

**TRINITY COUNTY, TEXAS**

**AUDITED FINANCIAL STATEMENTS  
AND COMPLIANCE REPORTS**

**SEPTEMBER 30, 2014**



## **INTRODUCTORY SECTION**

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**TRINITY COUNTY, TEXAS  
PRINCIPAL PUBLIC OFFICIALS  
SEPTEMBER 30, 2014**

**COMMISSIONERS' COURT**

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

**COUNTY ELECTED OFFICIALS**

Rusty Barrett ..... Constable Precinct #1  
Mark Cole ..... Constable Precinct #2  
Carl Casey ..... Constable Precinct #3  
Reggie Olive..... Constable Precinct #4  
Joe Warner Bell.....County Attorney  
Shasta Bergman.....County Clerk  
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  
Ernie McClendon ..... District Judge, 258th Judicial District  
Kaycee Jones ..... District Judge, 411th Judicial District

**APPOINTED OFFICIALS**

Sheila Johnson..... County Auditor

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**FINANCIAL SECTION**

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# Todd, Hamaker & Johnson, LLP

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CERTIFIED PUBLIC ACCOUNTANTS

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301 N 6<sup>th</sup> 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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining

## INDEPENDENT AUDITORS' REPORT – CONTINUED

fund information of Trinity County, Texas, as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *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 57-69, 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 75-85 and 93, 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 June 5, 2015, on pages 89-90, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit

**INDEPENDENT AUDITORS' REPORT – CONTINUED**

performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

June 5, 2015

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**TRINITY COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(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, 2014. 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 \$6,332,284 (net position) at September 30, 2014.
- Total assets decreased by \$144,567 from the prior year; total liabilities decreased by \$658,275 from the prior year.
- Overall revenues exceeded expenses by \$513,708.

**Fund financial statements**

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$596,379. Overall revenues exceeded expenditures by \$128,375.

**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, 2014  
(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 54 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 \$6,332,284 at September 30, 2014.

The largest portion of the County's net position, or \$5,678,758, reflects its investment in capital assets (\$7,584,385) less the related debt used to acquire those assets that remains outstanding (\$1,905,627). The County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (a total of \$205,386) represents resources that are subject to restriction on how they may be used.

The remaining balance of \$448,140 is unrestricted in nature.



**TRINITY COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(UNAUDITED)**

**The County's Net Position**

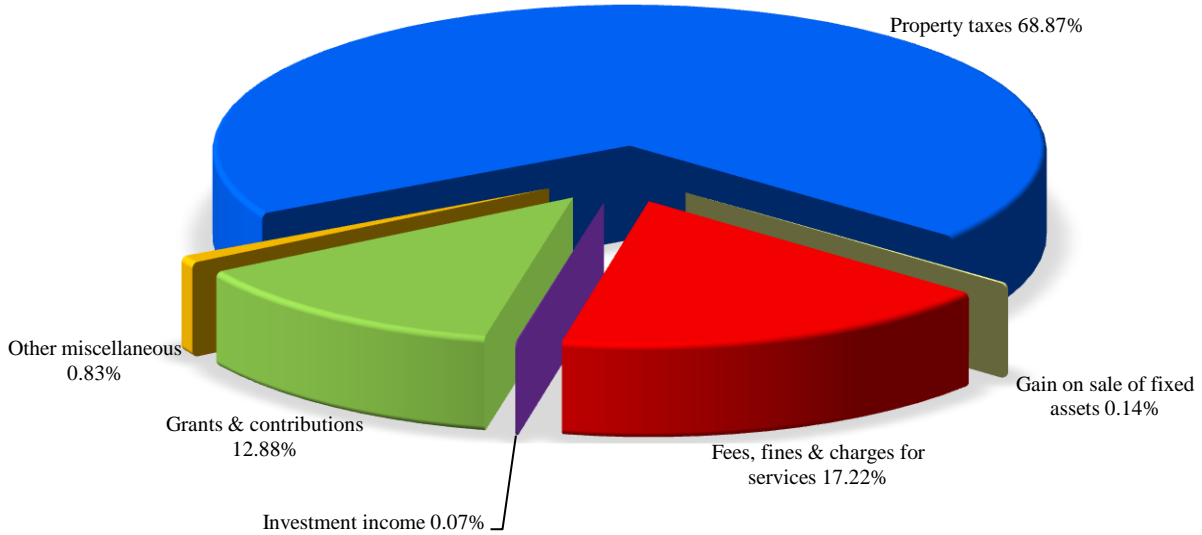
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 1,165,720	\$ 1,322,256
Capital assets, net	<u>7,584,385</u>	<u>7,572,416</u>
Total assets	<u>8,750,105</u>	<u>8,894,672</u>
Long-term liabilities	1,905,627	2,306,626
Other liabilities	<u>512,194</u>	<u>769,470</u>
Total liabilities	<u>2,417,821</u>	<u>3,076,096</u>
Net position:		
Invested in capital assets, net of related debt	5,678,758	5,236,625
Restricted	205,386	513,970
Unrestricted	<u>448,140</u>	<u>67,981</u>
Total net position	<u>\$ 6,332,284</u>	<u>\$ 5,818,576</u>

**Change in Net Position**

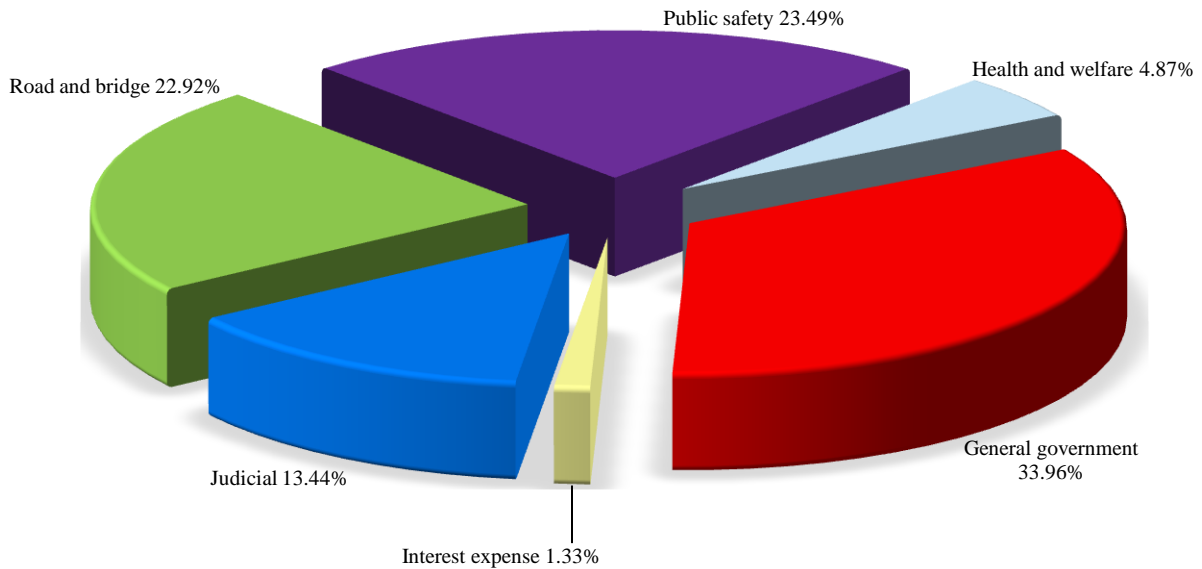
	<u>2014</u>	<u>2013</u>
Revenues		
Fees, fines, charges for services	\$ 1,100,134	\$ 1,090,298
Grants and contributions, net of pass-through expenditures	823,136	875,117
Property taxes	4,376,274	4,330,744
Payment in lieu of taxes	24,239	22,740
Investment income	4,397	3,266
Gain on sale of assets	8,638	27,746
Other miscellaneous	<u>53,069</u>	<u>66,444</u>
Total revenues	<u>6,389,887</u>	<u>6,416,355</u>
Expenses		
General government	1,995,409	1,945,322
Road and bridge	1,346,956	1,230,140
Judicial	789,679	802,056
Public safety	1,380,252	1,511,475
Health and welfare	286,016	352,843
Interest on long-term debt	<u>77,867</u>	<u>96,777</u>
Total expenses	<u>5,876,179</u>	<u>5,938,613</u>
Increase (decrease) in net position	513,708	477,742
Prior period adjustment	-	(57,552)
Net position at beginning of year	<u>5,818,576</u>	<u>5,398,386</u>
Net position at end of year	<u>\$ 6,332,284</u>	<u>\$ 5,818,576</u>

