

TRINITY COUNTY, TEXAS
AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORT

September 30, 2019

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INTRODUCTORY SECTION

TRINITY COUNTY, TEXAS
PRINCIPAL PUBLIC OFFICIALS
September 30, 2019

COMMISSIONERS' COURT

Steven D. Page.....County Judge
Grover "Tiger" WorshamCommissioner, Precinct 1
Richard Chamberlin.....Commissioner, Precinct 2
Neal SmithCommissioner, Precinct 3
Jimmy BrownCommissioner, Precinct 4

COUNTY ELECTED OFFICIALS

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

DISTRICT ELECTED OFFICIALS

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

APPOINTED OFFICIALS

Bonnie Kennedy County Auditor

FINANCIAL SECTION

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, fiduciary 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, 2019, 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Trinity County, Texas, as of September 30, 2019, 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, schedule of changes in net pension liability, and the schedule of pension contributions and related notes, 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 Trinity County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 9, 2020, on our consideration of Trinity County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Trinity County's internal control over financial reporting and compliance.

Lufkin, Texas
June 9, 2020

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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, 2019. 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 and deferred outflows exceeded its liabilities and deferred inflows by \$8,756,109 (*net position*) at September 30, 2019.
- Total assets and deferred outflows increased by \$524,558 over the prior year; total liabilities and deferred inflows increased by \$282,620 over the prior year.
- Overall revenues exceeded expenses by \$241,938.

Fund Financial Statements

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$2,539,491. Overall revenues exceeded expenditures by \$257,483.

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* 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, deferred inflows, deferred outflows, and liabilities, with the difference between these 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

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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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 statement because the resources are *not* available to support the County's own programs.

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$8,756,109 at September 30, 2019.

The largest portion of the County's net position, or \$6,127,494, reflects its investment in capital assets (\$7,529,693) less the related debt used to acquire those assets that remains outstanding (\$1,402,199). 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 \$1,160,422) represents resources that are subject to restriction on how they may be used.

The remaining balance of \$1,468,193 is unrestricted in nature.

Net Position

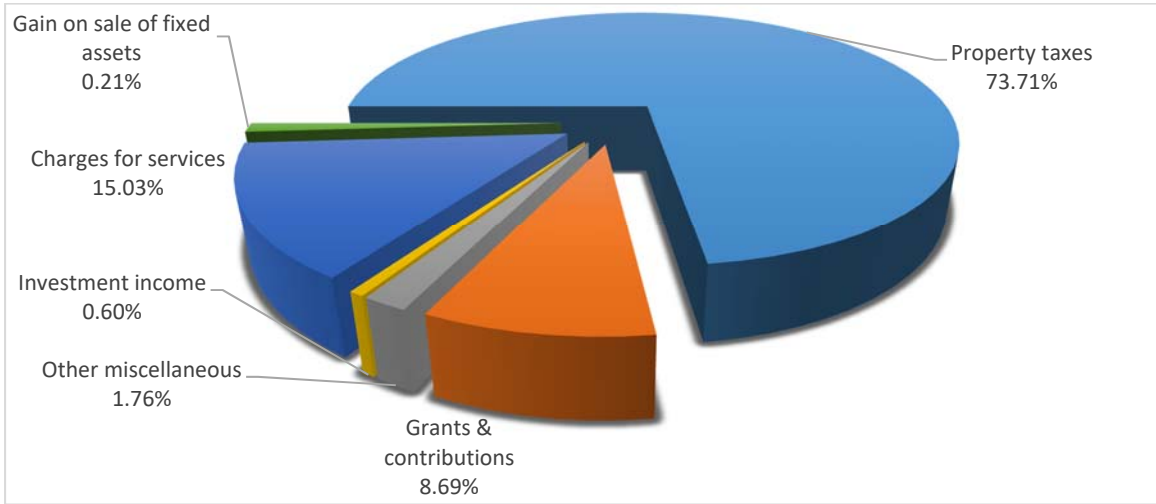
	2019	2018
Current and other assets	\$ 3 279 683	\$ 3 083 365
Capital assets, net	7 529 693	7 741 615
TOTAL ASSETS	10 809 376	10 824 980
Deferred outflows	811 691	271 529
Long-term liabilities	1 568 073	875 549
Other liabilities	1 068 357	1 260 914
TOTAL LIABILITIES	2 636 430	2 136 463
Deferred inflows	228 528	445 875
Net Position:		
Net investment in capital assets	6 127 494	6 090 582
Restricted	1 160 422	1 071 329
Unrestricted	1 468 193	1 352 260
TOTAL NET POSITION	\$ 8 756 109	\$ 8 514 171

