoming fiscal year. Routinely, several budget workshops are held in which the original budget is reviewed and possibly revised. In September, the Commissioners Court and County Judge adopt the annual budget for the general fund and selected special revenue funds.

Subsequent to approval, the Commissioners Court and County Judge may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures. The County amended its budget several times during the year, with all budget amendments being approved by an act of the Commissioners Court.

Accounting standards require budgets to be presented for all of the County’s major funds. One major fund, the grants fund, did not have an adopted budget for the year ending September 30, 2015. Another major fund, the road and bridge precinct no. 1 fund was overspent at September 30, 2015.

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At September 30, 2015, the road and bridge precinct no. 1 fund had a deficit fund balance.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

DETAILED NOTES ON ALL FUNDS

ASSETS

Deposits and Investments

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned. The County maintains its cash deposits at financial institutions whose deposits are insured by the FDIC. Any funds in excess of FDIC coverage are collateralized with securities held by the pledging financial institutions. All cash and cash equivalents are reported at fair value. The County’s investments during the year ending September 30, 2015, consisted solely of certificates of deposit.

As of September 30, 2015, the County’s cash deposits with depository banks totaled \$2,378,471, including agency funds totaling \$712,223. All deposits were fully secured by FDIC coverage and securities pledged by the depository banks with total collateral value of \$5,395,242.

Receivables

Receivable and Uncollectible Accounts. Receivables at year end for the County’s individual major funds, including the related allowances for uncollectible accounts are as follows:

	<u>Property Taxes</u>	<u>Fines</u>	<u>Grants</u>	<u>Other</u>	<u>Totals</u>
Receivables by activity					
General fund	\$ 1,763,513	\$ 1,916,503	\$ 271	\$ 2,315	\$ 3,682,602
Road and bridge funds	-	-	-	-	-
Debt service fund	63,789	-	-	-	63,789
Nonmajor special revenue funds	-	-	840,230	-	840,230
Total receivables	<u>1,827,302</u>	<u>1,916,503</u>	<u>840,501</u>	<u>2,315</u>	<u>4,586,621</u>
Allowance for uncollectibles					
General fund	(1,633,058)	(1,916,503)	-	-	(3,549,561)
Road and bridge funds	-	-	-	-	-
Debt service fund	(50,507)	-	-	-	(50,507)
Nonmajor special revenue funds	-	-	-	-	-
Total allowance	<u>(1,683,565)</u>	<u>(1,916,503)</u>	<u>-</u>	<u>-</u>	<u>(3,600,068)</u>
Total receivables, net	<u>\$ 143,737</u>	<u>\$ -</u>	<u>\$ 840,501</u>	<u>\$ 2,315</u>	<u>\$ 986,553</u>

Property Taxes. Property taxes attach as an enforceable lien on property as of January 1. Property taxes are due October 1 and become delinquent January 31. The combined tax rate to finance general governmental services and principal and interest on general long term debt for the year ended September 30, 2015 (tax year 2014), was \$.6500 per \$100 of assessed valuation. Of this rate, \$.0406 was allocated to debt service and \$.6094 was allocated to maintenance and operation.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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Of the \$1,827,302 in property taxes receivable, \$1,481,592 represents the outstanding balances of assessments for tax years 2013 and prior.

Capital Assets

A summary of changes in capital assets for the year ended September 30, 2015, is as follows:

	<u>Balance</u> <u>09/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/2015</u>
Capital assets, not being depreciated				
Land	\$ 44,999	\$ -	\$ -	\$ 44,999
Construction in progress	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
Total not being depreciated	<u>69,999</u>	<u>-</u>	<u>(25,000)</u>	<u>44,999</u>
Capital assets, being depreciated				
Buildings and improvements	7,126,334	35,721	(4,500)	7,157,555
Infrastructure	96,880	802,228	-	899,108
Rolling stock	2,721,815	816,856	(589,927)	2,948,744
Furniture and equipment	<u>846,447</u>	<u>5,686</u>	<u>(2,872)</u>	<u>849,261</u>
Total being depreciated	<u>10,791,476</u>	<u>1,660,491</u>	<u>(597,299)</u>	<u>11,854,668</u>
Less accumulated depreciation:				
Buildings and improvements	(769,754)	(177,277)	4,500	(942,531)
Infrastructure	(15,150)	(4,443)	-	(19,593)
Rolling stock	(1,926,812)	(252,268)	320,520	(1,858,560)
Furniture and equipment	<u>(565,374)</u>	<u>(76,261)</u>	<u>2,872</u>	<u>(638,763)</u>
Total accumulated depreciation	<u>(3,277,090)</u>	<u>(510,249)</u>	<u>327,892</u>	<u>(3,459,447)</u>
Total being depreciated, net	<u>7,514,386</u>	<u>1,150,242</u>	<u>(269,407)</u>	<u>8,395,221</u>
Total capital assets, net	<u>\$ 7,584,385</u>	<u>\$ 1,150,242</u>	<u>\$ (294,407)</u>	<u>\$ 8,440,220</u>
				<u>(2,070,276)</u>
				<u>\$ 6,369,944</u>

Depreciation expense was charged to the following functions/programs of governmental activities as follows:

General government	\$ 218,659
Judicial	7,756
Road and bridge	194,775
Public safety	<u>89,059</u>
Total	<u>\$ 510,249</u>

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

LIABILITIES

Short-term Debt

From time to time, the County will utilize short-term financing to provide for its general operating expenditures and obligations. During the current fiscal year, all short-term debt outstanding from the prior year was paid-off or re-financed. The following presents a summary of the changes in short-term debt activity for the current fiscal year.

	<u>General Fund</u>	<u>Road and Bridge Funds</u>	<u>Totals</u>
Balance, September 30, 2014	\$ -	\$ 36,030	\$ 36,030
Additional borrowings	-	36,030	36,030
Principal payments	-	(54,030)	(54,030)
Balance, September 30, 2015	<u>\$ -</u>	<u>\$ 18,030</u>	<u>\$ 18,030</u>

These short-term notes have maturity dates of less than one year and are due and payable in full, including interest at 5.00%, and are secured by equipment the notes serve to finance. At September 30, 2015, accrued interest payable on these notes was \$227.

