

TRINITY COUNTY, TEXAS
AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORTS
SEPTEMBER 30, 2013

INTRODUCTORY SECTION

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SEPTEMBER 30, 2013**

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**TRINITY COUNTY, TEXAS
PRINCIPAL PUBLIC OFFICIALS
SEPTEMBER 30, 2013**

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
Diane McCrory County Clerk
Jo Bitner County Treasurer
Randy Barrett Justice of the Peace, Precinct #1
Bernie Beard Justice of the Peace, Precinct #2
Bobby Nicholds 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
Cheryl Cartwright District Clerk
Elizabeth Coker 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

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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, 2013, 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 fund information of Trinity County, Texas, as of September 30, 2013, and the respective changes in

INDEPENDENT AUDITORS' REPORT – CONTINUED

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 2013 the County adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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, and schedule of funding progress of pension plan on pages 11-17 and 59-73, 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 the 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 79-89 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, 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

INDEPENDENT AUDITORS' REPORT – CONTINUED

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

May 30, 2014

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**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(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, 2013. 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 \$5,818,576 (net position) at September 30, 2013.
- Total assets increased by \$179,976 from the prior year; total liabilities decreased by \$240,214 from the prior year.
- Overall revenues exceeded expenses by \$477,742.

Fund financial statements

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$468,004. Overall revenues exceeded expenditures by \$554,822.

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, 2013
(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 pages 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 55 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 \$5,818,576 at September 30, 2013.

The largest portion of the County's net position, or \$5,236,625, reflects its investment in capital assets (\$7,572,416) less the related debt used to acquire those assets that remains outstanding (\$2,335,791). 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 totaling \$513,970 represents resources that are subject to restriction on how they may be used.

The remaining balance of \$67,981 is unrestricted in nature.

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(UNAUDITED)**

The County's Net Position

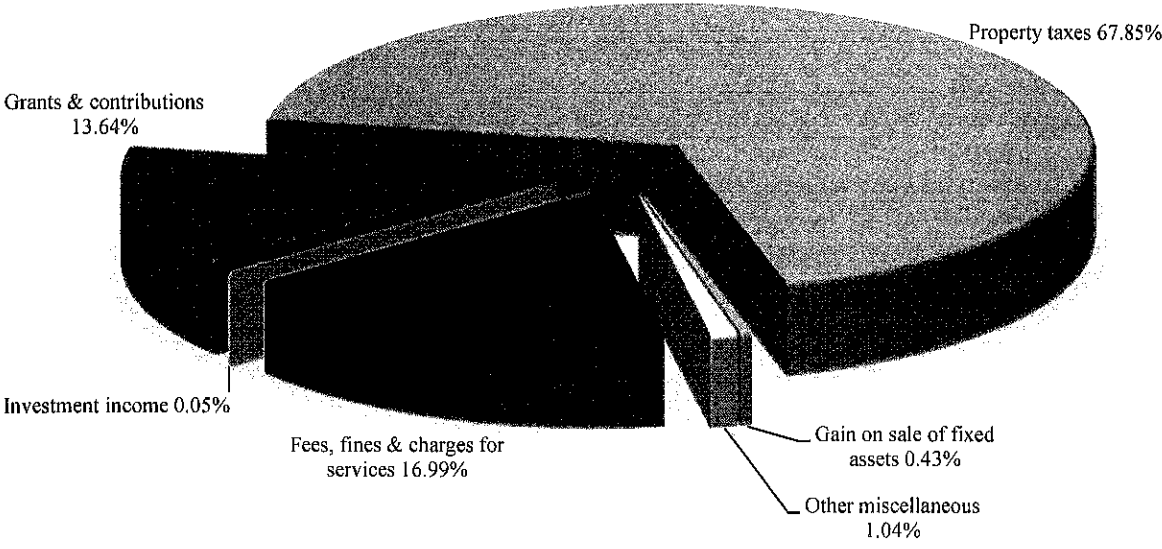
	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 1,322,256	\$ 728,634
Capital assets, net	<u>7,572,416</u>	<u>7,986,062</u>
Total assets	<u>8,894,672</u>	<u>8,714,696</u>
Long-term liabilities	2,306,626	2,590,951
Other liabilities	<u>769,470</u>	<u>725,359</u>
Total liabilities	<u>3,076,096</u>	<u>3,316,310</u>
Net position:		
Invested in capital assets, net of related debt	5,236,625	5,395,111
Restricted	513,970	141,008
Unrestricted	<u>67,981</u>	<u>(137,733)</u>
Total net position	<u>\$ 5,818,576</u>	<u>\$ 5,398,386</u>

Change in Net Position

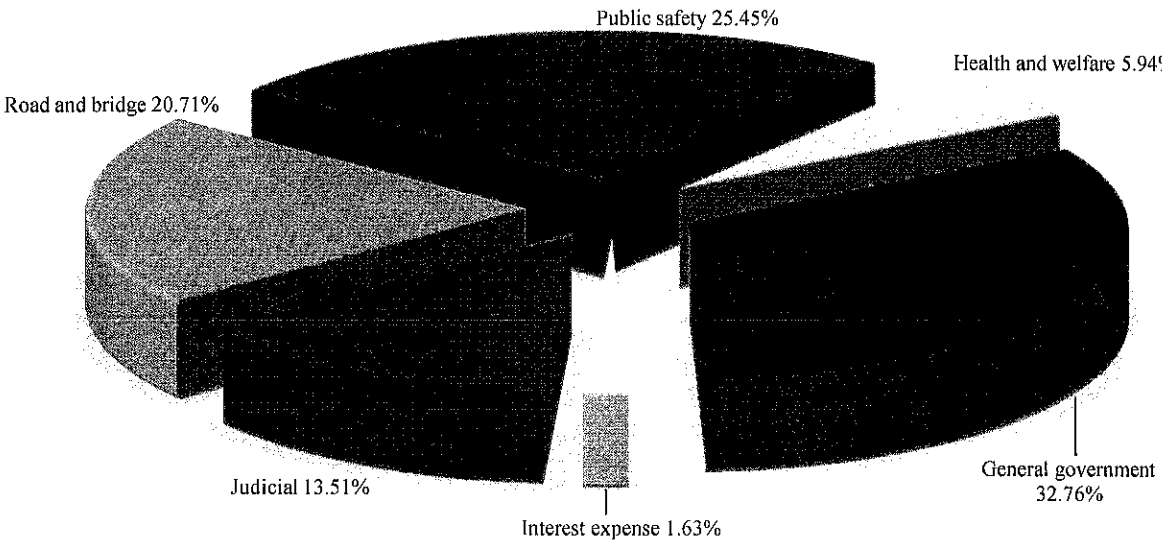
	<u>2013</u>	<u>2012</u>
Revenues		
Fees, fines, charges for services	\$ 1,090,298	\$ 1,057,421
Grants and contributions, net of pass-through expenditures	875,117	864,825
Property taxes	4,330,744	4,099,793
Payment in lieu of taxes	22,740	22,871
Investment income	3,266	4,971
Gain on sale of assets	27,746	46,836
Other miscellaneous	<u>66,444</u>	<u>46,556</u>
Total revenues	<u>6,416,355</u>	<u>6,143,273</u>
Expenses		
General government	1,945,322	1,811,860
Road and bridge	1,230,140	1,247,978
Judicial	802,056	857,170
Public safety	1,511,475	1,587,723
Health and welfare	352,843	292,115
Interest on long-term debt	<u>96,777</u>	<u>103,920</u>
Total expenses	<u>5,938,613</u>	<u>5,900,766</u>
Increase (decrease) in net position	477,742	242,507
Prior period adjustment	(57,552)	-
Net position at beginning of year	<u>5,398,386</u>	<u>5,155,879</u>
Net position at end of year	<u>\$ 5,818,576</u>	<u>\$ 5,398,386</u>

**TRINITY COUNTY, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013
 (UNAUDITED)**

**Revenues by Source
 For the Fiscal Year Ended September 30, 2013**



**Expenses by Function
 For the Fiscal Year Ended September 30, 2013**



**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(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, 2013, the County's general fund and road and bridge precinct no. 1 fund reported total deficit fund balances of \$193,067 and \$36,519, respectively. The remaining governmental funds reported a combined positive fund balance of \$697,590. Overall, a positive fund balance of \$468,004 is shown.

This fund balance is comprised of \$718,833 that is either in a nonspendable form, restricted, or assigned for specific purposes. The remaining balance, a deficit of \$250,829, is unassigned. During the year, the fund balance in the County's governmental funds increased by \$554,822.

Budgetary Comparisons. A comparison of the general fund, each individual road and bridge fund, and the courthouse preservation fund budget and actual results are presented as required supplementary information on pages 59 to 69.