**TRINITY COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(UNAUDITED)**

**Revenues by Source  
For the Fiscal Year Ended September 30, 2014**



**Expenses by Function  
For the Fiscal Year Ended September 30, 2014**



**TRINITY COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(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, 2014, the County's road and bridge precinct no. 1 fund reported a total deficit fund balance of \$61,777. The remaining governmental funds reported a combined positive fund balance of \$658,156. Overall, a positive fund balance of \$596,379 is shown.

This fund balance is comprised of \$445,957 that is either in a nonspendable form, restricted, or assigned for specific purposes. The remaining balance, \$150,422, is unassigned. During the year, the fund balance in the County's governmental funds increased by \$128,375.

**Budgetary Comparisons.** A comparison of the County's major fund's budget and actual results are presented as required supplementary information on pages 57 to 67.

*General Fund.* No change in fund balance (revenues equal to expenditures) was budgeted for the general fund. Actual results yielded a \$432,034 increase in fund balance. Adjusted to a budgetary basis (which provides for short-term debt), a \$117,730 favorable budget variance was reported for the general fund.

*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 \$25,258 decrease in fund balance. Adjusted to a budgetary basis (which provides for short-term debt), a \$34,804 unfavorable budget variance was reported.

*Road and Bridge Fund, Precinct No. 2.* No change in fund balance (revenues equal to expenditures) was anticipated in the final budget for the fund. Actual results yielded a \$9,706 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 \$29,812 increase in fund balance and favorable budget variance.

*Road and Bridge Fund, Precinct No. 4.* No change in fund balance (revenues equal to expenditures) was budgeted for the fund. Actual results yielded a \$2,329 increase in fund balance and favorable budget variance.

**CAPITAL ASSETS**

The County's investment in capital assets as of September 30, 2014 totaled \$7,584,385 (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, 2014  
(UNAUDITED)**

Capital assets of \$719,061 were purchased during the year. Significant purchases included:

- Planning expenditures for the Ike round 2.2 grant (grant-funded construction in progress)
- Security improvements to the district attorney's office (funded by grant)
- Benches for the district courtroom
- Law enforcement communication equipment (funded by grants)
- 2014 Truck for the sheriff's department (funded by grant)
- Various trucks and heavy equipment (funded by capital leases/notes)

**Capital Assets (Net of Depreciation)**

	2014	2013
Land	\$ 44,999	\$ 47,008
Construction in progress	25,000	5,000
Buildings and improvements	7,126,334	7,109,957
Infrastructure	96,880	96,880
Rolling stock	2,721,815	2,467,425
Furniture and equipment	846,447	862,383
Less: accumulated depreciation	(3,277,090)	(3,016,237)
Total	\$ 7,584,385	\$ 7,572,416

**DEBT ADMINISTRATION**

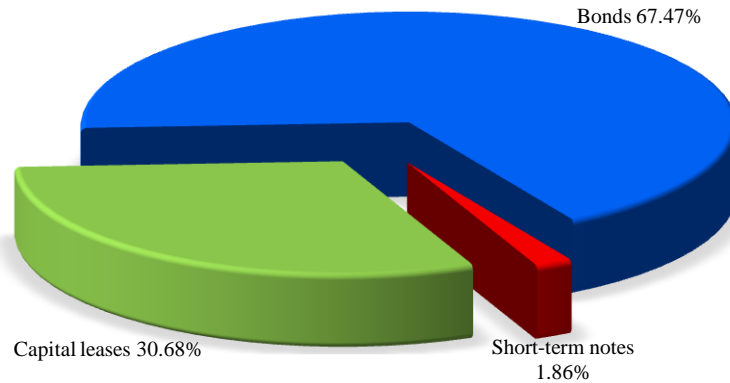
At the end of the current fiscal year, the County had total debt and capital lease obligations of \$1,941,657.

**Debt Outstanding**

	Beginning Balance	Additions	Reductions	Ending Balance
Short-term notes	\$ 359,880	\$ 44,030	\$ (367,880)	\$ 36,030
Capital leases	414,626	496,777	(315,776)	595,627
Time warrants	22,000	-	(22,000)	-
Bond obligations	1,870,000	-	(560,000)	1,310,000
Total	\$ 2,666,506	\$ 540,807	\$ (1,265,656)	\$ 1,941,657

**TRINITY COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(UNAUDITED)**

**Total Debt Outstanding  
September 30, 2014**



**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, 2014**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 368,782	\$ 368,782
Certificates of deposit	300,968	300,968
Receivables		
Property taxes, net of allowance for uncollectibles	129,004	129,004
Fines, net of allowance for uncollectibles	47,913	47,913
Grants	60,416	60,416
Other	35,607	35,607
Prepays	9,112	9,112
Restricted assets		
Cash and cash equivalents	213,918	213,918
Capital assets, net of accumulated depreciation	7,584,385	7,584,385
<b>TOTAL ASSETS</b>	8,750,105	8,750,105
<b>LIABILITIES</b>		
Accounts payable	198,278	198,278
Accrued expenses	141,212	141,212
Accrued interest	10,728	10,728
Accrued compensated absences	50,946	50,946
Unearned revenue - 2015 salary supplements	75,000	75,000
Notes payable - short term	36,030	36,030
Noncurrent liabilities		
Due within one year	577,254	577,254
Due in more than one year	1,328,373	1,328,373
<b>TOTAL LIABILITIES</b>	2,417,821	2,417,821
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	5,678,758	5,678,758
Restricted for:		
Debt service	11,701	11,701
Grants	80,230	80,230
Judicial/courts	14,387	14,387
Records management	42,512	42,512
Hotel/motel tax	528	528
Law enforcement	56,028	56,028
Unrestricted	448,140	448,140
<b>TOTAL NET POSITION</b>	\$ 6,332,284	\$ 6,332,284

See accompanying notes to the financial statements.

**TRINITY COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Expenses
Primary government	
Governmental activities	
General government	\$ 1,995,409
Judicial	789,679
Public safety	1,380,252
Road and bridge	1,346,956
Health and welfare	286,016
Pass-through expenditures	417,496
Interest on long-term debt	77,867
Total governmental activities	6,293,675

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
\$ 101,711	\$ 35,226	\$ -	\$ (1,858,472)
286,284	112,060	13,466	(377,869)
188,122	27,701	56,725	(1,107,704)
500,267	529,571	20,000	(297,118)
23,750	28,387	-	(233,879)
-	417,496	-	-
-	-	-	(77,867)
<u>1,100,134</u>	<u>1,150,441</u>	<u>90,191</u>	<u>(3,952,909)</u>

General revenues	
Property taxes	4,376,274
Investment income	4,397
Payments in lieu of taxes	24,239
Gain on sale of assets	8,638
Miscellaneous income	<u>53,069</u>
Total general revenues	<u>4,466,617</u>
Change in net position	513,708
Net position - beginning	<u>5,818,576</u>
Net position - ending	<u>\$ 6,332,284</u>

See accompanying notes to the financial statements.