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of machinery and equipment and vehicles. The agreements accrue interest at rates from 1.89% to 2.39% and are all for durations greater than one year. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>General Fund</u>	<u>Road and Bridge Funds</u>	<u>Totals</u>
Asset:			
Machinery and equipment	\$ 117,968	\$ 797,288	\$ 915,256
Less accumulated depreciation	(18,316)	(61,597)	(79,913)
Total	<u>\$ 99,652</u>	<u>\$ 735,691</u>	<u>\$ 835,343</u>

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

<u>Year ending September 30,</u>	<u>General Fund</u>	<u>Road and Bridge Funds</u>	<u>Totals</u>
2016	\$ 53,784	\$ 54,347	\$ 108,131
2017	-	418,582	418,582
2018	-	54,347	54,347
2019	-	361,818	361,818
2020	-	27,156	27,156
2021 – 2025	-	-	-
Total minimum lease payments	\$ 53,784	\$ 916,250	\$ 970,034
Less amount representing interest	(1,216)	(43,542)	(44,758)
Present value of minimum lease payments	<u>\$ 52,568</u>	<u>\$ 872,708</u>	<u>\$ 925,276</u>

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Long-term Liabilities

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Balance 09/30/14	Additions	Reductions	Balance 09/30/15	Due Within One Year
Bonds payable –					
2012 Refunding	\$ 710,000	\$ -	\$ (105,000)	\$ 605,000	\$ 110,000
2012 Certificates	600,000	-	(60,000)	540,000	60,000
Capital leases	<u>595,627</u>	<u>851,383</u>	<u>(521,734)</u>	<u>925,276</u>	<u>98,651</u>
Total long-term debt	<u>\$ 1,905,627</u>	<u>\$ 851,383</u>	<u>\$ (686,734)</u>	<u>\$ 2,070,276</u>	<u>\$ 268,651</u>

Interest expense for the year totaled \$61,210. Interest payments made during the year totaled \$63,324.

The annual debt service requirements to maturity for long-term debt are as follows:

Year Ending	General Obligations and Certificates of Obligation		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
September 30,						
2016	\$ 170,000	\$ 38,563	\$ 98,651	\$ 9,481	\$ 268,651	\$ 48,044
2017	180,000	32,888	400,467	18,115	580,467	51,003
2018	185,000	26,875	44,630	9,717	229,630	36,592
2019	190,000	20,700	355,013	6,805	545,013	27,505
2020	195,000	14,363	26,515	641	221,515	15,004
2021-2025	<u>225,000</u>	<u>15,550</u>	<u>-</u>	<u>-</u>	<u>225,000</u>	<u>15,550</u>
Totals	<u>\$ 1,145,000</u>	<u>\$ 148,939</u>	<u>\$ 925,276</u>	<u>\$ 44,759</u>	<u>\$ 2,070,276</u>	<u>\$ 193,698</u>

At year end, the County had cash totaling \$72,904 available in the debt service fund to service long-term debt.

Bonds and other debt payable at September 30, 2015, are comprised of the following:

General Obligation Refunding Bonds, Series 2012. On June 15, 2012, the County issued \$1,435,000 of general obligation bonds carrying a rate of 3.250%. The bonds were issued to retire existing bonds and take advantage of lower interest rates. The bonds are subject to mandatory redemption in prescribed amounts before the maturity dates from 2012 to 2023. The proceeds, net of issue costs, were used to refund the outstanding balance (\$1,370,000) of the Certificates of Obligation, Series 2008.

Certificates of Obligation, Series 2012. On June 15, 2012, the County issued \$700,000 of certificates of obligation. The bonds were issued as term bonds at a rate of 3.50%. The bonds are subject to mandatory redemption in prescribed amounts before the maturity date from 2013 to 2023. The net proceeds were used to fund the purchase of the courthouse annex buildings.

Both the Series 2012 bonds and certificates require annual payments of principal and semi-annual payments of interest at varying amounts. The bond indenture allows the County to pay the bonds from the proceeds of an additional ad valorem tax that may be levied by the County, and the County has pledged any such proceeds to secure the payment. The bonds have been recorded in the debt service fund.

Capital Leases. As noted previously, the County has entered into various lease purchase agreements for the purpose of purchasing equipment. Each lease purchase is secured by the equipment that each respective agreement serves to finance.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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Bond Compliance Requirements

The bond ordinances require that during the period in which the bonds are outstanding, the County must create and maintain certain accounts or funds to receive the proceeds from the sale of the bonds and to account for the revenues (as defined) and/or taxes, which are pledged for payment of the bonds. The assets can be used only in accordance with the terms of the bond ordinance and for the specific purpose(s) designated therein.

Interfund Receivables, Payables, and Transfers

Interfund Balances. Interfund receivable and payable balances are the result of cash needed by a special revenue fund until the fund is able to generate sufficient revenues to cover expenditures. These receivables and payables are netted and eliminated on the government-wide statement of net position. Interfund receivable and payable balances at September 30, 2015 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 86,771	\$ (60)
Road and bridge precinct no. 1	-	(22,323)
Road and bridge precinct no. 2	-	(8,586)
Road and bridge precinct no. 3	-	(19,748)
Road and bridge precinct no. 4	-	(35,202)
Nonmajor special revenue funds		
Records management	-	(642)
Jury service	60	-
LEOSE education	-	(270)
Totals	<u>\$ 86,831</u>	<u>\$ (86,831)</u>

Interfund Transfers. Transfers between funds are indicative of funding for capital projects; lease payments or debt service; subsidies of various County operations; and re-allocations of special revenues. The following schedule summarizes the County's transfers at September 30, 2015:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 19,403	\$ (347,940)
Road and bridge precinct no. 1	122,890	-
Road and bridge precinct no. 2	59,136	(60,000)
Road and bridge precinct no. 3	184,127	-
Road and bridge precinct no. 4	215,692	-
Grant funds	-	(183,616)
Nonmajor special revenue funds		
Records management	408	(1,100)
Security fee	-	(9,000)
Totals	<u>\$ 601,656</u>	<u>\$ (601,656)</u>

Defined Benefit Pension Plan

Plan Description. Trinity County participates as one of 656 plans in the non-traditional defined benefit plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCERS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCERS in the aggregate issues a comprehensive annual financial report ("CAFR") on a calendar year basis.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided. The County provides retirement benefits for all of its full-time employees. The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS.

Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Employees Covered by Benefit Terms. At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled to but not yet receiving benefits	111
Active employees	82
	255

Contributions and Actuarial Information. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings. The employee contribution rate may be changed by the County, within the options available in the TCDRS Act. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually, and the employer is required to contribute at that rate. The employer may increase its contribution rate and/or make additional contributions in excess of its annual required contribution.