Changes in Net Position

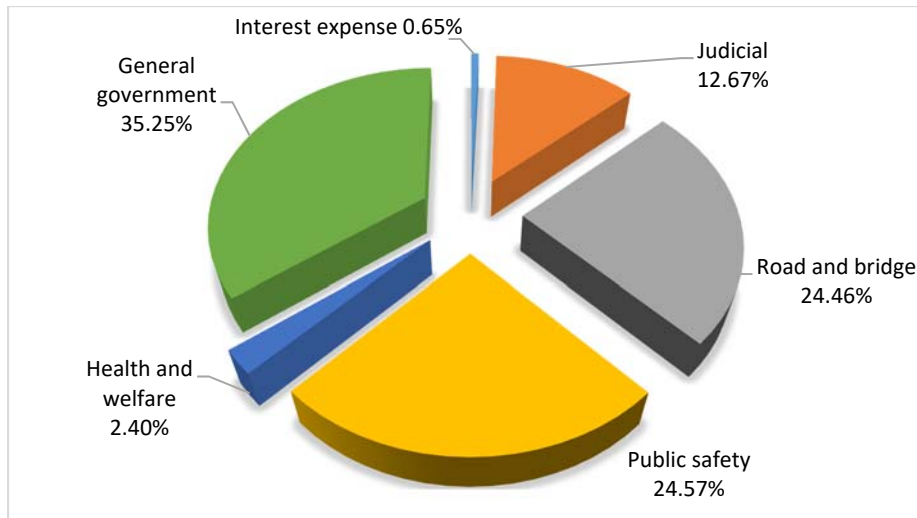
	2019	2018
Revenues:		
Charges for service	\$ 1 154 073	\$ 1 365 941
Grants and contributions, net of pass-through expenditures	667 244	591 947
Property taxes	5 659 848	5 322 600
Investment income	45 944	6 281
Gain on sale of assets	12 815	12 378
Other	138 405	90 529
TOTAL REVENUES	7 678 329	7 389 676
Expenses:		
General government	2 621 900	1 957 105
Judicial	942 542	793 730
Public safety	1 827 565	1 747 500
Road and bridge	1 819 280	1 852 764
Health and welfare	178 800	257 136
Interest on long-term debt	48 141	76 814
TOTAL EXPENSES	7 438 228	6 685 049
INCREASE (DECREASE) IN NET POSITION	240 101	704 627
Net position, at beginning of year	8 516 008	7 809 544
NET POSITION, AT END OF YEAR	\$ 8 756 109	\$ 8 514 171

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Revenues by Source
For the Fiscal Year Ended September 30, 2019



Expenses by Function
For the Fiscal Year Ended September 30, 2019



**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

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 financial requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2019, the County's governmental funds reported a combined positive fund balance of \$2,539,491.

The fund balance is comprised of \$1,212,439 that is either in a nonspendable form, restricted, or assigned for specific purposes. The remaining balance, \$1,327,052, is unassigned. During the year, the fund balance in the County's governmental funds increased by \$257,483.

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

General Fund. Fund balance was budgeted to increase \$69,948 for the fund. Actual results yielded a \$166,650 increase in fund balance, with a favorable budget variance of \$96,702.

Road and Bridge Fund, Precinct No. 1. No change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$10,061 increase in fund balance, with a favorable budget variance of \$10,061.

Road and Bridge Fund, Precinct No. 2. No change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$62,867 increase in fund balance, with a favorable budget variance of \$62,867.

Road and Bridge Fund, Precinct No. 3. \$1 budgeted change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$(21,205) decrease in fund balance, with an unfavorable budget variance of \$(21,205).

Road and Bridge Fund, Precinct No. 4. No change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$(81,178) decrease in fund balance, with an unfavorable budget variance of \$(81,178).

Capital Assets

The County's investment in capital assets as of September 30, 2019 totaled \$7,529,693 (net of accumulated depreciation). This investment includes land, buildings, equipment, and improvements (other than buildings).

Capital assets of \$1,012,092 were purchased during the year. Significant purchases included:

- Various trucks and heavy equipment (partially funded by capital leases/notes)

Capital Assets (Net of Depreciation)

	2019	2018
Land	\$ 44 999	\$ 44 999
Buildings and improvements	7 330 853	7 330 853
Infrastructure	880 954	880 954
Rolling stock	3 477 789	3 187 770
Furniture and equipment	913 115	893 435
Less accumulated depreciation	(5 118 017)	(4 596 396)
TOTAL	\$ 7 529 693	\$ 7 741 615