General Fund. No change in fund balance (revenues equal to expenditures) was budgeted for the general fund. Actual results yielded a \$231,310 increase in fund balance for a \$231,310 favorable budget variance.

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 \$816,720 increase in fund balance and favorable budget variance.

Road and Bridge Fund, Precinct No. 2. No change in fund balance (revenues equal to expenditures) was budgeted for the fund. Actual results yielded a \$8,189 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 \$2,439 increase in fund balance and favorable budget variance.

Road and Bridge Fund, Precinct No. 4. A decrease in fund balance (excess of expenditures over revenues) of \$20,000 was budgeted for the fund. Actual results yielded a \$1,898 decrease in fund balance or a \$18,102 favorable budget variance.

Courthouse Preservation Fund. A budget was not prepared for the courthouse preservation fund.

CAPITAL ASSETS

The County's investment in capital assets as of September 30, 2013 totaled \$7,572,416 (net of accumulated depreciation). This investment includes land, building, equipment, improvements (other than buildings), and construction in progress.

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(UNAUDITED)**

Capital assets of \$339,952 were purchased during the year. Significant purchases included:

- Fencing at the precinct 3 barn
- Law enforcement communication equipment (funded by grants)
- 2013 Tahoe for the District Attorney's office (funded by grant)
- Air conditioning units – Rock Building and jail (funded by grant)
- Various trucks and heavy equipment (funded by capital leases/notes)

During the current fiscal year, grant-funded equipment totaling \$7,455 purchased in the prior fiscal year was identified as not having been included in the County's capital asset listing. Beginning net position on the government-wide financial statements and the summary shown below have been adjusted to reflect the addition. Additionally, some assets have been reclassified by category in the restated 2012 column.

Capital Assets (Net of Depreciation)

	2013	(Restated) 2012
Land	\$ 47,008	\$ 47,008
Construction in progress	5,000	-
Buildings and improvements	7,109,957	7,088,641
Infrastructure	96,880	96,880
Rolling stock	2,467,425	2,547,029
Furniture and equipment	862,383	874,338
Less: accumulated depreciation	(3,016,237)	(2,660,379)
Total	\$ 7,572,416	\$ 7,993,517

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(UNAUDITED)**

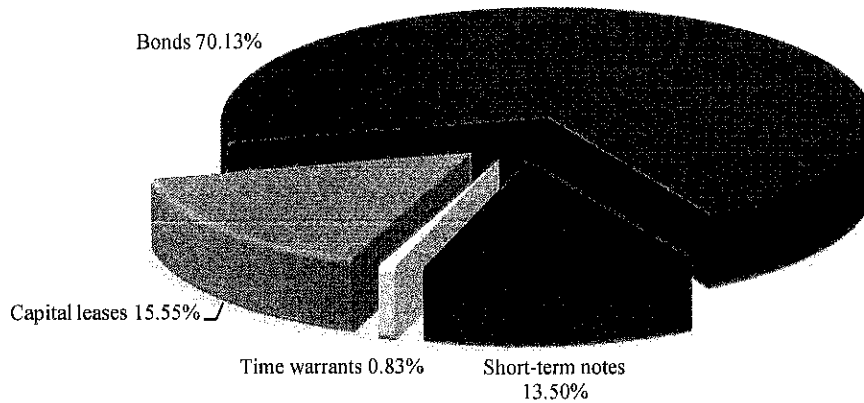
DEBT ADMINISTRATION

At the end of the current fiscal year, the County had total debt and capital lease obligations of \$2,666,506.

Debt Outstanding

	Beginning Balance	Additions	Reductions	Ending Balance
Short-term notes	\$ 274,530	\$ 494,635	\$ (409,285)	\$ 359,880
Capital leases	546,430	272,807	(404,611)	414,626
Time warrants	33,000	-	(11,000)	22,000
Bond obligations	2,020,000	-	(150,000)	1,870,000
Total	\$ 2,873,960	\$ 767,442	\$ (974,896)	\$ 2,666,506

**Total Debt Outstanding
September 30, 2013**



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, 2013

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 581,480	\$ 581,480
Receivables		
Property taxes, net of allowance for uncollectibles	136,480	136,480
Fines, net of allowance for uncollectibles	51,201	51,201
Grants	36,810	36,810
Prepays	2,966	2,966
Restricted assets		
Cash and cash equivalents	513,319	513,319
Capital assets		
Capital assets not being depreciated	52,008	52,008
Capital assets being depreciated	10,536,645	10,536,645
Accumulated depreciation	(3,016,237)	(3,016,237)
TOTAL ASSETS	8,894,672	8,894,672
LIABILITIES		
Accounts payable	219,635	219,635
Accrued expenses	135,065	135,065
Accrued interest	13,089	13,089
Accrued compensated absences	41,801	41,801
Notes payable - short term	359,880	359,880
Noncurrent liabilities		
Due within one year	464,594	464,594
Due in more than one year	1,842,032	1,842,032
TOTAL LIABILITIES	3,076,096	3,076,096
NET POSITION		
Invested in capital assets, net of related debt	5,236,625	5,236,625
Restricted for:		
Debt service	466,047	466,047
Grants	19,937	19,937
Law enforcement	27,986	27,986
Unrestricted	67,981	67,981
TOTAL NET POSITION	\$ 5,818,576	\$ 5,818,576

See accompanying notes to financial statements.

**TRINITY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Expenses
Primary government	
Governmental activities	
General government	\$ 1,945,322
Judicial	802,056
Public safety	1,511,475
Road and bridge	1,230,140
Health and welfare	352,843
Pass-through expenditures	321,149
Interest on long-term debt	96,777
Total governmental activities	6,259,762

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
\$ 109,996	\$ 427,020	\$ -	\$ (1,408,306)
251,190	43,863	-	(507,003)
197,815	25,640	42,527	(1,245,493)
512,419	240,062	11,249	(466,410)
18,878	84,756	-	(249,209)
-	321,149	-	-
-	-	-	(96,777)
<u>1,090,298</u>	<u>1,142,490</u>	<u>53,776</u>	<u>(3,973,198)</u>

General revenues	
Property taxes	4,330,744
Investment income	3,266
Payments in lieu of taxes	22,740
Gain on sale of assets	27,746
Miscellaneous income	66,444
Total general revenues	<u>4,450,940</u>
Change in net position	477,742
Net position - beginning	5,398,386
Prior period adjustment	(57,552)
Net position - ending	<u>\$ 5,818,576</u>

See accompanying notes to financial statements.

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FUND FINANCIAL STATEMENTS

**TRINITY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	<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	\$ 334,159	\$ 21,043	\$ 47,277
Receivables			
Property taxes, net of allowance for uncollectibles	132,799	-	-
Fines, net of allowance for uncollectibles	51,201	-	-
Grants	30,561	-	-
Due from other funds	185	-	-
Prepaid items	2,966	-	-
TOTAL ASSETS	<u>\$ 551,871</u>	<u>\$ 21,043</u>	<u>\$ 47,277</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	181,143	6,764	357
Accrued expenses	113,219	4,422	500
Accrued interest	392	800	-
Due to other funds	-	-	-
Short term notes payable	314,304	45,576	-
Total liabilities	<u>609,058</u>	<u>57,562</u>	<u>857</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	100,619	-	-
Unavailable revenue - fines	35,261	-	-
Total deferred inflows of resources	<u>135,880</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	2,966	-	-
Restricted	-	-	-
Assigned	-	-	46,420
Unassigned	(196,033)	(36,519)	-
Total fund balances	<u>(193,067)</u>	<u>(36,519)</u>	<u>46,420</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 551,871</u>	<u>\$ 21,043</u>	<u>\$ 47,277</u>

<u>Road and Bridge Fund Pct No. 3</u>	<u>Road and Bridge Fund Pct No. 4</u>	<u>Courthouse Preservation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 28,859	\$ 91,074	\$ 459,217	\$ 127,984	\$ 1,109,613
-	-	-	3,681	136,480
-	-	-	-	51,201
-	-	-	6,249	36,810
-	-	-	-	185
-	-	-	-	2,966
<u>\$ 28,859</u>	<u>\$ 91,074</u>	<u>\$ 459,217</u>	<u>\$ 137,914</u>	<u>\$ 1,337,255</u>
\$ -	\$ -	\$ -	\$ 14,814	\$ 14,814
10,093	10,602	-	10,676	219,635
4,898	6,211	-	5,815	135,065
-	-	-	-	1,192
-	-	-	185	185
-	-	-	-	359,880
<u>14,991</u>	<u>16,813</u>	<u>-</u>	<u>31,490</u>	<u>730,771</u>
-	-	-	2,600	103,219
-	-	-	-	35,261
-	-	-	2,600	138,480
-	-	-	-	2,966
-	-	459,217	54,753	513,970
13,868	74,261	-	67,348	201,897
-	-	-	(18,277)	(250,829)
<u>13,868</u>	<u>74,261</u>	<u>459,217</u>	<u>103,824</u>	<u>468,004</u>
<u>\$ 28,859</u>	<u>\$ 91,074</u>	<u>\$ 459,217</u>	<u>\$ 137,914</u>	<u>\$ 1,337,255</u>

See accompanying notes to 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, 2013

Total fund balances - governmental funds balance sheet	\$	468,004
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.		7,572,416
Certain revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows in the governmental funds.		138,480
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.		(53,698)
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>(2,306,626)</u>
Net position of governmental activities	\$	<u>5,818,576</u>

See accompanying notes to financial statements.

TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	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	\$ 4,169,373	\$ -	\$ -
Fines and forfeitures	154,512	-	-
Fees, licenses, and permits	309,152	133,206	51,233
Intergovernmental revenue and grants	172,742	60,814	23,390
Contributions and donations from private sources	275	-	-
Payment in lieu of taxes	22,740	-	-
Investment earnings	2,119	28	79
Other revenue	59,563	1,166	-
Total revenues	<u>4,890,476</u>	<u>195,214</u>	<u>74,702</u>
EXPENDITURES			
General government	1,664,945	-	-
Judicial	699,449	-	-
Public safety	1,435,288	-	-
Road and bridge	111,954	218,987	41,618
Health and welfare	341,860	-	-
Pass-through expenditures	-	-	-
Capital outlay	77,481	53,232	-
Debt service			
Principal	37,148	117,334	-
Interest	7,111	12,462	-
Total expenditures	<u>4,375,236</u>	<u>402,015</u>	<u>41,618</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>515,240</u>	<u>(206,801)</u>	<u>33,084</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	820	101,000	2,626
Proceeds from notes/capital leases	59,878	53,232	-
Transfers in	9,023	88,540	34,053
Transfers out	<u>(353,651)</u>	<u>(2,500)</u>	<u>(61,574)</u>
Net other financing sources (uses)	(283,930)	240,272	(24,895)
NET CHANGE IN FUND BALANCE	231,310	33,471	8,189
FUND BALANCE - BEGINNING OF YEAR	<u>(424,377)</u>	<u>(69,990)</u>	<u>38,231</u>
FUND BALANCE - END OF YEAR	<u>\$ (193,067)</u>	<u>\$ (36,519)</u>	<u>\$ 46,420</u>

Road and Bridge Fund Pct No. 3	Road and Bridge Fund Pct No. 4	Courthouse Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 174,519	\$ 4,343,892
-	-	-	23,434	177,946
117,836	210,056	-	88,650	910,133
59,959	95,899	402,648	380,540	1,195,992
-	-	-	-	275
-	-	-	-	22,740
20	243	554	223	3,266
4,228	1,387	-	100	66,444
<u>182,043</u>	<u>307,585</u>	<u>403,202</u>	<u>667,466</u>	<u>6,720,688</u>
-	-	10,818	53,363	1,729,126
-	-	-	88,598	788,047
-	-	-	21,803	1,457,091
307,084	385,561	-	-	1,065,204
-	-	-	10,984	352,844
-	-	-	321,149	321,149
67,045	118,874	9,143	53,777	379,552
117,373	143,757	-	150,000	565,612
5,260	6,376	-	70,584	101,793
<u>496,762</u>	<u>654,568</u>	<u>19,961</u>	<u>770,258</u>	<u>6,760,418</u>
<u>(314,719)</u>	<u>(346,983)</u>	<u>383,241</u>	<u>(102,792)</u>	<u>(39,730)</u>
119,150	96,500	-	1,650	321,746
53,232	106,464	-	-	272,806
139,898	142,121	-	24,122	437,757
-	-	(10,000)	(10,032)	(437,757)
<u>312,280</u>	<u>345,085</u>	<u>(10,000)</u>	<u>15,740</u>	<u>594,552</u>
(2,439)	(1,898)	373,241	(87,052)	554,822
<u>16,307</u>	<u>76,159</u>	<u>85,976</u>	<u>190,876</u>	<u>(86,818)</u>
<u>\$ 13,868</u>	<u>\$ 74,261</u>	<u>\$ 459,217</u>	<u>\$ 103,824</u>	<u>\$ 468,004</u>

See accompanying notes to 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, 2013

Net change in fund balance - governmental funds	\$	554,822
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.		379,522
The depreciation of capital assets used in governmental activities is not reported in the governmental funds.		(506,653)
The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals) decreases net position.		(294,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(10,930)
Repayment of long-term debt is an expenditure in the governmental funds, but is not an expense in the statement of activities.		565,612
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.		(272,806)
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.		57,133
Amount represents the change in accrued interest from the beginning of the period to the end of the period.		<u>5,042</u>
Change in net position of governmental activities	\$	<u>477,742</u>

See accompanying notes to financial statements.

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TRINITY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 618,225
TOTAL ASSETS	<u>\$ 618,225</u>
LIABILITIES	
Amounts held for others	\$ 402,659
Due to other units	<u>215,566</u>
TOTAL LIABILITIES	<u>\$ 618,225</u>

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

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TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

In the current fiscal year, the County implemented the following new standards:

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

GASB Statement 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* (“GASB 61”), which modifies certain requirements for inclusion of component units in the financial reporting entity, amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances and clarifies the reporting of equity interest in legally separate organizations. Implementation of GASB 61 did not have an impact on the County’s financial disclosures.

GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (“GASB 62”), which incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations; 2) Accounting Principles Board Opinions; 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure. Implementation of GASB 62 is reflected in the financial statements.

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (“GASB 63”), amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of the resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as “net position” rather than “net assets”. Implementation of GASB 63 is reflected in the financial statements.

GASB Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 64* (“GASB 64”), clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider and establishes when the effective hedging relationship continues and therefore should continue to be applied. Implementation of GASB 64 did not have an impact on the County’s financial disclosures.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As a result of implementing GASB 65, the financial statements reflect a restatement and reduction of the government-wide net position in the amount of \$65,007 for bond issuance costs paid in prior periods.

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.

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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 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 the courthouse preservation fund are reported as major governmental funds. 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.

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, Liabilities, 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. Cash equivalents are stated at fair value.

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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, 2013.

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.

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 the following instruments, as authorized by the Public Funds Investment Act: 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 (investment in such pools shall be limited to 15% of the County's entire portfolio and 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 property tax receivable 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.

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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.

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 with useful lives of more than one year are stated at historical cost and reported in the applicable governmental type activities column 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	15 to 40 years
Office furniture and equipment	5 to 7 years
Rolling stock	5 to 7 years
Infrastructure	20 to 30 years

Deferred Inflows of Resources

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 of this type, 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 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.

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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.

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, 2013, restricted net position represents monies that are legally restricted for payment of debt service, law enforcement costs, or grant costs. Unrestricted net position represents the net assets available for future operations.

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.

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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. The County did not provide a budget for the courthouse preservation fund. Additionally, one major fund, the road and bridge precinct no. 3 fund was overspent at September 30, 2013.

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At September 30, 2013, the general fund and road and bridge precinct no. 1 fund had deficit balances.

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

DETAILED NOTES ON ALL FUNDS

ASSETS

Deposits and Investments

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 had no investments at any time during the year ending September 30, 2013.

As of September 30, 2013, the County's cash deposits with depository banks totaled \$1,682,158, including agency funds. All deposits were fully secured by FDIC coverage and securities pledged by the depository banks with total collateral value of \$2,793,544.

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>Totals</u>
Receivables by activity				
General fund	\$ 1,580,889	\$ 2,048,031	\$ 30,561	\$ 3,659,481
Grants fund	-	-	6,249	6,249
Debt service fund	<u>43,824</u>	<u>-</u>	<u>-</u>	<u>43,824</u>
Total receivables, gross	<u>1,624,713</u>	<u>2,048,031</u>	<u>36,810</u>	<u>3,709,554</u>
Allowance for uncollectibles				
General fund	(1,448,090)	(1,996,830)	-	(3,444,920)
Grants fund	-	-	-	-
Debt service fund	<u>(40,143)</u>	<u>-</u>	<u>-</u>	<u>(40,143)</u>
Total allowance	<u>(1,488,233)</u>	<u>(1,996,830)</u>	<u>-</u>	<u>(3,485,063)</u>
Total receivables, net	<u>\$ 136,480</u>	<u>\$ 51,201</u>	<u>\$ 36,810</u>	<u>\$ 224,491</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, 2013, was \$.6500 per \$100 of assessed valuation. Of this rate, \$.0266 was allocated to debt service and \$.6234 was allocated to maintenance and operation.