The County has not elected the annually determined contribution rate (“ADCR”) plan provisions of the TCDRS Act. The County contributed using the actuarially determined rate of 10.18% for calendar year 2014 and 9.99% for calendar year 2015. The contribution rate payable by the employee members for fiscal year 2015 is the rate of 7.00% as adopted by the County. For fiscal year 2015, the County’s required contributions equaled actual contributions which totaled \$213,685.

The County’s Net Pension Liability/Asset (“NPL”) was measured as of December 31, 2014, and the Total Pension Liability (“TPL”) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The required contribution was determined as part of the December 31, 2014, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2014, included (a) 8.0% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The total pension liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2014, was 14.0 years.

Salary increases were based on a service-related table. Mortality rates for active members were based on the gender-distinct RP2000 Active Employee Mortality Table with projection scale AA, with males calculated with a two-year set-forward, and with females calculated with a four-year setback. Mortality rates for retirees, beneficiaries, and non-depositing members were based on the gender-distinct RP2000 Combined Mortality Table with projection scale AA, with males calculated with a one-year set-forward, and with females calculated

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

with no age adjustment. For disabled annuitants, the gender-distinct RP2000 Disabled Mortality Table is used, with projection scale AA, with no age adjustment for males and with a two-year set-forward for females.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TCDRS was for the period January 1, 2009 through December 31, 2012. Assumptions are reviewed annually.

The long-term expected rate of return on pension plan investments is 8.10%. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant. The numbers shown are based on January 2015 information for a 7 to 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed for the period January 1, 2009 - December 31, 2013. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class:</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Geometric)</u>
US equities	16.5%	5.35%
Private equity	12.0%	8.35%
Global equities	1.5%	5.65%
International equities - developed	11.0%	5.35%
International equities - emerging	9.0%	6.35%
Investment-grade bonds	3.0%	0.55%
High-yield bonds	3.0%	3.75%
Opportunistic credit	5.0%	5.54%
Direct lending	2.0%	5.80%
Distressed debt	3.0%	6.75%
REIT equities	2.0%	4.00%
Commodities	2.0%	-0.20%
Master limited partnerships	2.0%	5.30%
Private real estate partnerships	3.0%	7.20%
Hedge funds	<u>25.0%</u>	5.15%
Total	100.0%	

Discount Rate. The discount rate used to measure the Total Pension Liability was 8.10%, which is net of investment expenses and increased by 0.10% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, 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.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Changes in the Net Pension Liability/Asset. A schedule of changes in net pension liability/asset is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 8,128,883	\$ 7,882,439	\$ 246,444
Changes for the year:			
Service cost	234,680	-	234,680
Interest on total pension liability	649,068	-	649,068
Effect of economic/demographic (gains) or losses	213,927	-	213,927
Refund of contributions	(31,201)	(31,201)	-
Benefit payments	(439,480)	(439,480)	-
Administrative expenses	-	(6,294)	6,294
Employer contributions	-	204,818	(204,818)
Member contributions	-	140,838	(140,838)
Net investment income	-	553,575	(553,575)
Other	-	171,667	(171,667)
Net changes	<u>626,994</u>	<u>593,923</u>	<u>33,071</u>
Balance at 12/31/2014	<u>\$ 8,755,877</u>	<u>\$ 8,476,362</u>	<u>\$ 279,515</u>

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate. The following presents the net pension liability/asset of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability/asset would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
Total pension liability	\$ 9,655,243	\$ 8,755,877	\$ 8,004,667
Fiduciary net position	<u>8,476,361</u>	<u>8,476,362</u>	<u>8,476,361</u>
Net pension liability (asset)	<u>\$ 1,178,882</u>	<u>\$ 279,515</u>	<u>\$ (471,694)</u>

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions. For the year ended September 30, 2015, the County recognized net pension (benefit) expense of \$56,687. Net pension (benefit) expense was charged to functions/programs as follows:

Function/program	Governmental Activities
General government	\$ 13,699
Judicial	11,923
Road and bridge	12,599
Public safety	17,454
Health and welfare	1,012
Total	<u>\$ 56,687</u>

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

At September 30, 2015, the County reported deferred amounts related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 106,963	\$ -
Difference between projected and actual investment earnings	74,239	-
Contributions subsequent to the measurement date	<u>164,042</u>	<u>-</u>
Totals, governmental activities	345,244	-
Less: contributions subsequent to measurement date	<u>(164,042)</u>	<u>-</u>
Totals, all activities	<u>\$ 181,202</u>	<u>\$ -</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$164,042, will be recognized as a reduction of the net pension liability/asset for the fiscal year ending December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
2015	\$ 125,522	\$ -	\$ 125,522
2016	18,560	-	18,560
2017	18,560	-	18,560
2018	18,560	-	18,560
2019	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 181,202</u>	<u>\$ -</u>	<u>\$ 181,202</u>

OTHER INFORMATION

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. The County provides insurance coverage for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this coverage during the current year.

Contingent Liabilities

All amounts received or receivable from grant agencies are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already collected, may be required to be repaid to the granting agency. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Prior Period Adjustment

Prior period adjustments have been made to the financial statements to reflect changes made to net position resulting from implementation of GASB accounting pronouncements, *see also preceding note, Implementation of New Standards*. Adjustments are summarized as follows:

Adjustments – Governmental Activities	Increase (Decrease)
Net position	
Net pension liability/asset – GASB 68	\$ (246,444)
Pension contributions after plan measurement date – GASB 71	<u>155,175</u>
Total adjustments to net position	<u>\$ (91,269)</u>