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**FUND FINANCIAL STATEMENTS**

**TRINITY COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Road and Bridge Fund Pct No. 1</u>	<u>Road and Bridge Fund Pct No. 2</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 164,382	\$ -	\$ 54,924
Certificates of deposit	300,967	-	-
Receivables			
Property taxes, net of allowance for uncollectibles	125,129	-	-
Fines, net of allowance for uncollectibles	47,913	-	-
Grants	-	-	-
Other	5,998	5,195	1,998
Due from other funds	1,118	-	-
Prepaid items	8,275	216	-
<b>TOTAL ASSETS</b>	<u>\$ 653,782</u>	<u>\$ 5,411</u>	<u>\$ 56,922</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 119,239	\$ 25,501	\$ 263
Accrued expenses	122,565	4,204	533
Accrued interest	-	335	-
Unearned revenue - 2015 salary supplements	75,000	-	-
Due to other funds	-	1,118	-
Short term notes payable	-	36,030	-
Total liabilities	<u>316,804</u>	<u>67,188</u>	<u>796</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	86,193	-	-
Unavailable revenue - fines	30,095	-	-
Total deferred inflows of resources	<u>116,288</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	8,275	216	-
Restricted	-	-	-
Assigned	-	-	56,126
Unassigned	212,415	(61,993)	-
Total fund balances	<u>220,690</u>	<u>(61,777)</u>	<u>56,126</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 653,782</u>	<u>\$ 5,411</u>	<u>\$ 56,922</u>



Road and Bridge Fund Pct No. 3	Road and Bridge Fund Pct No. 4	Nonmajor Governmental Funds	Total Governmental Funds
\$ 72,265	\$ 95,952	\$ 195,176	\$ 582,699
-	-	-	300,967
-	-	3,875	129,004
-	-	-	47,913
-	-	60,416	60,416
4,596	8,193	9,627	35,607
-	-	-	1,118
235	386	-	9,112
<u>\$ 77,096</u>	<u>\$ 104,531</u>	<u>\$ 269,094</u>	<u>\$ 1,166,836</u>
\$ 27,920	\$ 22,620	\$ 2,735	\$ 198,278
5,496	5,321	3,093	141,212
-	-	-	335
-	-	-	75,000
-	-	-	1,118
-	-	-	36,030
<u>33,416</u>	<u>27,941</u>	<u>5,828</u>	<u>451,973</u>
-	-	2,196	88,389
-	-	-	30,095
-	-	2,196	118,484
235	386	-	9,112
-	-	205,386	205,386
43,445	76,204	55,684	231,459
-	-	-	150,422
<u>43,680</u>	<u>76,590</u>	<u>261,070</u>	<u>596,379</u>
<u>\$ 77,096</u>	<u>\$ 104,531</u>	<u>\$ 269,094</u>	<u>\$ 1,166,836</u>

See accompanying notes to the financial statements.

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**TRINITY COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Total fund balances - governmental funds balance sheet	\$	596,379
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.		7,584,385
Certain revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows in the governmental funds.		118,486
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.		(61,339)
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>(1,905,627)</u>
Net position of governmental activities	\$	<u><u>6,332,284</u></u>

See accompanying notes to the financial statements.

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

	<u>General Fund</u>	<u>Road and Bridge Fund Pct No. 1</u>	<u>Road and Bridge Fund Pct No. 2</u>
<b>REVENUES</b>			
Property taxes	\$ 4,175,503	\$ -	\$ -
Fines and forfeitures	144,248	-	-
Fees, licenses, and permits	319,013	129,905	49,964
Intergovernmental revenue and grants	181,102	106,331	40,896
Payment in lieu of taxes	24,239	-	-
Investment earnings	2,904	18	104
Other revenue	<u>57,664</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,904,673</u>	<u>236,254</u>	<u>90,964</u>
<b>EXPENDITURES</b>			
General government	1,711,997	-	-
Judicial	756,980	-	-
Public safety	1,269,950	-	-
Road and bridge	112,052	284,217	64,017
Health and welfare	271,195	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	163,777	-
Debt service			
Principal	30,169	64,488	-
Interest	<u>4,165</u>	<u>7,240</u>	<u>-</u>
Total expenditures	<u>4,156,508</u>	<u>519,722</u>	<u>64,017</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>748,165</u>	<u>(283,468)</u>	<u>26,947</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of real and personal property	19,486	52,500	-
Proceeds from notes/capital leases	-	115,777	-
Transfers in	10,443	89,933	37,205
Transfers out	<u>(346,060)</u>	<u>-</u>	<u>(54,446)</u>
Net other financing sources (uses)	(316,131)	258,210	(17,241)
<b>NET CHANGE IN FUND BALANCE</b>	432,034	(25,258)	9,706
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>(211,344)</u>	<u>(36,519)</u>	<u>46,420</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 220,690</u>	<u>\$ (61,777)</u>	<u>\$ 56,126</u>

Road and Bridge Fund Pct No. 3	Road and Bridge Fund Pct No. 4	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 215,600	\$ 4,391,103
-	-	9,796	154,044
114,916	204,850	128,765	947,413
114,089	167,675	625,427	1,235,520
-	-	-	24,239
103	221	1,046	4,396
4,135	130	95	62,024
<u>233,243</u>	<u>372,876</u>	<u>980,729</u>	<u>6,818,739</u>
-	-	61,321	1,773,318
-	-	20,697	777,677
-	-	15,179	1,285,129
285,075	408,617	44,175	1,198,153
-	-	15,451	286,646
-	-	417,496	417,496
313,411	142,490	99,383	719,061
75,232	167,887	560,000	897,776
2,830	4,293	60,843	79,371
<u>676,548</u>	<u>723,287</u>	<u>1,294,545</u>	<u>7,434,627</u>
<u>(443,305)</u>	<u>(350,411)</u>	<u>(313,816)</u>	<u>(615,888)</u>
78,500	97,000	-	247,486
265,500	115,500	-	496,777
133,117	140,240	427,476	838,414
(4,000)	-	(433,908)	(838,414)
473,117	352,740	(6,432)	744,263
29,812	2,329	(320,248)	128,375
13,868	74,261	581,318	468,004
<u>\$ 43,680</u>	<u>\$ 76,590</u>	<u>\$ 261,070</u>	<u>\$ 596,379</u>

See accompanying notes to the financial statements.

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**TRINITY COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Net change in fund balance - governmental funds	\$	128,375
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.		719,061
The depreciation of capital assets used in governmental activities is not reported in the governmental funds.		(468,244)
The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals) decreases net position.		(238,848)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(19,994)
Repayment of long-term debt is an expenditure in the governmental funds, but is not an expense in the statement of activities.		897,776
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.		(496,777)
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.		(9,145)
Amount represents the change in accrued interest from the beginning of the period to the end of the period.		<u>1,504</u>
Change in net position of governmental activities	\$	<u>513,708</u>

See accompanying notes to the financial statements.

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**TRINITY COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2014**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>563,558</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>563,558</u></b>
<b>LIABILITIES</b>	
Amounts held for others	\$ 443,062
Due to other units	<u>120,496</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>563,558</u></b>

See accompanying notes to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**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.

**New Accounting Pronouncements**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), establishes reporting standards for public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The County has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (“GASB 70”), establishes accounting and financial reporting standards related to local governments that extend and receive nonexchange financial guarantees. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The County has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (“GASB 71”), eliminates the source of a potential understatement of restated beginning net position and expense in the first year of implementation of GASB 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The County has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

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

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

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

*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 road and bridge precinct 1 fund are considered major governmental funds. Additionally, the County has elected to present the road and bridge funds for precincts 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.