Of the \$1,624,713 in property taxes receivable, \$1,295,538 represents the outstanding balances of assessments for tax years 2011 and prior.

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Capital Assets

Prior Period Adjustment. During the current fiscal year, grant-funded equipment totaling \$7,455 purchased in the prior year was identified as not having been included in the capital asset listing. Beginning net position on the government-wide financial statements and the summary below have been adjusted to reflect the addition. Additionally, some assets have been reclassified by category in the beginning balance column of the summary below.

A summary of changes in capital assets for the year ended September 30, 2013, is as follows:

	(Restated) Balance <u>09/30/2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/2013</u>
Capital assets, not being depreciated				
Land	\$ 47,008	\$ -	\$ -	\$ 47,008
Construction in progress	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total not being depreciated	<u>47,008</u>	<u>5,000</u>	<u>-</u>	<u>52,008</u>
Capital assets, being depreciated				
Buildings and improvements	7,088,641	21,316	-	7,109,957
Infrastructure	96,880	-	-	96,880
Rolling stock	2,547,029	301,885	(381,489)	2,467,425
Furniture and equipment	<u>874,338</u>	<u>11,751</u>	<u>(23,706)</u>	<u>862,383</u>
Total being depreciated	<u>10,606,888</u>	<u>334,952</u>	<u>(405,195)</u>	<u>10,536,645</u>
Less accumulated depreciation:				
Buildings and improvements	(420,582)	(173,674)	-	(594,256)
Infrastructure	(6,264)	(4,443)	-	(10,707)
Rolling stock	(1,783,767)	(237,769)	127,089	(1,894,447)
Furniture and equipment	<u>(449,766)</u>	<u>(90,767)</u>	<u>23,706</u>	<u>(516,827)</u>
Total accumulated depreciation	<u>(2,660,379)</u>	<u>(506,653)</u>	<u>150,795</u>	<u>(3,016,237)</u>
Total being depreciated, net	<u>7,946,509</u>	<u>(171,701)</u>	<u>(254,400)</u>	<u>7,520,408</u>
Total capital assets, net	<u>\$ 7,993,517</u>	<u>\$ (166,701)</u>	<u>\$ (254,400)</u>	<u>\$ 7,572,416</u>
				<u>(2,335,791)</u>
				<u>\$ 5,236,625</u>

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

General government	\$ 219,261
Judicial	14,009
Road and bridge	163,799
Public safety	<u>109,584</u>
Total	<u>\$ 506,653</u>

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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, 2012	\$ 260,000	\$ 14,530	\$ 274,530
Additional borrowings	434,304	60,331	494,635
Principal payments	<u>(380,000)</u>	<u>(29,285)</u>	<u>(409,285)</u>
Balance, September 30, 2013	<u>\$ 314,304</u>	<u>\$ 45,576</u>	<u>\$ 359,880</u>

These short-term notes have maturity dates of less than one year and are due and payable in full, including interest at 2.14% to 5.00%, and are unsecured or secured by vehicles or equipment the notes serve to finance. At September 30, 2013, accrued interest payable on these notes was \$1,192.

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 2.14% to 5.05% 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	\$ 59,878	\$ 485,350	\$ 545,228
Less accumulated depreciation	-	<u>(168,224)</u>	<u>(168,224)</u>
Total	<u>\$ 59,878</u>	<u>\$ 317,126</u>	<u>\$ 377,004</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

<u>Year ending September 30,</u>	<u>General Fund</u>	<u>Road and Bridge Funds</u>	<u>Totals</u>
2014	\$ 30,513	\$ 274,431	\$ 304,944
2015	30,512	38,794	69,306
2016	-	15,460	15,460
2017	-	15,460	15,460
2018	-	15,460	15,460
2019 - 2023	-	<u>16,671</u>	<u>16,671</u>
Total minimum lease payments	\$ 61,025	\$ 376,276	\$ 437,301
Less amount representing interest	<u>(1,147)</u>	<u>(21,528)</u>	<u>(22,675)</u>
Present value of minimum lease payments	<u>\$ 59,878</u>	<u>\$ 354,746</u>	<u>\$ 414,626</u>

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Long-term Liabilities

Long-term liability activity for the year ended September 30, 2013, was as follows:

	<u>Balance</u> <u>09/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/13</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable –					
2012 Refunding	\$ 1,320,000	\$ -	\$ (105,000)	\$ 1,215,000	\$ 105,000
2012 Certificates	700,000	-	(45,000)	655,000	55,000
Time warrants	33,000	-	(11,000)	22,000	11,000
Capital leases	<u>546,430</u>	<u>272,807</u>	<u>(404,611)</u>	<u>414,626</u>	<u>293,594</u>
Total Long-term Liabilities	<u>\$ 2,599,430</u>	<u>\$ 272,807</u>	<u>\$ (565,611)</u>	<u>\$ 2,306,626</u>	<u>\$ 464,594</u>

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

Year Ending September 30,	General Obligations and Certificates of Obligation		Capital leases and Time Warrants		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 160,000	\$ 62,413	\$ 304,594	\$ 12,669	\$ 464,594	\$ 75,082
2015	165,000	24,675	75,730	5,237	240,730	29,912
2016	170,000	51,563	12,822	2,639	182,822	54,202
2017	180,000	45,888	13,436	2,024	193,436	47,912
2018	185,000	39,875	14,080	1,381	199,080	41,256
2019-2023	1,010,000	103,263	15,964	707	1,025,964	103,970
2024-2028	-	-	-	-	-	-
Totals	<u>\$ 1,870,000</u>	<u>\$ 327,677</u>	<u>\$ 436,626</u>	<u>\$ 24,657</u>	<u>\$ 2,306,626</u>	<u>\$ 352,334</u>

At year end, the County had \$5,749 available in the debt service fund to service long-term debt.

Bonds and other debt payable at September 30, 2013, 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 of the Series 2012 bonds 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.

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Time Warrants. In June 2005, the County issued a time warrant for the purpose of purchasing equipment. Annual payments of principal and interest are due on July 1 of each year and are made from precinct three road and bridge fund. The certificates were issued at an annual interest rate of 6.00% and mature on July 1, 2015.

Capital leases. The County has entered into various lease purchase agreements for the purpose of purchasing equipment. The agreements accrue interest at rates from 2.14% to 5.05% and are all for durations greater than one year. Each lease purchase is secured by the equipment that each respective agreement serves to finance.

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

The following 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.

At September 30, 2013, these internal balances consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 185	\$ -
Court Technology	-	(185)
Totals	<u>\$ 185</u>	<u>\$ (185)</u>

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, 2013:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General	\$ 353,651	\$ (9,023)
Road and Bridge Precinct No. 1	2,500	(88,540)
Road and Bridge Precinct No. 2	61,574	(34,053)
Road and Bridge Precinct No. 3	-	(139,898)
Road and Bridge Precinct No. 4	-	(142,121)
Courthouse Preservation	10,000	-
Security Fee	8,800	-
County Attorney	-	(10,248)
Debt Service	-	(10,000)
Seized Funds	1,132	-
Grant Funds	100	(3,738)
LEOSE Education	-	(136)
Totals	<u>\$ 437,757</u>	<u>\$ (437,757)</u>

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

OTHER INFORMATION

Pension Plan

The County provides pension benefits for all of its full-time employees through a non-traditional defined benefit plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report ("CAFR") on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS ("TCDRS Act"). Members can retire at ages 60 and above with 8 or more years of service, with 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.

Funding Policy

Plan members are required to contribute 7% of their annual covered salary. The County is required to contribute at an actuarially determined rate, as explained below. The contribution rate was 9.74% for the months in calendar year 2012 and 10.20% for the months in calendar year 2013.

Annual Pension Cost

For 2013, the County's annual pension cost of \$206,742 for TCDRS was equal to the County's required contributions.

Three-Year Trend Information

<u>Accounting Year Ending</u>	<u>Annual Pension Cost ("APC")</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/11	\$182,233	100%	-
09/30/12	\$186,266	100%	-
09/30/13	\$206,742	100%	-

The required contribution was determined as part of the December 31, 2012, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 8.0% percent investment rate of return (net of investment expenses), and (b) projected salary increases of 5.4%. Both (a) and (b) included an inflation component of 3.5%. 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 ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012, was 20 years. This actuarial information is summarized below.