Subsequent Events

Management has evaluated subsequent events through June 21, 2016, the date when the financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts			Variances
	Adopted	Appropriated	Fund	Budgetary	Fav (Unfav)	
	Budget	Budget	Basis	Basis	Final to Actual	
			Adjustments			
REVENUES						
Property taxes	\$ 4,115,947	\$ 4,115,947	\$ 4,196,261	\$ -	\$ 4,196,261	\$ 80,314
Fines and forfeitures	164,500	164,500	166,697	-	166,697	2,197
Fees, licenses, and permits	293,600	293,600	335,121	-	335,121	41,521
Intergovernmental revenue and grants	120,700	199,188	204,460	-	204,460	5,272
Payment in lieu of taxes	25,000	25,000	22,345	-	22,345	(2,655)
Investment earnings	1,510	1,510	1,250	-	1,250	(260)
Other revenue	42,200	92,779	82,648	-	82,648	(10,131)
Total revenues	4,763,457	4,892,524	5,008,782	-	5,008,782	116,258
EXPENDITURES						
General government						
County judge	122,026	128,768	123,110	-	123,110	5,658
County clerk	109,756	109,756	111,344	-	111,344	(1,588)
County auditor	110,574	110,772	97,882	-	97,882	12,890
County treasurer	69,403	70,903	74,746	-	74,746	(3,843)
Data processing	30,000	30,107	28,626	-	28,626	1,481
Tax assessor-collector	171,673	172,574	174,070	-	174,070	(1,496)
Veterans office	15,823	15,823	13,837	-	13,837	1,986
Courthouse maintenance	179,503	180,103	208,131	-	208,131	(28,028)
County agent	39,918	40,218	38,653	-	38,653	1,565
County insurance	514,000	522,093	492,601	-	492,601	29,492
Non-departmental	332,581	315,081	268,171	-	268,171	46,910
Fringe benefits	57,000	61,999	57,602	-	57,602	4,397
Courthouse miscellaneous	92,300	92,517	110,199	-	110,199	(17,682)
Community center	-	-	2,382	-	2,382	(2,382)
Restitution - audit	-	-	-	-	-	-
Total general government	1,844,557	1,850,714	1,801,354	-	1,801,354	49,360
Judicial						
County court	24,700	24,700	24,335	-	24,335	365
District court	198,106	198,106	189,702	-	189,702	8,404
District clerk	77,318	90,468	86,322	-	86,322	4,146
County attorney - county portion	89,495	89,575	89,523	-	89,523	52
County attorney - state portion	72,429	72,429	69,963	-	69,963	2,466
District attorney - county portion	80,846	80,996	86,639	-	86,639	(5,643)
District attorney - state portion	29,300	29,300	18,546	-	18,546	10,754
Justice of the peace, Pct No. 1	55,280	55,280	56,738	-	56,738	(1,458)
Justice of the peace, Pct No. 2	56,128	56,128	53,074	-	53,074	3,054
Justice of the peace, Pct No. 3	57,487	57,487	54,917	-	54,917	2,570
Justice of the peace, Pct No. 4	55,574	55,574	54,563	-	54,563	1,011
Total judicial	796,663	810,043	784,322	-	784,322	25,721
Public safety						
County judge	-	227	227	-	227	-
911 / emergency management	34,801	34,801	33,655	-	33,655	1,146
Public safety	66,120	78,120	75,882	-	75,882	2,238
Sheriff department	564,191	587,163	588,992	-	588,992	(1,829)
Jail	572,999	580,711	560,960	-	560,960	19,751
Department of public safety	500	500	635	-	635	(135)
Constable, Pct No. 1	27,236	27,236	18,321	-	18,321	8,915
Constable, Pct No. 2	28,709	41,707	35,996	-	35,996	5,711
Constable, Pct No. 3	29,011	29,011	25,880	-	25,880	3,131

TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

	Original	Final	Actual Amounts		Variances	
	Adopted Budget	Appropriated Budget	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
Public safety - continued						
Constable, Pct No. 4	29,836	29,836	25,794	-	25,794	4,042
Total public safety	1,353,403	1,409,312	1,366,342	-	1,366,342	42,970
Road and bridge						
Commissioners	118,368	118,368	119,292	-	119,292	(924)
Total road and bridge	118,368	118,368	119,292	-	119,292	(924)
Health and welfare						
County judge	3,600	3,600	3,600	-	3,600	-
Civic improvements	31,500	35,500	18,308	-	18,308	17,192
DSHS health project	-	76,364	75,950	-	75,950	414
Health and welfare	192,331	174,846	186,695	-	186,695	(11,849)
Total health and welfare	227,431	290,310	284,553	-	284,553	5,757
Capital outlay						
Sheriff department	-	-	105,143	-	105,143	(105,143)
Jail	-	-	4,350	-	4,350	(4,350)
Courthouse miscellaneous	-	43,708	49,882	-	49,882	(6,174)
Total capital outlay	-	43,708	159,375	-	159,375	(115,667)
Debt service						
Principal	90,000	87,000	82,284	-	82,284	4,716
Interest	-	3,000	2,013	-	2,013	987
Total expenditures	4,430,422	4,612,455	4,599,535	-	4,599,535	12,920
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	333,035	280,069	409,247	-	409,247	129,178
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	-	-	-	-	-	-
Proceeds from notes/capital leases	-	-	105,143	-	105,143	105,143
Transfers in	10,400	10,400	19,403	-	19,403	9,003
Transfers out	(343,435)	(343,435)	(347,940)	-	(347,940)	(4,505)
Net other financing sources (uses)	(333,035)	(333,035)	(223,394)	-	(223,394)	109,641
NET CHANGE IN FUND BALANCE	-	(52,966)	185,853	-	185,853	238,819
FUND BALANCE - BEGINNING OF YEAR	220,690	220,690	220,690	-	220,690	-
FUND BALANCE - END OF YEAR	\$ 220,690	\$ 167,724	\$ 406,543	\$ -	\$ 406,543	\$ 238,819

See accompanying notes to the required supplementary information.

TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 1
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts		Variances	
	Adopted Budget	Appropriated Budget	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	147,160	147,160	127,010	-	127,010	(20,150)
Intergovernmental revenue and grants	65,000	65,000	67,932	-	67,932	2,932
Contributions and donations	-	1,787	1,787	-	1,787	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	1,000	1,000	38	-	38	(962)
Other revenue	-	2,078	2,078	-	2,078	-
Total revenues	213,160	217,025	198,845	-	198,845	(18,180)
EXPENDITURES						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	254,439	258,304	237,813	-	237,813	20,491
Health and welfare	-	-	-	-	-	-
Capital outlay	-	5,000	370,315	-	370,315	(365,315)
Debt service						
Principal	146,014	141,014	184,917	18,030 a	202,947	(61,933)
Interest	8,000	8,000	9,005	-	9,005	(1,005)
Total expenditures	408,453	412,318	802,050	18,030	820,080	(407,762)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(195,293)	(195,293)	(603,205)	(18,030)	(621,235)	(425,942)
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	106,000	106,000	164,275	-	164,275	58,275
Proceeds from notes/capital leases	-	-	365,315	-	365,315	365,315
Transfers in	89,293	89,293	122,890	-	122,890	33,597
Transfers out	-	-	-	-	-	-
Net other financing sources (uses)	195,293	195,293	652,480	-	652,480	457,187
NET CHANGE IN FUND BALANCE	-	-	49,275	(18,030)	31,245	31,245
FUND BALANCE - BEGINNING OF YEAR	(61,777)	(61,777)	(61,777)	-	(61,777)	-
FUND BALANCE - END OF YEAR	\$ (61,777)	\$ (61,777)	\$ (12,502)	\$ (18,030)	\$ (30,532)	\$ 31,245

Note a - adjustments from fund basis to budgetary basis consist of principal payments on short-term notes which are not included in expenditures on the fund financial statements.