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, 2014.

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.

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

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

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

**Fair Value of Financial Instruments**

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

**Receivables**

Property tax receivables reflect outstanding and delinquent property tax levies and are shown net of an allowance for uncollectibles. The 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.

**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.



**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

**Deferred Inflows 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.

**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

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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, 2014, 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.

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.

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets and Budgetary Process**

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

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

Accounting standards require budgets to be presented for all of the County's major funds. One major fund, the road and bridge precinct no. 1 fund was overspent at September 30, 2014.

**Deficit Balances**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At September 30, 2014, the road and bridge precinct no. 1 fund had a deficit fund balance.

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**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's investments during the year ending September 30, 2014, consisted solely of certificates of deposit.

As of September 30, 2014, the County's cash deposits with depository banks totaled \$1,599,016, including agency funds totaling \$594,647 and certificates of deposit totaling \$300,968. All deposits were fully secured by FDIC coverage and securities pledged by the depository banks with total collateral value of \$4,388,333.

**Receivables**

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

	<u>Property Taxes</u>	<u>Fines</u>	<u>Grants</u>	<u>Other</u>	<u>Totals</u>
Receivables by activity					
General fund	\$ 1,665,126	\$ 1,916,503	\$ -	\$ 5,998	\$ 3,587,627
Road and bridge funds	-	-	-	19,982	19,982
Debt service fund	51,566	-	-	-	51,566
Nonmajor special revenue funds	-	-	60,416	9,627	70,043
Total receivables	<u>1,716,692</u>	<u>1,916,503</u>	<u>60,416</u>	<u>35,607</u>	<u>3,729,218</u>
Allowance for uncollectibles					
General fund	(1,539,997)	(1,868,590)	-	-	(3,408,587)
Road and bridge funds	-	-	-	-	-
Debt service fund	(47,691)	-	-	-	(47,691)
Nonmajor special revenue funds	-	-	-	-	-
Total allowance	<u>(1,587,688)</u>	<u>(1,868,590)</u>	<u>-</u>	<u>-</u>	<u>(3,456,278)</u>
Total receivables, net	<u>\$ 129,004</u>	<u>\$ 47,913</u>	<u>\$ 60,416</u>	<u>\$ 35,607</u>	<u>\$ 272,940</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, 2014 (tax year 2013), was \$.6500 per \$100 of assessed valuation. Of this rate, \$.0325 was allocated to debt service and \$.6175 was allocated to maintenance and operation.

Of the \$1,716,692 in property taxes receivable, \$1,381,858 represents the outstanding balances of assessments for tax years 2012 and prior.

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2014, is as follows:

	<u>Balance</u> <u>09/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/2014</u>
Capital assets, not being depreciated				
Land	\$ 47,008	\$ -	\$ (2,009)	\$ 44,999
Construction in progress	<u>5,000</u>	<u>20,000</u>	<u>-</u>	<u>25,000</u>
Total not being depreciated	<u>52,008</u>	<u>20,000</u>	<u>(2,009)</u>	<u>69,999</u>
Capital assets, being depreciated				
Buildings and improvements	7,109,957	16,377	-	7,126,334
Infrastructure	96,880	-	-	96,880
Rolling stock	2,467,425	573,366	(318,976)	2,721,815
Furniture and equipment	<u>862,383</u>	<u>17,892</u>	<u>(33,828)</u>	<u>846,447</u>
Total being depreciated	<u>10,536,645</u>	<u>607,635</u>	<u>(352,804)</u>	<u>10,791,476</u>
Less accumulated depreciation:				
Buildings and improvements	(594,256)	(175,498)	-	(769,754)
Infrastructure	(10,707)	(4,443)	-	(15,150)
Rolling stock	(1,894,447)	(206,601)	174,236	(1,926,812)
Furniture and equipment	<u>(516,827)</u>	<u>(81,702)</u>	<u>33,155</u>	<u>(565,374)</u>
Total accumulated depreciation	<u>(3,016,237)</u>	<u>(468,244)</u>	<u>207,391</u>	<u>(3,277,090)</u>
Total being depreciated, net	<u>7,520,408</u>	<u>139,391</u>	<u>(145,413)</u>	<u>7,514,386</u>
Total capital assets, net	<u>\$ 7,572,416</u>	<u>\$ 159,391</u>	<u>\$ (147,422)</u>	<u>\$ 7,584,385</u>
				<u>(1,941,657)</u>
				<u>\$ 5,642,728</u>

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

General government	\$ 220,151
Judicial	8,086
Road and bridge	150,651
Public safety	<u>89,356</u>
Total	<u>\$ 468,244</u>

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**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, 2013	\$ 314,304	\$ 45,576	\$ 359,880
Additional borrowings	-	44,030	44,030
Principal payments	<u>(314,304)</u>	<u>(53,576)</u>	<u>(367,880)</u>
Balance, September 30, 2014	<u>\$ -</u>	<u>\$ 36,030</u>	<u>\$ 36,030</u>

These short-term notes have maturity dates of less than one year and are due and payable in full, including interest at 5.00%, and are secured by equipment the notes serve to finance. At September 30, 2014, accrued interest payable on these notes was \$335.

**Capital Leases**

The County has entered into lease agreements as lessee for financing the acquisition of machinery and equipment and vehicles. The agreements accrue interest at rates from 1.99% 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	\$ 476,292	\$ 536,170
Less accumulated depreciation	<u>(11,976)</u>	<u>(107,725)</u>	<u>(119,701)</u>
Total	<u>\$ 47,902</u>	<u>\$ 368,567</u>	<u>\$ 416,469</u>

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

<u>Year ending September 30,</u>	<u>General Fund</u>	<u>Road and Bridge Funds</u>	<u>Totals</u>
2015	\$ 30,513	\$ 397,532	\$ 428,045
2016	-	42,617	42,617
2017	-	42,617	42,617
2018	-	42,617	42,617
2019	-	42,617	42,617
2020 - 2024	<u>-</u>	<u>28,970</u>	<u>28,970</u>
Total minimum lease payments	\$ 30,513	\$ 596,970	\$ 627,483
Less amount representing interest	<u>(804)</u>	<u>(31,052)</u>	<u>(31,856)</u>
Present value of minimum lease payments	<u>\$ 29,709</u>	<u>\$ 565,918</u>	<u>\$ 595,627</u>

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Balance 09/30/13	Additions	Reductions	Balance 09/30/14	Due Within One Year
Bonds payable –					
2012 Refunding	\$ 1,215,000	\$ -	\$ (505,000)	\$ 710,000	\$ 105,000
2012 Certificates	655,000	-	(55,000)	600,000	60,000
Time warrants	22,000	-	(22,000)	-	-
Capital leases	<u>414,626</u>	<u>496,777</u>	<u>(315,776)</u>	<u>595,627</u>	<u>412,254</u>
Total long-term liabilities	<u>\$ 2,306,626</u>	<u>\$ 496,777</u>	<u>\$ (897,776)</u>	<u>\$ 1,905,627</u>	<u>\$ 577,254</u>

Interest expense for the year totaled \$77,867. Interest payments made during the year totaled \$79,371.