TRINITY COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
<i>Contribution information</i>			
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Amortization Period in Years	20.0 years	20.0 years	20.0 years
Asset Valuation Method:			
Subdivision Accumulation Fund	10-year Smoothed Value	10-year Smoothed Value	10-year Smoothed Value
Employee Saving Fund	Fund Value	Fund Value	Fund Value

Actuarial assumptions

Investment Return (1)	8.0%	8.0%	8.0%
Projected Salary Increases (1)	5.4%	5.4%	5.4%
Inflation Rate	3.5%	3.5%	3.5%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

(1) Includes inflation at the stated rate.

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 80.96% funded. The actuarial accrued liability for benefits was \$5,113,347, and the actuarial value of assets was \$4,139,600, resulting in an unfunded actuarial accrued liability (UAAL) of \$973,747. The covered payroll (annual payroll of active employees covered by the plan) was \$1,983,782, and the ratio of the UAAL to the covered payroll was 49.09%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Prior Period Adjustments

Prior period adjustments have been made to the government-wide financial statements to reflect the following changes made to net position:

<u>Adjustments</u>	<u>Increase (Decrease)</u>
Capital assets (reclassification from expense to capital)	\$ 7,455
Bond issuance costs (implementation of GASB 65)	<u>(65,007)</u>
Totals	<u>\$ (57,552)</u>

These adjustments had no effect on individual fund balances.

Subsequent Events

Management has evaluated subsequent events through May 30, 2014, the date when the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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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, 2013

	Budgeted Amounts		Actual Amounts		Variances	
	Original	Final	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
REVENUES						
Property taxes	\$ 4,037,554	\$ 4,037,554	\$ 4,169,373	\$ -	\$ 4,169,373	\$ 131,819
Fines and forfeitures	186,000	186,000	154,512	-	154,512	(31,488)
Fees, licenses, and permits	266,500	271,067	309,152	-	309,152	38,085
Intergovernmental revenue and grants	92,100	166,327	172,742	-	172,742	6,415
Contributions and donations	-	250	275	-	275	25
Payment in lieu of taxes	23,500	23,500	22,740	-	22,740	(760)
Investment earnings	1,500	1,500	2,119	-	2,119	619
Other revenue	2,300	25,808	59,563	-	59,563	33,755
Total revenues	<u>4,609,454</u>	<u>4,712,006</u>	<u>4,890,476</u>	<u>-</u>	<u>4,890,476</u>	<u>178,470</u>
EXPENDITURES						
General government						
County judge	116,324	117,574	98,434	-	98,434	19,140
County clerk	111,023	111,023	109,837	-	109,837	1,186
County auditor	102,868	103,172	98,187	-	98,187	4,985
County treasurer	67,169	67,268	67,718	-	67,718	(450)
Data processing	22,500	22,500	22,409	-	22,409	91
Tax assessor-collector	166,065	166,065	163,217	-	163,217	2,848
Veterans office	15,312	15,322	14,740	-	14,740	582
Courthouse maintenance	156,613	155,488	182,588	-	182,588	(27,100)
County agent	40,044	40,044	38,043	-	38,043	2,001
County insurance	453,000	457,618	395,955	-	395,955	61,663
Non-departmental	364,580	353,112	304,691	-	304,691	48,421
Fringe benefits	57,000	57,022	64,699	-	64,699	(7,677)
Courthouse miscellaneous	78,000	78,491	101,427	-	101,427	(22,936)
Restitution - audit	-	-	3,000	-	3,000	(3,000)
Total general government	<u>1,750,498</u>	<u>1,744,699</u>	<u>1,664,945</u>	<u>-</u>	<u>1,664,945</u>	<u>79,754</u>
Judicial						
County court	14,500	14,500	24,053	-	24,053	(9,553)
District court	197,924	197,924	204,891	-	204,891	(6,967)
District clerk	72,318	72,318	72,966	-	72,966	(648)
County attorney	71,460	75,728	74,625	-	74,625	1,103
District attorney	101,913	102,056	106,227	-	106,227	(4,171)
Justice of the peace, Pct No. 1	54,726	54,126	54,855	-	54,855	(729)
Justice of the peace, Pct No. 2	54,161	54,161	53,574	-	53,574	587
Justice of the peace, Pct No. 3	55,083	55,083	54,708	-	54,708	375
Justice of the peace, Pct No. 4	53,662	53,662	53,550	-	53,550	112
Total judicial	<u>675,747</u>	<u>679,558</u>	<u>699,449</u>	<u>-</u>	<u>699,449</u>	<u>(19,891)</u>
Public safety						
County judge	-	22,000	13,442	-	13,442	8,558
Public safety	103,100	86,120	73,584	-	73,584	12,536
Sheriff department	509,695	522,449	602,471	-	602,471	(80,022)
Jail	595,661	596,016	645,173	-	645,173	(49,157)
Department of public safety	500	500	98	-	98	402
Constable, Pct No. 1	27,507	29,947	25,049	-	25,049	4,898
Constable, Pct No. 2	28,237	28,282	25,172	-	25,172	3,110
Constable, Pct No. 3	28,990	28,990	27,692	-	27,692	1,298
Constable, Pct No. 4	25,464	25,464	22,607	-	22,607	2,857
Total public safety	<u>1,319,154</u>	<u>1,339,768</u>	<u>1,435,288</u>	<u>-</u>	<u>1,435,288</u>	<u>(95,520)</u>

TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(CONTINUED)

	Budgeted Amounts		Actual Amounts		Variances	
	Original	Final	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
Road and bridge						
Commissioners	115,058	115,058	111,954	-	111,954	3,104
Total road and bridge	115,058	115,058	111,954	-	111,954	3,104
Health and welfare						
County judge	3,600	3,600	3,600	-	3,600	-
Civic improvements	25,500	25,500	27,046	-	27,046	(1,546)
DSHS health project	-	80,627	75,510	-	75,510	5,117
Mental health officer	20,081	20,081	24,252	-	24,252	(4,171)
Health and welfare	207,840	207,840	211,452	-	211,452	(3,612)
Total health and welfare	257,021	337,648	341,860	-	341,860	(4,212)
Capital outlay						
Sheriff department	-	2,174	74,182	-	74,182	(72,008)
Courthouse miscellaneous	-	1,125	3,299	-	3,299	(2,174)
Total capital outlay	-	3,299	77,481	-	77,481	(74,182)
Debt service						
Principal	150,000	150,000	37,148	380,000 a	417,148	(267,148)
Interest	-	-	7,111	-	7,111	(7,111)
Total expenditures	4,267,478	4,370,030	4,375,236	380,000	4,755,236	(385,206)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	341,976	341,976	515,240	(380,000)	135,240	(206,736)
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	-	-	820	-	820	820
Proceeds from notes/capital leases	-	-	59,878	434,304 a	494,182	494,182
Transfers in	8,800	8,800	9,023	-	9,023	223
Transfers out	(350,776)	(350,776)	(353,651)	-	(353,651)	(2,875)
Net other financing sources (uses)	(341,976)	(341,976)	(283,930)	434,304	150,374	492,350
NET CHANGE IN FUND BALANCE	-	-	231,310	54,304	285,614	285,614
FUND BALANCE - BEGINNING OF YEAR	-	-	(424,377)	-	(424,377)	(424,377)
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ (193,067)	\$ 54,304	\$ (138,763)	\$ (138,763)

Note a - adjustments from fund basis to budgetary basis consist of principal payments on short-term notes and proceeds from short-term borrowing, neither of which are included in expenditures on the fund financial statements.

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, 2013

	Budgeted Amounts		Actual Amounts		Variances	
	Original	Final	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	124,800	124,800	133,206	-	133,206	8,406
Intergovernmental revenue and grants	47,308	70,197	60,814	-	60,814	(9,383)
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	1,000	1,000	28	-	28	(972)
Other revenue	-	1,166	1,166	-	1,166	-
Total revenues	<u>173,108</u>	<u>197,163</u>	<u>195,214</u>	<u>-</u>	<u>195,214</u>	<u>(1,949)</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	232,846	234,012	218,987	-	218,987	15,025
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	53,232	-	53,232	(53,232)
Debt service						
Principal	20,000	42,889	117,334	29,285 a	146,619	(103,730)
Interest	8,800	8,800	12,462	-	12,462	(3,662)
Total expenditures	<u>261,646</u>	<u>285,701</u>	<u>402,015</u>	<u>29,285</u>	<u>431,300</u>	<u>(145,599)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(88,538)</u>	<u>(88,538)</u>	<u>(206,801)</u>	<u>(29,285)</u>	<u>(236,086)</u>	<u>(147,548)</u>
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	-	-	101,000	-	101,000	101,000
Proceeds from notes/capital leases	-	-	53,232	60,331 a	113,563	113,563
Transfers in	88,538	88,538	88,540	-	88,540	2
Transfers out	-	-	(2,500)	-	(2,500)	(2,500)
Net other financing sources (uses)	<u>88,538</u>	<u>88,538</u>	<u>240,272</u>	<u>60,331</u>	<u>300,603</u>	<u>212,065</u>
NET CHANGE IN FUND BALANCE	-	-	33,471	31,046	64,517	64,517
FUND BALANCE - BEGINNING OF YEAR	-	-	(69,990)	-	(69,990)	(69,990)
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,519)</u>	<u>\$ 31,046</u>	<u>\$ (5,473)</u>	<u>\$ (5,473)</u>