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TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 2
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts		Variances	
	Adopted Budget	Appropriated Budget	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	56,600	56,600	48,850	-	48,850	(7,750)
Intergovernmental revenue and grants	25,000	25,000	26,128	-	26,128	1,128
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	80	80	110	-	110	30
Other revenue	-	-	-	-	-	-
Total revenues	<u>81,680</u>	<u>81,680</u>	<u>75,088</u>	<u>-</u>	<u>75,088</u>	<u>(6,592)</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	50,944	51,730	48,083	-	48,083	3,647
Health and welfare	-	-	-	-	-	-
Capital outlay	5,080	5,080	-	-	-	5,080
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>56,024</u>	<u>56,810</u>	<u>48,083</u>	<u>-</u>	<u>48,083</u>	<u>8,727</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>25,656</u>	<u>24,870</u>	<u>27,005</u>	<u>-</u>	<u>27,005</u>	<u>2,135</u>
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	-	-	-	-	-	-
Proceeds from notes/capital leases	-	-	-	-	-	-
Transfers in	34,344	36,327	59,136	-	59,136	22,809
Transfers out	(60,000)	(61,197)	(60,000)	-	(60,000)	1,197
Net other financing sources (uses)	<u>(25,656)</u>	<u>(24,870)</u>	<u>(864)</u>	<u>-</u>	<u>(864)</u>	<u>24,006</u>
NET CHANGE IN FUND BALANCE						
	-	-	26,141	-	26,141	26,141
FUND BALANCE - BEGINNING OF YEAR						
	<u>56,126</u>	<u>56,126</u>	<u>56,126</u>	<u>-</u>	<u>56,126</u>	<u>-</u>
FUND BALANCE - END OF YEAR						
	<u>\$ 56,126</u>	<u>\$ 56,126</u>	<u>\$ 82,267</u>	<u>\$ -</u>	<u>\$ 82,267</u>	<u>\$ 26,141</u>

See accompanying notes to the required supplementary information.

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TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 3
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts		Variance	
	Adopted Budget	Appropriated Budget	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	130,180	130,180	112,355	-	112,355	(17,825)
Intergovernmental revenue and grants	57,500	57,500	60,094	-	60,094	2,594
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	1,000	1,000	77	-	77	(923)
Other revenue	-	27,320	27,328	-	27,328	8
Total revenues	188,680	216,000	199,854	-	199,854	(16,146)
EXPENDITURES						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	277,270	342,727	320,925	-	320,925	21,802
Health and welfare	-	-	-	-	-	-
Capital outlay	2,000	49,175	166,128	-	166,128	(116,953)
Debt service						
Principal	139,100	148,100	139,032	-	139,032	9,068
Interest	6,300	6,300	5,944	-	5,944	356
Total expenditures	424,670	546,302	632,029	-	632,029	(85,727)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(235,990)	(330,302)	(432,175)	-	(432,175)	(101,873)
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	97,000	106,000	137,000	-	137,000	31,000
Proceeds from notes/capital leases	-	-	118,953	-	118,953	118,953
Transfers in	138,990	224,302	184,127	-	184,127	(40,175)
Transfers out	-	-	-	-	-	-
Net other financing sources (uses)	235,990	330,302	440,080	-	440,080	109,778
NET CHANGE IN FUND BALANCE	-	-	7,905	-	7,905	7,905
FUND BALANCE - BEGINNING OF YEAR	43,680	43,680	43,680	-	43,680	-
FUND BALANCE - END OF YEAR	\$ 43,680	\$ 43,680	\$ 51,585	\$ -	\$ 51,585	\$ 7,905

See accompanying notes to the required supplementary information.

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TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 4
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original	Final	Actual Amounts		Variances	
	Adopted Budget	Appropriated Budget	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	232,060	232,060	200,284	-	200,284	(31,776)
Intergovernmental revenue and grants	102,500	102,500	107,124	-	107,124	4,624
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	1,000	1,000	217	-	217	(783)
Other revenue	-	100,712	100,712	-	100,712	-
Total revenues	335,560	436,272	408,337	-	408,337	(27,935)
EXPENDITURES						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	411,743	582,339	560,182	-	560,182	22,157
Health and welfare	-	-	-	-	-	-
Capital outlay	-	5,000	266,972	-	266,972	(261,972)
Debt service						
Principal	158,875	167,875	115,500	-	115,500	52,375
Interest	2,750	2,750	2,320	-	2,320	430
Total expenditures	573,368	757,964	944,974	-	944,974	(187,010)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(237,808)	(321,692)	(536,637)	-	(536,637)	(214,945)
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	97,000	106,000	106,000	-	106,000	-
Proceeds from notes/capital leases	-	-	261,972	-	261,972	261,972
Transfers in	140,808	215,692	215,692	-	215,692	-
Transfers out	-	-	-	-	-	-
Net other financing sources (uses)	237,808	321,692	583,664	-	583,664	261,972
NET CHANGE IN FUND BALANCE						
	-	-	47,027	-	47,027	47,027
FUND BALANCE - BEGINNING OF YEAR						
	76,590	76,590	76,590	-	76,590	-
FUND BALANCE - END OF YEAR						
	\$ 76,590	\$ 76,590	\$ 123,617	\$ -	\$ 123,617	\$ 47,027

See accompanying notes to the required supplementary information.