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

Year Ending	General Obligations and Certificates of Obligation		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
September 30,						
2015	\$ 165,000	\$ 44,075	\$ 412,254	\$ 15,791	\$ 577,254	\$ 59,866
2016	170,000	38,563	36,922	5,694	206,922	44,257
2017	180,000	32,888	38,119	4,498	218,119	37,386
2018	185,000	26,875	39,359	3,258	224,359	30,133
2019	190,000	20,700	40,644	1,973	260,644	22,673
2020-2024	420,000	29,913	28,329	642	448,329	30,555
2025-2029	-	-	-	-	-	-
Totals	<u>\$ 1,310,000</u>	<u>\$ 193,014</u>	<u>\$ 595,627</u>	<u>\$ 31,856</u>	<u>\$ 1,905,627</u>	<u>\$ 224,870</u>

At year end, the County had cash totaling \$10,022 available in the debt service fund to service long-term debt.

Bonds and other debt payable at September 30, 2014, 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.

On July 1, 2014, the County paid \$400,000 to the bond purchaser (in addition to the annual required payments) to be applied to the outstanding principal balance on the bonds.

*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.

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

*Capital Leases.* The County has entered into various lease purchase agreements for the purpose of purchasing equipment. The agreements accrue interest at rates from 1.99% 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**

*Interfund Balances.* Interfund receivable and payable balances are the result of cash needed by a special revenue fund until the fund is able to generate sufficient revenues to cover expenditures. These receivables and payables are netted and eliminated on the government-wide statement of net position. Interfund receivable and payable balances at September 30, 2014 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 1,118	\$ -
Road and bridge precinct no. 1	-	(1,118)
Totals	<u>\$ 1,118</u>	<u>\$ (1,118)</u>

*Interfund Transfers.* Transfers between funds are indicative of funding for capital projects; lease payments or debt service; subsidies of various County operations; and re-allocations of special revenues. The following schedule summarizes the County's transfers at September 30, 2014:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 10,443	\$ (346,060)
Road and bridge precinct no. 1	89,933	-
Road and bridge precinct no. 2	37,205	(54,446)
Road and bridge precinct no. 3	133,117	(4,000)
Road and bridge precinct no. 4	140,240	-
Courthouse preservation	-	(410,000)
Records management	-	(1,643)
Security fee	-	(8,800)
Debt service	410,000	-
Grant funds	<u>17,476</u>	<u>(13,465)</u>
Totals	<u>\$ 838,414</u>	<u>\$ (838,414)</u>



**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**OTHER INFORMATION**

**Pension Plan**

*Plan Description.* The County provides retirement, disability, and death 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 656 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.* The County has elected the annually determined contribution rate (“ADCR”) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 10.20% for the months in calendar year 2013 and 10.18% for the months in calendar year 2014.

The contribution rate payable by the employee members for 2014 is the rate of 7.00% as adopted by the County. The employee contribution rate and the employer contribution rate may be changed by the County, within the options available in the TCDRS Act.

*Annual Pension Cost.* For 2014, the County’s annual pension cost of \$203,011 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>
09/30/12	\$186,266	100%	-
09/30/13	\$206,742	100%	-
09/30/14	\$203,011	100%	-

The required contribution was determined as part of the December 31, 2013, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013, included (a) 8.0% percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9%. Both (a) and (b) included an inflation component of 3.0%. 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, 2013, was 20 years. This actuarial information is summarized in the following table.

**TRINITY COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</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	5-year Smoothed Value
Employee Saving Fund	Fund Value	Fund Value	Fund Value
<i>Actuarial Assumptions</i>			
Investment Return (1)	8.0%	8.0%	8.0%
Projected Salary Increases (1)	5.4%	5.4%	4.9%
Inflation Rate	3.5%	3.5%	3.0%
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, 2013, the most recent actuarial valuation date, the plan was 83.03% funded. The actuarial accrued liability for benefits was \$5,351,298, and the actuarial value of assets was \$4,443,228, resulting in an unfunded actuarial accrued liability (UAAL) of \$908,070. The covered payroll (annual payroll of active employees covered by the plan) was \$2,017,334, and the ratio of the UAAL to the covered payroll was 45.01%.

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.

**Subsequent Events**

Management has evaluated subsequent events through June 5, 2015, the date when the financial statements were available to be issued.

**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, 2014**

	Original	Final	Actual Amounts			Variances
	Adopted	Appropriated	Fund	Budgetary	Fav (Unfav)	
	Budget	Budget	Basis	Basis	Final to Actual	
			Adjustments			
<b>REVENUES</b>						
Property taxes	\$ 4,104,351	\$ 4,104,351	\$ 4,175,503	\$ -	\$ 4,175,503	\$ 71,152
Fines and forfeitures	177,000	177,000	144,248	-	144,248	(32,752)
Fees, licenses, and permits	274,300	274,300	319,013	-	319,013	44,713
Intergovernmental revenue and grants	144,800	176,812	181,102	-	181,102	4,290
Payment in lieu of taxes	23,500	23,500	24,239	-	24,239	739
Investment earnings	1,530	1,530	2,904	-	2,904	1,374
Other revenue	2,300	57,110	57,664	-	57,664	554
Total revenues	<u>4,727,781</u>	<u>4,814,603</u>	<u>4,904,673</u>	<u>-</u>	<u>4,904,673</u>	<u>90,070</u>
<b>EXPENDITURES</b>						
<b>General government</b>						
County judge	113,414	115,198	114,103	-	114,103	1,095
County clerk	111,244	111,244	107,906	-	107,906	3,338
County auditor	102,868	102,868	98,862	-	98,862	4,006
County treasurer	67,495	67,495	67,732	-	67,732	(237)
Data processing	23,000	32,000	31,916	-	31,916	84
Tax assessor-collector	167,832	167,832	164,573	-	164,573	3,259
Veterans office	15,395	15,395	14,492	-	14,492	903
Courthouse maintenance	168,198	168,198	195,264	-	195,264	(27,066)
County agent	38,947	38,947	36,627	-	36,627	2,320
County insurance	535,270	538,971	456,790	-	456,790	82,181
Non-departmental	335,516	312,016	275,658	-	275,658	36,358
Fringe benefits	57,000	59,444	52,534	-	52,534	6,910
Courthouse miscellaneous	77,700	84,200	90,760	-	90,760	(6,560)
Community center	-	-	4,780	-	4,780	(4,780)
Restitution - audit	-	-	-	-	-	-
Total general government	<u>1,813,879</u>	<u>1,813,808</u>	<u>1,711,997</u>	<u>-</u>	<u>1,711,997</u>	<u>101,811</u>
<b>Judicial</b>						
County court	16,650	16,650	17,735	-	17,735	(1,085)
District court	197,930	197,931	207,452	-	207,452	(9,521)
District clerk	72,678	72,678	71,123	-	71,123	1,555
County attorney - county portion	79,452	80,126	78,649	-	78,649	1,477
County attorney - state portion	72,449	72,449	70,452	-	70,452	1,997
District attorney	101,204	101,704	98,686	-	98,686	3,018
Justice of the peace, Pct No. 1	53,637	53,637	52,163	-	52,163	1,474
Justice of the peace, Pct No. 2	53,858	53,858	58,198	-	58,198	(4,340)
Justice of the peace, Pct No. 3	55,001	55,001	48,908	-	48,908	6,093
Justice of the peace, Pct No. 4	53,058	53,058	53,614	-	53,614	(556)
Total judicial	<u>755,917</u>	<u>757,092</u>	<u>756,980</u>	<u>-</u>	<u>756,980</u>	<u>112</u>
<b>Public safety</b>						
911 / emergency management	34,386	34,386	32,654	-	32,654	1,732
Public safety	61,600	67,600	63,794	-	63,794	3,806
Sheriff department	550,838	550,838	551,929	-	551,929	(1,091)
Jail	564,170	571,570	529,458	-	529,458	42,112
Department of public safety	500	500	270	-	270	230
Constable, Pct No. 1	27,351	27,351	18,424	-	18,424	8,927
Constable, Pct No. 2	28,205	37,628	23,790	-	23,790	13,838
Constable, Pct No. 3	28,559	28,559	25,629	-	25,629	2,930
Constable, Pct No. 4	27,880	27,880	24,002	-	24,002	3,878
Total public safety	<u>1,323,489</u>	<u>1,346,312</u>	<u>1,269,950</u>	<u>-</u>	<u>1,269,950</u>	<u>76,362</u>