Note a - adjustments from fund basis to budgetary basis consist of principal payments on short-term notes and proceeds from short-term borrowing, neither of which are 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, 2013

	Budgeted Amounts		Actual Amounts		Variances	
	Original	Final	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	48,000	48,000	51,233	-	51,233	3,233
Intergovernmental revenue and grants	18,196	26,999	23,390	-	23,390	(3,609)
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	1,000	1,000	79	-	79	(921)
Other revenue	-	225	-	-	-	(225)
Total revenues	<u>67,196</u>	<u>76,224</u>	<u>74,702</u>	<u>-</u>	<u>74,702</u>	<u>(1,522)</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	36,168	47,822	41,618	-	41,618	6,204
Health and welfare	-	-	-	-	-	-
Capital outlay	5,080	5,080	-	-	-	5,080
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>41,248</u>	<u>52,902</u>	<u>41,618</u>	<u>-</u>	<u>41,618</u>	<u>11,284</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>25,948</u>	<u>23,322</u>	<u>33,084</u>	<u>-</u>	<u>33,084</u>	<u>9,762</u>
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	-	2,626	2,626	-	2,626	-
Proceeds from notes/capital leases	-	-	-	-	-	-
Transfers in	34,052	34,052	34,053	-	34,053	1
Transfers out	(60,000)	(60,000)	(61,574)	-	(61,574)	(1,574)
Net other financing sources (uses)	<u>(25,948)</u>	<u>(23,322)</u>	<u>(24,895)</u>	<u>-</u>	<u>(24,895)</u>	<u>(1,573)</u>
NET CHANGE IN FUND BALANCE	-	-	8,189	-	8,189	8,189
FUND BALANCE - BEGINNING OF YEAR	-	-	38,231	-	38,231	38,231
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,420</u>	<u>\$ -</u>	<u>\$ 46,420</u>	<u>\$ 46,420</u>

See accompanying notes to 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, 2013

	Budgeted Amounts		Actual Amounts		Variances	
	Original	Final	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	110,400	110,400	117,836	-	117,836	7,436
Intergovernmental revenue and grants	62,850	83,097	59,959	-	59,959	(23,138)
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	1,000	1,000	20	-	20	(980)
Other revenue	-	2,211	4,228	-	4,228	2,017
Total revenues	174,250	196,708	182,043	-	182,043	(14,665)
EXPENDITURES						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	275,188	284,720	307,084	-	307,084	(22,364)
Health and welfare	-	-	-	-	-	-
Capital outlay	-	37,593	67,045	-	67,045	(29,452)
Debt service						
Principal	29,223	29,223	117,373	-	117,373	(88,150)
Interest	8,160	8,160	5,260	-	5,260	2,900
Total expenditures	312,571	359,696	496,762	-	496,762	(137,066)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(138,321)	(162,988)	(314,719)	-	(314,719)	(151,731)
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	-	22,650	119,150	-	119,150	96,500
Proceeds from notes/capital leases	-	-	53,232	-	53,232	53,232
Transfers in	138,321	140,338	139,898	-	139,898	(440)
Transfers out	-	-	-	-	-	-
Net other financing sources (uses)	138,321	162,988	312,280	-	312,280	149,292
NET CHANGE IN FUND BALANCE	-	-	(2,439)	-	(2,439)	(2,439)
FUND BALANCE - BEGINNING OF YEAR	-	-	16,307	-	16,307	16,307
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 13,868	\$ -	\$ 13,868	\$ 13,868

See accompanying notes to 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, 2013

	Budgeted Amounts		Actual Amounts		Variances	
	Original	Final	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	196,800	196,800	210,056	-	210,056	13,256
Intergovernmental revenue and grants	74,602	110,695	95,899	-	95,899	(14,796)
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	1,000	1,000	243	-	243	(757)
Other revenue	-	1,387	1,387	-	1,387	-
Total revenues	<u>272,402</u>	<u>309,882</u>	<u>307,585</u>	<u>-</u>	<u>307,585</u>	<u>(2,297)</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	358,443	415,923	385,561	-	385,561	30,362
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	118,874	-	118,874	(118,874)
Debt service						
Principal	48,555	48,555	143,757	-	143,757	(95,202)
Interest	5,020	5,020	6,376	-	6,376	(1,356)
Total expenditures	<u>412,018</u>	<u>469,498</u>	<u>654,568</u>	<u>-</u>	<u>654,568</u>	<u>(185,070)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(139,616)</u>	<u>(159,616)</u>	<u>(346,983)</u>	<u>-</u>	<u>(346,983)</u>	<u>(187,367)</u>
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	-	-	96,500	-	96,500	96,500
Proceeds from notes/capital leases	-	-	106,464	-	106,464	106,464
Transfers in	139,616	139,616	142,121	-	142,121	2,505
Transfers out	-	-	-	-	-	-
Net other financing sources (uses)	<u>139,616</u>	<u>139,616</u>	<u>345,085</u>	<u>-</u>	<u>345,085</u>	<u>205,469</u>
NET CHANGE IN FUND BALANCE	-	(20,000)	(1,898)	-	(1,898)	18,102
FUND BALANCE - BEGINNING OF YEAR	-	-	76,159	-	76,159	76,159
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ 74,261</u>	<u>\$ -</u>	<u>\$ 74,261</u>	<u>\$ 94,261</u>

See accompanying notes to required supplementary information.

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TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURTHOUSE PRESERVATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts		Variances	
	Original	Final	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	-	-	-	-	-	-
Intergovernmental revenue and grants	-	-	402,648	-	402,648	402,648
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	-	-	554	-	554	554
Other revenue	-	-	-	-	-	-
Total revenues	-	-	403,202	-	403,202	403,202
EXPENDITURES						
General government	-	-	10,818	-	10,818	(10,818)
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	9,143	-	9,143	(9,143)
Debt service	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	-	19,961	-	19,961	(19,961)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	383,241	-	383,241	383,241
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	-	-	-	-	-	-
Proceeds from notes/capital leases	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(10,000)	-	(10,000)	(10,000)
Net other financing sources (uses)	-	-	(10,000)	-	(10,000)	(10,000)
NET CHANGE IN FUND BALANCE	-	-	373,241	-	373,241	373,241
FUND BALANCE - BEGINNING OF YEAR	-	-	85,976	-	85,976	85,976
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 459,217	\$ -	\$ 459,217	\$ 459,217

See accompanying notes to required supplementary information.

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TRINITY COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013

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.

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TRINITY COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS OF PENSION PLAN -
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2013

The following schedule presents multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2007	\$ 3,770,783	\$ 4,351,721	86.65 %	\$ 580,938	\$ 1,623,893	35.77 %
12/31/2008	3,531,132	4,419,414	79.90	888,282	1,710,453	51.93
12/31/2009	4,046,399	4,908,153	82.44	861,754	1,831,851	47.04
12/31/2010	4,196,037	5,150,040	81.48	954,003	1,964,003	48.57
12/31/2011	4,429,220	5,504,320	80.47	1,075,100	2,023,634	53.13
12/31/2012	4,139,600	5,113,347	80.96	973,747	1,983,782	49.09

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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, 2013**

	<u>Debt Service Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 5,749	\$ 122,235	\$ 127,984
Receivables			
Property taxes, net of allowance for uncollectibles	3,681	-	3,681
Grants	-	6,249	6,249
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ 9,430</u>	<u>\$ 128,484</u>	<u>\$ 137,914</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Deficit in pooled cash	\$ -	\$ 14,814	\$ 14,814
Accounts payable	-	10,676	10,676
Accrued expenses	-	5,815	5,815
Due to other funds	-	185	185
Total liabilities	<u>-</u>	<u>31,490</u>	<u>31,490</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	<u>2,600</u>	<u>-</u>	<u>2,600</u>
Total deferred inflows of resources	<u>2,600</u>	<u>-</u>	<u>2,600</u>
Fund balances:			
Restricted	6,830	47,923	54,753
Assigned	-	67,348	67,348
Unassigned	<u>-</u>	<u>(18,277)</u>	<u>(18,277)</u>
Total fund balances	<u>6,830</u>	<u>96,994</u>	<u>103,824</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 9,430</u>	<u>\$ 128,484</u>	<u>\$ 137,914</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, 2013