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TRINITY COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS - LAST TEN YEARS *
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2014**
TOTAL PENSION LIABILITY	
Service cost	\$ 234,680
Interest on total pension liability	649,068
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	213,927
Benefit payments/refunds of contributions	(470,681)
NET CHANGE IN TOTAL PENSION LIABILITY	626,994
TOTAL PENSION LIABILITY - BEGINNING	8,128,883
TOTAL PENSION LIABILITY - ENDING	(a) \$ 8,755,877
PLAN FIDUCIARY NET POSITION	
Employer contributions	\$ 204,818
Member contributions	140,838
Investment income, net of investment expenses	553,575
Benefit payments/refunds of contributions	(470,681)
Administrative expenses	(6,294)
Other	171,667
NET CHANGE IN PLAN FIDUCIARY NET POSITION	593,923
PLAN FIDUCIARY NET POSITION - BEGINNING	7,882,439
PLAN FIDUCIARY NET POSITION - ENDING	(b) \$ 8,476,362
NET PENSION LIABILITY (ASSET) - ENDING	(a - b) \$ 279,515
RELATED RATIOS	
Plan Fiduciary Net Position as a percentage of Total Pension Liability	96.81%
Pensionable Covered Payroll	\$ 2,011,972
Net Pension Liability (Asset) as a percentage of Covered Payroll	13.89%

* - GASB 68 requires ten years of data to be presented. Data for only one year is available.

** - In accordance with GASB standards, the County has elected to present data calculated at the actuarial valuation/ measurement date, which occurs on December 31 of the year preceding each fiscal year.

See Independent Auditors' Report.

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TRINITY COUNTY, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	213,685	213,685	-	2,128,267	10.0%

* - GASB 68 requires ten years of data to be presented. Data for only one year is available.

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TRINITY COUNTY, TEXAS
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS
SEPTEMBER 30, 2015

Methods and Assumptions Used to Determine Contribution Rates

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, Closed
Amortization Period	14.0 years
Asset Valuation Method	
<i>Smoothing period</i>	5 years
<i>Recognition method</i>	Non-asymptotic
<i>Corridor</i>	None
Inflation	3.0%
Salary Increases	4.9% including inflation
Investment Rate of Return	8.0% including inflation
Cost-of-Living Adjustments	0.0%
Retirement Age	Experience-based table of rates that are specific to the County's plan of benefits. Last updated for the 2013 valuation pursuant to an experience study of the period 2009 - 2012.
Turnover	
<i>Terminated members</i>	New employees are assumed to replace any terminated members and have similar entry ages.
<i>Disability</i>	Experience-based table of rates that are specific to the County. Members who become disabled are eligible to commence benefit payments regardless of age.
Mortality	
<i>Depositing members</i>	The RP2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
<i>Service retirees, beneficiaries, and non-depositing members</i>	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
<i>Disabled retirees</i>	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

Presentation of Schedule

In accordance with GASB standards, the County reports contribution activity included in the Schedule of Pension Contributions based on the County's fiscal year end of September 30.

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SUPPLEMENTARY INFORMATION

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COMBINING FUND STATEMENTS

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**TRINITY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	<u>Debt Service Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 72,904	\$ 232,953	\$ 305,857
Receivables			
Property taxes, net of allowance for uncollectibles	13,282	-	13,282
Grants	-	-	-
Other	-	-	-
Due from other funds	-	60	60
TOTAL ASSETS	<u>\$ 86,186</u>	<u>\$ 233,013</u>	<u>\$ 319,199</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 102	\$ 102
Accrued expenses	-	1,864	1,864
Due to other funds	-	912	912
Total liabilities	<u>-</u>	<u>2,878</u>	<u>2,878</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	<u>11,355</u>	<u>-</u>	<u>11,355</u>
Total deferred inflows of resources	<u>11,355</u>	<u>-</u>	<u>11,355</u>
Fund balances:			
Restricted	74,831	182,176	257,007
Assigned	<u>-</u>	<u>47,959</u>	<u>47,959</u>
Total fund balances	<u>74,831</u>	<u>230,135</u>	<u>304,966</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 86,186</u>	<u>\$ 233,013</u>	<u>\$ 319,199</u>

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

	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 272,014	\$ -	\$ 272,014
Fines and forfeitures	-	26,443	26,443
Fees, licenses, and permits	-	140,814	140,814
Intergovernmental revenue and grants	-	8,720	8,720
Contributions and donations from private sources	-	-	-
Investment earnings	158	239	397
Other revenue	-	147	147
Total revenues	<u>272,172</u>	<u>176,363</u>	<u>448,535</u>
EXPENDITURES			
General government	-	57,450	57,450
Judicial	-	19,248	19,248
Public safety	-	11,337	11,337
Road and bridge	-	-	-
Health and welfare	-	15,300	15,300
Pass-through expenditures	-	-	-
Capital outlay	-	2,340	2,340
Debt service			
Principal	165,000	-	165,000
Interest	44,042	-	44,042
Total expenditures	<u>209,042</u>	<u>105,675</u>	<u>314,717</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>63,130</u>	<u>70,688</u>	<u>133,818</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Transfers in	-	408	408
Transfers out (use)	-	(10,100)	(10,100)
Net other financing sources (uses)	-	(9,692)	(9,692)
NET CHANGE IN FUND BALANCE	63,130	60,996	124,126
FUND BALANCE - BEGINNING OF YEAR	<u>11,701</u>	<u>169,139</u>	<u>180,840</u>
FUND BALANCE - END OF YEAR	<u>\$ 74,831</u>	<u>\$ 230,135</u>	<u>\$ 304,966</u>

**TRINITY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2015**

	<u>Records Management</u>	<u>Law Library</u>	<u>Security Fee</u>
ASSETS			
Cash and cash equivalents	\$ 90,638	\$ 14,668	\$ 14,387
Receivables			
Grants	-	-	-
Other	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	<u><u>\$ 90,638</u></u>	<u><u>\$ 14,668</u></u>	<u><u>\$ 14,387</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	666	-	-
Due to other funds	642	-	-
Total liabilities	<u>1,308</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	89,330	14,668	14,387
Assigned	-	-	-
Total fund balances	<u>89,330</u>	<u>14,668</u>	<u>14,387</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 90,638</u></u>	<u><u>\$ 14,668</u></u>	<u><u>\$ 14,387</u></u>