**TRINITY COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**  
**(CONTINUED)**

	Original	Final	Actual Amounts		Variances	
	Adopted Budget	Appropriated Budget	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
Road and bridge						
Commissioners	115,163	115,163	112,052	-	112,052	3,111
Total road and bridge	115,163	115,163	112,052	-	112,052	3,111
Health and welfare						
County judge	3,600	3,600	3,600	-	3,600	-
Civic improvements	25,500	25,500	19,234	-	19,234	6,266
DSHS health project	-	32,012	35,390	-	35,390	(3,378)
Health and welfare	207,984	207,984	212,971	-	212,971	(4,987)
Total health and welfare	237,084	269,096	271,195	-	271,195	(2,099)
Capital outlay						
Non-departmental	-	43,708	-	-	-	43,708
Total capital outlay	-	43,708	-	-	-	43,708
Debt service						
Principal	150,000	150,000	30,169	314,304 a	344,473	(194,473)
Interest	-	-	4,165	-	4,165	(4,165)
Total expenditures	4,395,532	4,495,179	4,156,508	314,304	4,470,812	24,367
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	332,249	319,424	748,165	(314,304)	433,861	114,437
OTHER FINANCING SOURCES (USES)						
Sale of real and personal property	-	12,825	19,486	-	19,486	6,661
Proceeds from notes/capital leases	-	-	-	-	-	-
Transfers in	9,800	9,800	10,443	-	10,443	643
Transfers out	(342,049)	(342,049)	(346,060)	-	(346,060)	(4,011)
Net other financing sources (uses)	(332,249)	(319,424)	(316,131)	-	(316,131)	3,293
NET CHANGE IN FUND BALANCE	-	-	432,034	(314,304)	117,730	117,730
FUND BALANCE - BEGINNING OF YEAR	(211,344)	(211,344)	(211,344)	-	(211,344)	-
FUND BALANCE - END OF YEAR	<u>\$ (211,344)</u>	<u>\$ (211,344)</u>	<u>\$ 220,690</u>	<u>\$ (314,304)</u>	<u>\$ (93,614)</u>	<u>\$ 117,730</u>

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

**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, 2014**

	Original	Final	Actual Amounts		Variances	
	Adopted Budget	Appropriated Budget	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	137,020	137,020	129,905	-	129,905	(7,115)
Intergovernmental revenue and grants	58,680	58,680	106,331	-	106,331	47,651
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	1,000	1,000	18	-	18	(982)
Other revenue	-	175	-	-	-	(175)
<b>Total revenues</b>	<b>196,700</b>	<b>196,875</b>	<b>236,254</b>	<b>-</b>	<b>236,254</b>	<b>39,379</b>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	239,281	239,456	284,217	-	284,217	(44,761)
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	163,777	-	163,777	(163,777)
Debt service						
Principal	86,852	90,852	64,488	53,576 a	118,064	(27,212)
Interest	8,000	8,000	7,240	-	7,240	760
<b>Total expenditures</b>	<b>334,133</b>	<b>338,308</b>	<b>519,722</b>	<b>53,576</b>	<b>573,298</b>	<b>(234,990)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(137,433)</b>	<b>(141,433)</b>	<b>(283,468)</b>	<b>(53,576)</b>	<b>(337,044)</b>	<b>(195,611)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of real and personal property	48,500	52,500	52,500	-	52,500	-
Proceeds from notes/capital leases	-	-	115,777	44,030 a	159,807	159,807
Transfers in	88,933	88,933	89,933	-	89,933	1,000
Transfers out	-	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>137,433</b>	<b>141,433</b>	<b>258,210</b>	<b>44,030</b>	<b>302,240</b>	<b>160,807</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(25,258)</b>	<b>(9,546)</b>	<b>(34,804)</b>	<b>(34,804)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>(36,519)</b>	<b>(36,519)</b>	<b>(36,519)</b>	<b>-</b>	<b>(36,519)</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ (36,519)</b>	<b>\$ (36,519)</b>	<b>\$ (61,777)</b>	<b>\$ (9,546)</b>	<b>\$ (71,323)</b>	<b>\$ (34,804)</b>

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, 2014**

	Original	Final	Actual Amounts		Variances	
	Adopted Budget	Appropriated Budget	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	52,700	52,700	49,964	-	49,964	(2,736)
Intergovernmental revenue and grants	24,649	22,569	40,896	-	40,896	18,327
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	80	80	104	-	104	24
Other revenue	-	-	-	-	-	-
Total revenues	<u>77,429</u>	<u>75,349</u>	<u>90,964</u>	<u>-</u>	<u>90,964</u>	<u>15,615</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	36,168	43,448	64,017	-	64,017	(20,569)
Health and welfare	-	-	-	-	-	-
Capital outlay	5,080	5,080	-	-	-	5,080
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>41,248</u>	<u>48,528</u>	<u>64,017</u>	<u>-</u>	<u>64,017</u>	<u>(15,489)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	<u>36,181</u>	<u>26,821</u>	<u>26,947</u>	<u>-</u>	<u>26,947</u>	<u>126</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of real and personal property	-	-	-	-	-	-
Proceeds from notes/capital leases	-	-	-	-	-	-
Transfers in	34,205	34,205	37,205	-	37,205	3,000
Transfers out	(60,000)	(61,026)	(54,446)	-	(54,446)	6,580
Net other financing sources (uses)	<u>(25,795)</u>	<u>(26,821)</u>	<u>(17,241)</u>	<u>-</u>	<u>(17,241)</u>	<u>9,580</u>
<b>NET CHANGE IN FUND BALANCE</b>	10,386	-	9,706	-	9,706	9,706
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>46,420</u>	<u>46,420</u>	<u>46,420</u>	<u>-</u>	<u>46,420</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 56,806</u>	<u>\$ 46,420</u>	<u>\$ 56,126</u>	<u>\$ -</u>	<u>\$ 56,126</u>	<u>\$ 9,706</u>

See accompanying notes to the required supplementary information.

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**TRINITY COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PRECINCT NO. 3**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Original	Final	Actual Amounts		Variance	
	Adopted Budget	Appropriated Budget	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	121,245	121,245	114,916	-	114,916	(6,329)
Intergovernmental revenue and grants	51,875	51,875	114,089	-	114,089	62,214
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	1,000	1,000	103	-	103	(897)
Other revenue	-	143	4,135	-	4,135	3,992
Total revenues	<u>174,120</u>	<u>174,263</u>	<u>233,243</u>	<u>-</u>	<u>233,243</u>	<u>58,980</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	294,159	284,328	285,075	-	285,075	(747)
Health and welfare	-	-	-	-	-	-
Capital outlay	-	15,000	313,411	-	313,411	(298,411)
Debt service						
Principal	64,232	75,232	75,232	-	75,232	-
Interest	2,900	2,900	2,830	-	2,830	70
Total expenditures	<u>361,291</u>	<u>377,460</u>	<u>676,548</u>	<u>-</u>	<u>676,548</u>	<u>(299,088)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	<u>(187,171)</u>	<u>(203,197)</u>	<u>(443,305)</u>	<u>-</u>	<u>(443,305)</u>	<u>(240,108)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of real and personal property	48,500	48,500	78,500	-	78,500	30,000
Proceeds from notes/capital leases	-	-	265,500	-	265,500	265,500
Transfers in	138,671	154,697	133,117	-	133,117	(21,580)
Transfers out	-	-	(4,000)	-	(4,000)	(4,000)
Net other financing sources (uses)	<u>187,171</u>	<u>203,197</u>	<u>473,117</u>	<u>-</u>	<u>473,117</u>	<u>269,920</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	29,812	-	29,812	29,812
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>13,868</u>	<u>13,868</u>	<u>13,868</u>	<u>-</u>	<u>13,868</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 13,868</u>	<u>\$ 13,868</u>	<u>\$ 43,680</u>	<u>\$ -</u>	<u>\$ 43,680</u>	<u>\$ 29,812</u>

See accompanying notes to the required supplementary information.