	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 174,519	\$ -	\$ 174,519
Fines and forfeitures	-	23,434	23,434
Fees, licenses, and permits	-	88,650	88,650
Intergovernmental revenue and grants	-	380,540	380,540
Contributions and donations from private sources	-	-	-
Investment earnings	115	108	223
Other revenue	-	100	100
Total revenues	<u>174,634</u>	<u>492,832</u>	<u>667,466</u>
EXPENDITURES			
General government	-	53,363	53,363
Judicial	-	88,598	88,598
Public safety	-	21,803	21,803
Health and welfare	-	10,984	10,984
Pass-through expenditures	-	321,149	321,149
Capital outlay	-	53,777	53,777
Debt service			
Principal	150,000	-	150,000
Interest	70,584	-	70,584
Total expenditures	<u>220,584</u>	<u>549,674</u>	<u>770,258</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(45,950)</u>	<u>(56,842)</u>	<u>(102,792)</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	1,650	1,650
Transfers in	10,000	14,122	24,122
Transfers out (use)	-	(10,032)	(10,032)
Net other financing sources (uses)	10,000	5,740	15,740
NET CHANGE IN FUND BALANCE	(35,950)	(51,102)	(87,052)
FUND BALANCE - BEGINNING OF YEAR	<u>42,780</u>	<u>148,096</u>	<u>190,876</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,830</u>	<u>\$ 96,994</u>	<u>\$ 103,824</u>

**TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2013**

	<u>Records Management</u>	<u>Law Library</u>	<u>Security Fee</u>
ASSETS			
Cash and cash equivalents	\$ 13,482	\$ 13,798	\$ 11,445
Receivables			
Grants	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ 13,482</u>	<u>\$ 13,798</u>	<u>\$ 11,445</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	2,721	1,327	-
Accrued expenses	991	-	-
Due to other funds	-	-	-
Total liabilities	<u>3,712</u>	<u>1,327</u>	<u>-</u>
Fund balances:			
Restricted	-	-	-
Assigned	9,770	12,471	11,445
Unassigned	-	-	-
Total fund balances	<u>9,770</u>	<u>12,471</u>	<u>11,445</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,482</u>	<u>\$ 13,798</u>	<u>\$ 11,445</u>

<u>County Attorney</u>	<u>Sheriff's Forest Service</u>	<u>Seized Funds</u>	<u>Jury Service</u>	<u>Court Technology</u>	<u>Special Crime Funds</u>
\$ -	\$ 183	\$ 28,416	\$ 3,284	\$ 2,614	\$ 8,681
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 28,416</u>	<u>\$ 3,284</u>	<u>\$ 2,614</u>	<u>\$ 8,681</u>
\$ 14,814	\$ -	\$ -	\$ -	\$ -	\$ -
11	-	368	-	-	-
3,452	-	62	817	-	-
-	-	-	-	185	-
<u>18,277</u>	<u>-</u>	<u>430</u>	<u>817</u>	<u>185</u>	<u>-</u>
-	-	27,986	-	-	-
-	183	-	2,467	2,429	8,681
(18,277)	-	-	-	-	-
<u>(18,277)</u>	<u>183</u>	<u>27,986</u>	<u>2,467</u>	<u>2,429</u>	<u>8,681</u>
<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 28,416</u>	<u>\$ 3,284</u>	<u>\$ 2,614</u>	<u>\$ 8,681</u>

TRINITY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2013

	<u>LEOSE</u> <u>Education</u>	<u>Hotel/Motel</u> <u>Tax</u>	<u>Grant</u> <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 15,206	\$ 5,189	\$ 19,937
Receivables			
Grants	-	-	6,249
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ 15,206</u>	<u>\$ 5,189</u>	<u>\$ 26,186</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	6,249
Accrued expenses	-	493	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>493</u>	<u>6,249</u>
 Fund balances:			
Restricted	-	-	19,937
Assigned	15,206	4,696	-
Unassigned	-	-	-
Total fund balances	<u>15,206</u>	<u>4,696</u>	<u>19,937</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,206</u>	<u>\$ 5,189</u>	<u>\$ 26,186</u>

Total
Nonmajor
Special Revenue
Funds

\$ 122,235

6,249

\$ 128,484

\$ 14,814

10,676

5,815

185

31,490

47,923

67,348

(18,277)

96,994

\$ 128,484

TRINITY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Records Management</u>	<u>Law Library</u>	<u>Security Fee</u>
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-
Fees, licenses, and permits	47,879	8,488	9,127
Intergovernmental revenue and grants	-	-	-
Contributions and donations from private sources	-	-	-
Investment earnings	7	12	13
Other revenue	-	-	-
Total revenues	<u>47,886</u>	<u>8,500</u>	<u>9,140</u>
EXPENDITURES			
General government	51,794	-	-
Judicial	-	6,257	-
Public safety	-	-	-
Health and welfare	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>51,794</u>	<u>6,257</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,908)</u>	<u>2,243</u>	<u>9,140</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Transfers in	-	-	-
Transfers out (use)	-	-	(8,800)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(8,800)</u>
NET CHANGE IN FUND BALANCE	(3,908)	2,243	340
FUND BALANCE - BEGINNING OF YEAR	<u>13,678</u>	<u>10,228</u>	<u>11,105</u>
FUND BALANCE - END OF YEAR	<u>\$ 9,770</u>	<u>\$ 12,471</u>	<u>\$ 11,445</u>

<u>County Attorney</u>	<u>Sheriff's Forest Service</u>	<u>Seized Funds</u>	<u>Jury Service</u>	<u>Court Technology</u>	<u>Special Crime Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	23,434	-	-	-
-	-	-	5,283	6,583	-
-	-	-	-	-	-
-	-	-	-	-	-
15	-	25	2	2	9
-	-	-	-	-	100
<u>15</u>	<u>-</u>	<u>23,459</u>	<u>5,285</u>	<u>6,585</u>	<u>109</u>
-	-	-	-	-	-
74,599	-	-	3,842	3,900	-
-	-	20,232	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>74,599</u>	<u>-</u>	<u>20,232</u>	<u>3,842</u>	<u>3,900</u>	<u>-</u>
<u>(74,584)</u>	<u>-</u>	<u>3,227</u>	<u>1,443</u>	<u>2,685</u>	<u>109</u>
-	-	1,650	-	-	-
10,248	-	-	-	-	-
-	-	(1,132)	-	-	-
<u>10,248</u>	<u>-</u>	<u>518</u>	<u>-</u>	<u>-</u>	<u>-</u>
(64,336)	-	3,745	1,443	2,685	109
<u>46,059</u>	<u>183</u>	<u>24,241</u>	<u>1,024</u>	<u>(256)</u>	<u>8,572</u>
<u>\$ (18,277)</u>	<u>\$ 183</u>	<u>\$ 27,986</u>	<u>\$ 2,467</u>	<u>\$ 2,429</u>	<u>\$ 8,681</u>

TRINITY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	LEOSE Education	Hotel/Motel Tax	Grant Funds
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-
Fees, licenses, and permits	-	11,290	-
Intergovernmental revenue and grants	-	-	380,540
Contributions and donations from private sources	-	-	-
Investment earnings	16	5	2
Other revenue	-	-	-
Total revenues	<u>16</u>	<u>11,295</u>	<u>380,542</u>
EXPENDITURES			
General government	-	-	1,569
Judicial	-	-	-
Public safety	1,571	-	-
Health and welfare	-	10,984	-
Pass-through expenditures	-	-	321,149
Capital outlay	-	-	53,777
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>1,571</u>	<u>10,984</u>	<u>376,495</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,555)</u>	<u>311</u>	<u>4,047</u>
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	-	-
Transfers in	136	-	3,738
Transfers out (use)	-	-	(100)
Net other financing sources (uses)	<u>136</u>	<u>-</u>	<u>3,638</u>
NET CHANGE IN FUND BALANCE	<u>(1,419)</u>	<u>311</u>	<u>7,685</u>
FUND BALANCE - BEGINNING OF YEAR	<u>16,625</u>	<u>4,385</u>	<u>12,252</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,206</u>	<u>\$ 4,696</u>	<u>\$ 19,937</u>

Total
Nonmajor
Special Revenue
Funds

\$ -
23,434
88,650
380,540
-
108
100

492,832

53,363
88,598
21,803
10,984
321,149
53,777

-
-

549,674

(56,842)

1,650
14,122
(10,032)

5,740
(51,102)

148,096

\$ 96,994

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COMPLIANCE SECTION

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Todd, Hamaker & Johnson, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Trinity County, Texas (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Trinity County, Texas' basic financial statements and have issued our report thereon dated May 30, 2014.