<u>Sheriff's Forest Service</u>	<u>Seized Funds</u>	<u>Jury Service</u>	<u>Court Technology</u>	<u>Special Crime Funds</u>	<u>LEOSE Education</u>
\$ 183	\$ 40,738	\$ 877	\$ 2,054	\$ 7,695	\$ 20,322
-	-	-	-	-	-
-	-	-	-	-	-
-	-	60	-	-	-
<u>\$ 183</u>	<u>\$ 40,738</u>	<u>\$ 937</u>	<u>\$ 2,054</u>	<u>\$ 7,695</u>	<u>\$ 20,322</u>
\$ -	\$ 102	\$ -	\$ -	\$ -	\$ -
-	34	910	-	-	-
-	-	-	-	-	270
-	136	910	-	-	270
-	40,602	-	2,054	-	20,052
183	-	27	-	7,695	-
<u>183</u>	<u>40,602</u>	<u>27</u>	<u>2,054</u>	<u>7,695</u>	<u>20,052</u>
<u>\$ 183</u>	<u>\$ 40,738</u>	<u>\$ 937</u>	<u>\$ 2,054</u>	<u>\$ 7,695</u>	<u>\$ 20,322</u>

**TRINITY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2015**

	<u>Hotel/Motel Tax</u>	<u>Courthouse Preservation</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,337	\$ 40,054	\$ 232,953
Receivables			
Grants	-	-	-
Other	-	-	-
Due from other funds	-	-	60
TOTAL ASSETS	<u>\$ 1,337</u>	<u>\$ 40,054</u>	<u>\$ 233,013</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 102
Accrued expenses	254	-	1,864
Due to other funds	-	-	912
Total liabilities	<u>254</u>	<u>-</u>	<u>2,878</u>
Fund balances:			
Restricted	1,083	-	182,176
Assigned	-	40,054	47,959
Total fund balances	<u>1,083</u>	<u>40,054</u>	<u>230,135</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,337</u>	<u>\$ 40,054</u>	<u>\$ 233,013</u>

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TRINITY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Records Management</u>	<u>Law Library</u>	<u>Security Fee</u>
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Fees, licenses, and permits	98,351	11,200	10,731
Intergovernmental revenue and grants	-	-	-
Investment earnings	41	19	26
Other revenue	-	147	-
Total revenues	<u>98,392</u>	<u>11,366</u>	<u>10,757</u>
EXPENDITURES			
General government	50,882	-	-
Judicial	-	9,294	-
Public safety	-	-	-
Road and bridge	-	-	-
Health and welfare	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>50,882</u>	<u>9,294</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>47,510</u>	<u>2,072</u>	<u>10,757</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	408	-	-
Transfers out (use)	(1,100)	-	(9,000)
Net other financing sources (uses)	(692)	-	(9,000)
NET CHANGE IN FUND BALANCE	46,818	2,072	1,757
FUND BALANCE - BEGINNING OF YEAR	<u>42,512</u>	<u>12,596</u>	<u>12,630</u>
FUND BALANCE - END OF YEAR	<u>\$ 89,330</u>	<u>\$ 14,668</u>	<u>\$ 14,387</u>

<u>Sheriff's Forest Service</u>	<u>Seized Funds</u>	<u>Jury Service</u>	<u>Court Technology</u>	<u>Special Crime Funds</u>	<u>LEOSE Education</u>
\$ -	\$ 26,443	\$ -	\$ -	\$ -	\$ -
-	-	4,744	4,221	-	1,670
-	-	-	-	-	2,763
-	38	2	2	7	19
-	-	-	-	-	-
-	<u>26,481</u>	<u>4,746</u>	<u>4,223</u>	<u>7</u>	<u>4,452</u>
-	-	-	-	-	-
-	-	5,994	3,960	-	-
-	9,803	-	-	-	1,534
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,340	-	-	-	-
-	<u>12,143</u>	<u>5,994</u>	<u>3,960</u>	<u>-</u>	<u>1,534</u>
-	14,338	(1,248)	263	7	2,918
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	14,338	(1,248)	263	7	2,918
183	<u>26,264</u>	<u>1,275</u>	<u>1,791</u>	<u>7,688</u>	<u>17,134</u>
<u>\$ 183</u>	<u>\$ 40,602</u>	<u>\$ 27</u>	<u>\$ 2,054</u>	<u>\$ 7,695</u>	<u>\$ 20,052</u>

TRINITY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Hotel/Motel Tax</u>	<u>Courthouse Preservation</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ 26,443
Fees, licenses, and permits	9,897	-	140,814
Intergovernmental revenue and grants	5,957	-	8,720
Investment earnings	1	84	239
Other revenue	-	-	147
Total revenues	<u>15,855</u>	<u>84</u>	<u>176,363</u>
EXPENDITURES			
General government	-	6,568	57,450
Judicial	-	-	19,248
Public safety	-	-	11,337
Road and bridge	-	-	-
Health and welfare	15,300	-	15,300
Pass-through expenditures	-	-	-
Capital outlay	-	-	2,340
Total expenditures	<u>15,300</u>	<u>6,568</u>	<u>105,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>555</u>	<u>(6,484)</u>	<u>70,688</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	408
Transfers out (use)	-	-	(10,100)
Net other financing sources (uses)	-	-	(9,692)
NET CHANGE IN FUND BALANCE	555	(6,484)	60,996
FUND BALANCE - BEGINNING OF YEAR	<u>528</u>	<u>46,538</u>	<u>169,139</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,083</u>	<u>\$ 40,054</u>	<u>\$ 230,135</u>

COMPLIANCE SECTION

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Todd, Hamaker & Johnson, LLP

CERTIFIED PUBLIC ACCOUNTANTS

420 S 1st Street • PO Box 468 • Lufkin, TX 75902-0468 • (936) 632-8181
301 N 6th Street • PO Box 1249 • Crockett, TX 75835-1249 • (936) 544-2143

Melvin R. Todd, CPA
Daren Hamaker, CPA
Kim Johnson, CPA
Rachel Kennerly, CPA

INDEPENDENT AUDITORS' 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 Honorable County Judge and
Members of the Commissioners' Court
Trinity County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trinity County, Texas (the "County"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Trinity County, Texas' basic financial statements and have issued our report thereon dated June 21, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs (findings 2015-001 and 2015-002) that we consider to be significant deficiencies.

**INDEPENDENT AUDITORS' 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* – CONTINUED**

Compliance and Other Matters

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

Trinity County, Texas' Response to Findings

Trinity County, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Trinity County'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.