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**TRINITY COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PRECINCT NO. 4**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Original	Final	Actual Amounts		Variances	
	Adopted Budget	Appropriated Budget	Fund Basis	Adjustments	Budgetary Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Fees, licenses, and permits	216,070	216,070	204,850	-	204,850	(11,220)
Intergovernmental revenue and grants	92,534	92,534	167,675	-	167,675	75,141
Contributions and donations	-	-	-	-	-	-
Payment in lieu of taxes	-	-	-	-	-	-
Investment earnings	1,000	1,000	221	-	221	(779)
Other revenue	-	-	130	-	130	130
<b>Total revenues</b>	<b>309,604</b>	<b>309,604</b>	<b>372,876</b>	<b>-</b>	<b>372,876</b>	<b>63,272</b>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	397,208	427,208	408,617	-	408,617	18,591
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	142,490	-	142,490	(142,490)
Debt service						
Principal	146,336	116,336	167,887	-	167,887	(51,551)
Interest	3,300	3,300	4,293	-	4,293	(993)
<b>Total expenditures</b>	<b>546,844</b>	<b>546,844</b>	<b>723,287</b>	<b>-</b>	<b>723,287</b>	<b>(176,443)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	<b>(237,240)</b>	<b>(237,240)</b>	<b>(350,411)</b>	<b>-</b>	<b>(350,411)</b>	<b>(113,171)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of real and personal property	97,000	97,000	97,000	-	97,000	-
Proceeds from notes/capital leases	-	-	115,500	-	115,500	115,500
Transfers in	140,240	140,240	140,240	-	140,240	-
Transfers out	-	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>237,240</b>	<b>237,240</b>	<b>352,740</b>	<b>-</b>	<b>352,740</b>	<b>115,500</b>
<b>NET CHANGE IN FUND BALANCE</b>						
	<b>-</b>	<b>-</b>	<b>2,329</b>	<b>-</b>	<b>2,329</b>	<b>2,329</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>						
	<b>74,261</b>	<b>74,261</b>	<b>74,261</b>	<b>-</b>	<b>74,261</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>						
	<b>\$ 74,261</b>	<b>\$ 74,261</b>	<b>\$ 76,590</b>	<b>\$ -</b>	<b>\$ 76,590</b>	<b>\$ 2,329</b>

See accompanying notes to the required supplementary information.

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**TRINITY COUNTY, TEXAS**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2014**

**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, 2014**

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
12/31/2013	4,443,228	5,351,298	83.03	908,070	2,017,334	45.01

See Independent Auditors' Report.

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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, 2014**

	<u>Debt Service Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,022	\$ 185,154	\$ 195,176
Receivables			
Property taxes, net of allowance for uncollectibles	3,875	-	3,875
Grants	-	60,416	60,416
Other	-	9,627	9,627
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 13,897</u>	<u>\$ 255,197</u>	<u>\$ 269,094</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 2,735	\$ 2,735
Accrued expenses	-	3,093	3,093
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>5,828</u>	<u>5,828</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	<u>2,196</u>	<u>-</u>	<u>2,196</u>
Total deferred inflows of resources	<u>2,196</u>	<u>-</u>	<u>2,196</u>
Fund balances:			
Restricted	11,701	193,685	205,386
Assigned	<u>-</u>	<u>55,684</u>	<u>55,684</u>
Total fund balances	<u>11,701</u>	<u>249,369</u>	<u>261,070</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 13,897</u>	<u>\$ 255,197</u>	<u>\$ 269,094</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, 2014**

	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ 215,600	\$ -	\$ 215,600
Fines and forfeitures	-	9,796	9,796
Fees, licenses, and permits	-	128,765	128,765
Intergovernmental revenue and grants	-	625,427	625,427
Investment earnings	114	932	1,046
Other revenue	-	95	95
Total revenues	<u>215,714</u>	<u>765,015</u>	<u>980,729</u>
<b>EXPENDITURES</b>			
General government	-	61,321	61,321
Judicial	-	20,697	20,697
Public safety	-	15,179	15,179
Road and bridge	-	44,175	44,175
Health and welfare	-	15,451	15,451
Pass-through expenditures	-	417,496	417,496
Capital outlay	-	99,383	99,383
Debt service			
Principal	560,000	-	560,000
Interest	60,843	-	60,843
Total expenditures	<u>620,843</u>	<u>673,702</u>	<u>1,294,545</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(405,129)</u>	<u>91,313</u>	<u>(313,816)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	410,000	17,476	427,476
Transfers out (use)	-	(433,908)	(433,908)
Net other financing sources (uses)	410,000	(416,432)	(6,432)
<b>NET CHANGE IN FUND BALANCE</b>	4,871	(325,119)	(320,248)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>6,830</u>	<u>574,488</u>	<u>581,318</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 11,701</u>	<u>\$ 249,369</u>	<u>\$ 261,070</u>

**TRINITY COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2014**

	<u>Records Management</u>	<u>Law Library</u>	<u>Security Fee</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 38,725	\$ 12,148	\$ 11,906
Receivables			
Grants	-	-	-
Other	7,711	595	724
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 46,436</u></u>	<u><u>\$ 12,743</u></u>	<u><u>\$ 12,630</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 2,588	\$ 147	\$ -
Accrued expenses	1,336	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,924</u>	<u>147</u>	<u>-</u>
Fund balances:			
Restricted	42,512	12,596	12,630
Assigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>42,512</u>	<u>12,596</u>	<u>12,630</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 46,436</u></u>	<u><u>\$ 12,743</u></u>	<u><u>\$ 12,630</u></u>

<u>Sheriff's Forest Service</u>	<u>Seized Funds</u>	<u>Jury Service</u>	<u>Court Technology</u>	<u>Special Crime Funds</u>	<u>LEOSE Education</u>
\$ 183	\$ 26,428	\$ 1,848	\$ 1,507	\$ 7,688	\$ 17,134
-	-	-	-	-	-
-	-	313	284	-	-
-	-	-	-	-	-
<u>\$ 183</u>	<u>\$ 26,428</u>	<u>\$ 2,161</u>	<u>\$ 1,791</u>	<u>\$ 7,688</u>	<u>\$ 17,134</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	164	886	-	-	-
-	-	-	-	-	-
-	164	886	-	-	-
-	26,264	-	1,791	-	17,134
183	-	1,275	-	7,688	-
183	26,264	1,275	1,791	7,688	17,134
<u>\$ 183</u>	<u>\$ 26,428</u>	<u>\$ 2,161</u>	<u>\$ 1,791</u>	<u>\$ 7,688</u>	<u>\$ 17,134</u>

**TRINITY COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2014**

	Hotel/Motel Tax	Courthouse Preservation	Grant Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,235	\$ 46,538	\$ 19,814
Receivables			
Grants	-	-	60,416
Other	-	-	-
Due from other funds	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,235</b>	<b>\$ 46,538</b>	<b>\$ 80,230</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	707	-	-
Due to other funds	-	-	-
Total liabilities	707	-	-
Fund balances:			
Restricted	528	-	80,230
Assigned	-	46,538	-
Total fund balances	528	46,538	80,230
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,235</b>	<b>\$ 46,538</b>	<b>\$ 80,230</b>