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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 2013-01, 2013-02, and 2013-03.

**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*.

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

May 30, 2014

Todd, Hamaker & Johnson, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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's (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, 2013. 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Trinity County, Texas's 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, 2013.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-02. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of 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's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2012-01 and 2012-02, that we consider to be significant deficiencies.

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

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

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

May 30, 2014

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**TRINITY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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	-	\$ 339,978 ⁴
Total for CFDA 10.665			<u>339,978</u>
Total U.S. Department of Agriculture:			<u>339,978</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	DRS220189/ 12-403-027	5,000
Passed through Texas Department of Agriculture			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	710699	87,250 ⁴
Total for CFDA 14.228			<u>92,250</u>
Total U.S. Department of Housing and Urban Development:			<u>92,250</u>
<u>U.S. Department of the Interior</u>			
Passed through Texas Comptroller of Public Accounts			
National Forest Acquired Lands	15.438	-	127,821 ⁴
Total for CFDA 15.438			<u>127,821</u>
Total U.S. Department of the Interior:			<u>127,821</u>
<u>U.S. Election Assistance Commission</u>			
Passed through Texas Office of the Secretary of State			
Help America Vote Act Requirements Payments	90.401	77523	625
Total for CFDA 90.401			<u>625</u>
Total U.S. Election Assistance Commission:			<u>625</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Texas Department of Public Safety – Division of Emergency Management			
Homeland Security Grant Program	97.067	-	6,812
Total for CFDA 97.067			<u>6,812</u>
Total U.S. Department of Homeland Security:			<u>6,812</u>
Total Federal Awards Expended:			<u>\$ 567,486</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, 2013

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, 2013. 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	\$ 169,989
14.228	Community Development Block Grants	87,250
15.438	National Forest Acquired Lands	<u>63,910</u>
Total federal awards provided to subrecipients:		<u>\$ 321,149</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, 2013**

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 _____ none reported

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:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
10.665	Schools and Roads – Grants to States
15.438	National Forest Acquired Lands

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, 2013

Section II – Financial Statement Findings

2013-01 *Significant Control Deficiency: General Ledger Balances*

Condition. In several funds, the opening fund balance totals in the general ledger at October 1, 2012 did not agree with the closing balances at September 31, 2012 per the audit report. Additionally, certain balance sheet accounts did not roll-forward appropriately. Research was conducted to ascertain the differences. The differences often appeared to relate to the accounting system's treatment of certain "13th month" system-generated assets and liabilities which occur "behind the scenes" with little or no audit trail.

Criteria or specific requirements. General ledger balances should be reconciled to the final audit report issued each year and any differences identified and corrected.

Effect. Significant unidentified differences in the opening fund balances can cause misstated financial statements in the current year.

Recommendation. The County Auditor should ensure the reconciliation of the County's records to the final audit report. Further consultation and/or training with the County's software vendor should be considered.

Views of responsible officials and corrective action. We agree with the auditors' recommendation. Opening fund balances will be reconciled at year end roll-over and after audit adjustments are posted.

2013-02 *Significant Control Deficiency: Fee Fund Bank Accounts*

Condition. Certain bank accounts being used by County officials to collect County funds are not included in the County's general ledger system.

Criteria or specific requirements. Proper accounting for County funds requires all County activity to be included in the County's financial reporting system.

Effect. Failure to include all relevant accounts in the County's financial reporting system could lead to improper and/or incorrect recording of transactions and the misstatement of County financial statements.

Recommendation. On a regular basis, the County Auditor's office should receive a copy of the check register, complete with all deposits and disbursements, in addition to the bank statement. The bank statement should be reconciled to the County financial reporting system to ensure proper inclusion of all transactions.

Views of responsible officials and corrective action. The County Auditor's office maintains a listing of all County funds. Historically, certain accounts (largely fee collection accounts) have not been recorded to the general ledger. Bank statements and reconciliations for these accounts are reviewed by the Auditor's office on a quarterly basis, at a minimum. The County Auditor will work with the County Treasurer to see that all activity for these accounts is recorded to the general ledger by fiscal year end.

TRINITY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

2013-03 *Significant Control Deficiency: Check Signing Controls*

Condition. Checks being made to transfer collections of County funds from the Justice of the Peace fee office bank accounts to the County treasury are being signed by officials other than the County Treasurer and County Auditor.

Criteria or specific requirements. Texas Local Government Code § 113.042 provides that a county depository may not pay a check or warrant unless it is endorsed by the county treasurer and countersigned by the county auditor.

Effect. Failure to maintain control over check signing compromises internal controls and creates the potential for unauthorized expenditures.

Recommendation. Specific policies and procedures regarding bank account activity and authorized signers should be established and enforced. Any unauthorized signers should have check-signing privileges removed immediately.

Views of responsible officials and corrective action. We agree with this recommendation. The County Auditor will reestablish procedures for transferring fee collections to the combined funds accounts. Signature cards will be updated, allowing for only the Counter Treasurer and the County Auditor check signing authority on the Justice of the Peace bank accounts. Additionally, the County Auditor will be added as a signor on the Tax Assessor-Collector, District Clerk and County Clerk fee accounts.

**TRINITY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Section III – Federal Award Findings and Questioned Costs

See Summary Schedule of Prior Audit Findings, 2012-01 and 2012-02.

**TRINITY COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

2012-01 *Significant Deficiency: Grant Management*

Condition. The SEFA provided by the County Auditor's office was incomplete.

Criteria or specific requirements. Under single audit reporting requirements (OMB Circular A-133), the auditee (the County) is responsible for the preparation and accuracy of the Schedule of Expenditures of Federal and State Awards (SEFA).

Effect. The use of multiple accounting funds, as well as multiple departments within the County applying for grants, creates a difficult process in accumulating the data for the SEFA. Further, not all personnel involved in grant administration are familiar with SEFA reporting requirements.

An improperly prepared SEFA misstates reporting to granting agencies and may result in failure to identify specific requirements in accordance with the standards applicable to single audits. Further, errors in revenue recognition can occur when related expenditures are not properly reported.

Questioned costs. None.

Context. Our audit procedures revealed additional grants that were not included on the SEFA and were either not recorded in the financial statements or not properly identified as grant revenues/expenditures. In some instances, accounting for grant transactions was inconsistent and grant documents were not readily available.

Recommendation. All grant activity, from application to final audit, should be authorized and monitored through the Commissioners Court. While other County personnel may be involved in various aspects of grant administration, all grant transactions should be communicated to and controlled by the County Auditor's office.

The County Auditor should review and revise, as needed, the policies and procedures in place to ensure that all grants are properly included in the SEFA. This should include, but is not limited to, review of the funds used to account for grant activity.

The County should also consider obtaining additional training as needed, for those involved in the preparation of the SEFA and other grant reporting and compliance requirements.

Current status of corrective action plan. Communication between County personnel appeared to be improved during the year. The current year SEFA excluded certain grants that were mistakenly considered State funded, but were actually federally-derived. This error appeared to have resulted from incomplete information received in the County Auditor's office that did not include CFDA numbers.

This finding remains outstanding.

TRINITY COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

2012-02 *Significant Control Deficiency and Non-compliance: Cash Management*
CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Award Year: 2011
Federal Agency: Department of Homeland Security – Federal Emergency Management Agency

Condition. The period of time that elapsed between the date of receipt of certain federal funds and the date of the related disbursements of pass-through funds to local volunteer fire departments and other first responders was not consistent with proper grant cash management practices.

Criteria or specific requirements. Grant management standards require entities acting in a pass-through capacity to minimize the time elapsing between the date pass-through funds are received and the date of disbursement of the funds to the subgrantee.

Effect. Non-compliance with cash management requirements could result in the County's non-compliance with interest earnings requirements, without being detected and/or could result in the County being denied future grant funding.

Questioned costs. None.

Context. Inadequate monitoring, oversight, and follow-up regarding grant activity as noted in the preceding finding, 2012-01, contributed to the delay in disbursing the funds. Substantive audit procedures revealed time periods up to 113 days between the date of receipt and the date of actual disbursement by the County.

Recommendation. The County should establish specific policies and procedures to ensure that grant funds received that are to be passed through to other entities are disbursed in such a way so as to minimize the elapsed time between receipt and disbursement of the grant funds.

Current status of corrective action plan. No instances of delayed disbursements were noted during the audit. However, we continue to recommend that the County adopt written policies and procedures to address specific grant cash management requirements. Per the County Auditor, this policy is currently being drafted and will be presented to Commissioners Court by the end of the year. Accordingly, this finding remains outstanding.