Todd, Hamaker & Johnson, LLP

Todd, Hamaker & Johnson, LLP
Lufkin, Texas

June 21, 2016

Todd, Hamaker & Johnson, LLP

CERTIFIED PUBLIC ACCOUNTANTS

420 S 1st Street • PO Box 468 • Lufkin, TX 75902-0468 • (936) 632-8181
301 N 6th Street • PO Box 1249 • Crockett, TX 75835-1249 • (936) 544-2143

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

To the Honorable County Judge and
Members of the Commissioners' Court
Trinity County, Texas

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Trinity 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Trinity County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133 – CONTINUED**

Report on Internal Control over Compliance

Management of Trinity 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 Trinity 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Trinity County, Texas' internal control over compliance.

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

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

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

Todd, Hamaker & Johnson, LLP

Todd, Hamaker & Johnson, LLP
Lufkin, Texas

June 21, 2016

TRINITY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Federal Grantor/ Pass-through Grantor/Other Grantor Program Title/Grant Title	Federal CFDA Number	Grant Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Texas Comptroller of Public Accounts			
Schools and Roads - Grants to States – Title I	10.665	-	\$ 299,699 ⁴
Schools and Roads - Grants to States – Title II	10.665	-	<u>54,295</u>
Total for CFDA 10.665			<u>353,994</u>
Total U.S. Department of Agriculture:			<u>353,994</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Texas General Land Office			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	DRS010189/ 10-5136-000-5117	167,898
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	DRS220189/ 13-115-000-7157	<u>3,084,916</u>
Total for CFDA 14.228			<u>3,252,814 ⁴</u>
Passed through Texas Department of Housing and Community Affairs			
Home Investment Partnerships Program	14.239	1001870	<u>479,990 ⁴</u>
Total for CFDA 14.239			<u>479,990</u>
Total U.S. Department of Housing and Urban Development:			<u>3,732,804</u>
<u>U.S. Department of the Interior</u>			
Passed through Texas Comptroller of Public Accounts			
National Forest Acquired Lands	15.438	-	<u>222,856 ⁴</u>
Total for CFDA 15.438			<u>222,856</u>
Total U.S. Department of the Interior:			<u>222,856</u>
<u>U.S. Department of Justice</u>			
Passed through Texas Office of the Governor			
Crime Victim Assistance	16.575	2910901 2015-VA-GX-009	<u>271</u>
Total for CFDA 16.575			<u>271</u>
Total U.S. Department of Justice:			<u>271</u>
Total Federal Awards Expended:			<u>\$ 4,309,925</u>

See accompanying notes to schedule of expenditures of federal awards.

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

NOTE 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (“Schedule”) includes the federal grant activity of Trinity County, Texas under programs of the federal government for the year ended September 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Trinity County, Texas, it is not intended to and does not present the financial position, changes in net position, or cash flows of Trinity County, Texas.

NOTE 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting and accordingly, all significant receivables, payables, and other liabilities are included. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – Presentation of Expenditures

Expenditures included in the Schedule are reported exclusive of non-federal matching funds.

NOTE 4 – Subrecipients

Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient. Of the expenditures presented in the Schedule, the County provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
10.665	Schools and Roads - Grants to States – Title I	\$ 149,849
14.228	Community Development Block Grant	870,549
14.239	Home Investment Partnerships Program	479,990
15.438	National Forest Acquired Lands	<u>111,428</u>
Total federal awards provided to subrecipients:		<u>\$ 1,611,816</u>

NOTE 5 – Other

Pass-through entity identifying numbers are presented where available.

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

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: unmodified

○ Material weakness(es) identified? _____ yes ✓ no

○ Significant deficiency(ies) identified that are not considered to be material weakness(es)? ✓ yes _____

Non-compliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

○ Material weakness(es) identified? _____ yes ✓ no

○ Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes ✓ none reported

Type of auditors’ report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes ✓ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between type A and type B federal programs: \$ 300,000

Auditee qualified as a low-risk auditee? ✓ yes _____ no

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

Section II – Financial Statements Audit Findings

2015-001 Significant Deficiency: General Fund Bank Reconciliation

Condition. Auditing procedures performed on the general fund cash account revealed that the bank reconciliation performed at year end did not reconcile the bank balance to the final general ledger balance. We also noted several transactions that were not recorded to the general ledger until as much as two months after the actual transactions took place.

Additionally, a transfer of approximately \$85,000 in September was not properly accounted for and required audit adjustment. The general ledger cash account was not fully corrected until April, 2016 during our audit fieldwork.

Criteria or Specific Requirements. The majority of the County's funds are deposited, expended and accounted for through this bank account. Review of bank statements and reconciliations to the general ledger is possibly the single most important internal control within any organization.

Effect. Possible fraud, theft, or misappropriation of funds; inaccurate reporting; improper cash management.

Recommendation. This account, as well as all County funds, should be reconciled with the general ledger monthly basis by the County Treasurer. The reconciliation should be signed and dated. The reconciliation should be reviewed for accuracy by the County auditor, also signing and dating to document the process.

If transactions are posted to cash after the reconciliations are performed, the reconciliations should be updated to reflect the changes.

View of responsible officials and corrective action. The County Auditor agrees with the findings and the recommendations and corrective action have been implemented.

2015-002 Significant Deficiency: Fines Receivable

Condition. The JP offices were unable to produce reports detailing the amount of fines outstanding at year end. It is speculated that the reports were unavailable because they should have been generated at each month end and could not be reproduced after the fact.

Criteria or Specific Requirements. These reports track fines assessed, collected and/or adjusted, as well as the outstanding balances for each JP's office. Collections are reviewed each month by the County Auditor. However, these reports are needed at year end to adjust the receivable balances.

Effect. Possible fraud, theft, or misappropriation of funds; inaccurate reporting; decreased collections.

Recommendation. We recommend that the County Auditor establish a procedure to ensure that all activity relating to fines receivable be tracked each month and that reports supporting the amounts are available.

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

View of responsible officials and corrective action. The County Auditor agrees with the findings. Monthly collection reports are being reviewed and reconciled each month. Additional reporting steps will be taken to provide year-end reconciliation. The County Auditor has recommended that the County upgrade the Justice of the Peace judicial management software system that will provide improvements required to track fines and provide advanced reporting features needed for year-end auditing. The request is to be considered during the FY 16/17 budget year.

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

Section III – Major Federal Award Programs Audit Findings and Questioned Costs

None.

**TRINITY COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Financial Statements Audit Findings

None.

Major Federal Award Programs Audit Findings and Questioned Costs

None.