Total  
Nonmajor  
Special Revenue  
Funds

---

\$ 185,154

60,416

9,627

-

---

\$ 255,197

\$ 2,735

3,093

-

---

5,828

193,685

55,684

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249,369

\$ 255,197

**TRINITY COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Records Management</u>	<u>Law Library</u>	<u>Security Fee</u>
<b>REVENUES</b>			
Fines and forfeitures	\$ -	\$ -	\$ -
Fees, licenses, and permits	90,788	9,100	9,971
Intergovernmental revenue and grants	-	-	-
Investment earnings	13	14	14
Other revenue	-	-	-
Total revenues	<u>90,801</u>	<u>9,114</u>	<u>9,985</u>
<b>EXPENDITURES</b>			
General government	56,416	-	-
Judicial	-	8,989	-
Public safety	-	-	-
Road and bridge	-	-	-
Health and welfare	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>56,416</u>	<u>8,989</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>34,385</u>	<u>125</u>	<u>9,985</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out (use)	<u>(1,643)</u>	<u>-</u>	<u>(8,800)</u>
Net other financing sources (uses)	(1,643)	-	(8,800)
<b>NET CHANGE IN FUND BALANCE</b>	32,742	125	1,185
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>9,770</u>	<u>12,471</u>	<u>11,445</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 42,512</u>	<u>\$ 12,596</u>	<u>\$ 12,630</u>

<u>Sheriff's Forest Service</u>	<u>Seized Funds</u>	<u>Jury Service</u>	<u>Court Technology</u>	<u>Special Crime Funds</u>	<u>LEOSE Education</u>
\$ -	\$ 9,796	\$ -	\$ -	\$ -	\$ -
-	-	6,364	3,510	-	-
-	-	-	-	-	1,951
-	27	2	2	7	16
-	-	-	-	-	95
<u>-</u>	<u>9,823</u>	<u>6,366</u>	<u>3,512</u>	<u>7</u>	<u>2,062</u>
-	-	-	-	-	-
-	-	7,558	4,150	-	-
-	11,545	-	-	-	134
-	-	-	-	-	-
-	-	-	-	1,000	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>11,545</u>	<u>7,558</u>	<u>4,150</u>	<u>1,000</u>	<u>134</u>
-	(1,722)	(1,192)	(638)	(993)	1,928
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(1,722)	(1,192)	(638)	(993)	1,928
183	27,986	2,467	2,429	8,681	15,206
<u>\$ 183</u>	<u>\$ 26,264</u>	<u>\$ 1,275</u>	<u>\$ 1,791</u>	<u>\$ 7,688</u>	<u>\$ 17,134</u>

**TRINITY COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Hotel/Motel Tax</u>	<u>Courthouse Preservation</u>	<u>Grant Funds</u>
<b>REVENUES</b>			
Fines and forfeitures	\$ -	\$ -	\$ -
Fees, licenses, and permits	9,032	-	-
Intergovernmental revenue and grants	1,248	10,462	611,766
Investment earnings	3	832	2
Other revenue	-	-	-
Total revenues	<u>10,283</u>	<u>11,294</u>	<u>611,768</u>
<b>EXPENDITURES</b>			
General government	-	4,475	430
Judicial	-	-	-
Public safety	-	-	3,500
Road and bridge	-	-	44,175
Health and welfare	14,451	-	-
Pass-through expenditures	-	-	417,496
Capital outlay	-	9,498	89,885
Total expenditures	<u>14,451</u>	<u>13,973</u>	<u>555,486</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(4,168)</u>	<u>(2,679)</u>	<u>56,282</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	17,476
Transfers out (use)	-	(410,000)	(13,465)
Net other financing sources (uses)	-	(410,000)	4,011
<b>NET CHANGE IN FUND BALANCE</b>	(4,168)	(412,679)	60,293
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>4,696</u>	<u>459,217</u>	<u>19,937</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 528</u>	<u>\$ 46,538</u>	<u>\$ 80,230</u>



Total  
Nonmajor  
Special Revenue  
Funds

---

\$ 9,796  
128,765  
625,427  
932  
95

---

765,015

---

61,321  
20,697  
15,179  
44,175  
15,451  
417,496  
99,383

---

673,702

---

91,313

---

17,476  
(433,908)

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(416,432)  
(325,119)  
574,488

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\$ 249,369

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**COMPLIANCE SECTION**

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# Todd, Hamaker & Johnson, LLP

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CERTIFIED PUBLIC ACCOUNTANTS

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

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

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trinity County, Texas (the "County"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Trinity County, Texas' basic financial statements and have issued our report thereon dated June 5, 2015.

### **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.

**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

June 5, 2015

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# Todd, Hamaker & Johnson, LLP

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420 S 1<sup>st</sup> Street • PO Box 468 • Lufkin, TX 75902-0468 • (936) 632-8181  
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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

### **Report on Compliance for Each Major Federal Program**

We have audited Trinity County, Texas' (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2014. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Trinity County, Texas's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Trinity County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Trinity County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

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

**Report on Internal Control over Compliance**

Management of Trinity County, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Trinity County, Texas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Trinity County, Texas' internal control over compliance.

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

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

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

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

June 5, 2015



**TRINITY COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	-	\$ 307,627 <sup>4</sup>
Schools and Roads - Grants to States – Title II	10.665	-	<u>44,175</u>
Total for CFDA 10.665			<u>351,802</u>
Total U.S. Department of Agriculture:			<u>351,802</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/ 13-115-000-7157	<u>20,000</u>
Total for CFDA 14.228			<u>20,000</u>
Passed through Texas Department of Housing and Community Affairs			
Community Development Block Grant/State’s Home Investment Partnerships Program	14.239	1001870	<u>8,532 <sup>4</sup></u>
Total for CFDA 14.239			<u>8,532</u>
Total U.S. Department of Housing and Urban Development:			<u>28,532</u>
<u>U.S. Department of the Interior</u>			
Passed through Texas Comptroller of Public Accounts			
National Forest Acquired Lands	15.438	-	<u>510,300 <sup>4</sup></u>
Total for CFDA 15.438			<u>510,300</u>
Total U.S. Department of the Interior:			<u>510,300</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Deep East Texas Council of Governments			
Homeland Security Grant Program	97.067	-	<u>4,300</u>
Total for CFDA 97.067			<u>4,300</u>
Total U.S. Department of Homeland Security:			<u>4,300</u>
<b>Total Federal Awards Expended:</b>			<b><u>\$ 894,934</u></b>

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, 2014**

**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, 2014. 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	\$ 153,814
14.239	Home Investment Partnerships Program	8,532
15.438	National Forest Acquired Lands	<u>255,150</u>
	Total federal awards provided to subrecipients:	<u>\$ 417,496</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, 2014**

---

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, 2014**

---

Section II – Financial Statements Audit Findings

---

*None.*

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

---

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

---

*None.*

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**TRINITY COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

---

Financial Statements Audit 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 "13<sup>th</sup> 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.

**Status.** The recommendations and corrective action plan have been implemented. This matter is considered resolved.

**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.

**Status.** The recommendations and corrective action plan have been implemented. This matter is considered resolved.

**TRINITY COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**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.

**Status.** The recommendations and corrective action plan have been implemented. This matter is considered resolved.

**TRINITY COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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Major Federal Award Programs Audit Findings and Questioned Costs

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**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.

**Status.** The recommendations and corrective action plan have been implemented. This matter is considered resolved.

**TRINITY COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**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.

**Status.** The recommendations and corrective action plan have been implemented. This matter is considered resolved.