Debt Administration

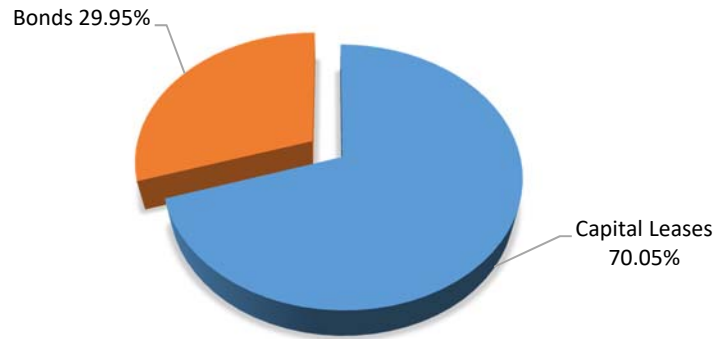
At the end of the current fiscal year, the County had total debt and capital lease obligations of \$1,402,199.

Debt Outstanding

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
Capital leases	\$ 1 041 033	\$ 827 163	\$ (885 997)	\$ 982 199
Bond obligations	610 000	-	(190 000)	420 000
TOTAL	\$ 1 651 033	\$ 827 163	\$ (1 075 997)	\$ 1 402 199

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Total Debt Outstanding
September 30, 2019



Requests for Information

This 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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TRINITY COUNTY, TEXAS
STATEMENT OF NET POSITION
September 30, 2019

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1 880 014
Restricted cash	901 669
Receivables Net of Allowance for Uncollectibles:	
Property taxes, net of allowance for uncollectibles	359 306
Due from other funds	6 275
Other	108 322
Prepaid expense	24 097
TOTAL CURRENT ASSETS	3 279 683
Noncurrent Assets:	
Capital Assets:	
Land	44 999
Streets and infrastructure	525 987
Buildings and improvements	5 634 306
Vehicles	1 223 619
Machinery and equipment	100 782
TOTAL CAPITAL ASSETS	7 529 693
TOTAL ASSETS	10 809 376
DEFERRED OUTFLOW	
Contribution subsequent to measurement data	225 427
Pension deferred outflows	586 264
TOTAL DEFERRED OUTFLOWS	811 691
TOTAL ASSETS AND DEFERRED OUTFLOWS	11 621 067
LIABILITIES	
Current Liabilities:	
Accounts payable	193 760
Accrued interest	20 258
Accrued liabilities	75 298
Due within one year	779 041
TOTAL CURRENT LIABILITIES	1 068 357
Noncurrent Liabilities:	
Pension liability	884 714
Due in more than one year	623 158
Accrued comp absences	60 201
TOTAL NONCURRENT LIABILITIES	1 568 073
TOTAL LIABILITIES	2 636 430
DEFERRED INFLOWS	
Unavailable revenue	111 828
Deferred pension inflows	116 700
TOTAL DEFERRED INFLOWS	228 528
NET POSITION	
Net investment in capital assets	6 127 494
Restricted	1 160 422
Unrestricted	1 468 193
TOTAL NET POSITION	\$ 8 756 109

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

TRINITY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		FEES, FINES, CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 2 621 900	\$ 417 251	\$ 173 197	\$ -
Judicial	942 542	197 384	28 015	-
Public safety	1 827 565	24 829	55 105	-
Road and bridge	1 819 280	495 427	573 546	-
Health and welfare	178 800	19 182	-	-
Debt service expense	48 141	-	-	-
Pass-through to other entities	162 619	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 7 600 847</u>	<u>\$ 1 154 073</u>	<u>\$ 829 863</u>	<u>\$ -</u>

General Revenues:

 Taxes

 Property taxes - General
 Property taxes - Debt service
 Other tax revenue
 Unrestricted investment earnings
 Other unrestricted revenue
 Gain on sale of an asset

 TOTAL GENERAL REVENUES

 CHANGE IN NET POSITION

Net position - Beginning

NET POSITION - ENDING

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

NET (EXPENSES) REVENUES AND
CHANGES IN NET POSITION

GOVERNMENTAL
ACTIVITIES

\$ (2 031 452)
(717 143)
(1 747 631)
(750 307)
(159 618)
(48 141)
(162 619)

(5 616 911)

5 393 552
266 296
23 886
45 944
114 519
12 815
5 857 012
240 101
8 516 008

\$ 8 756 109

FUND FINANCIAL STATEMENTS

TRINITY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	GENERAL FUND	ROAD AND BRIDGE PCT #1	ROAD AND BRIDGE PCT #2	ROAD AND BRIDGE PCT #3	ROAD AND BRIDGE PCT #4	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash and investments	\$ 1 437 671	\$ 57 211	\$ 88 953	\$ 138 139	\$ 158 040	\$ -	\$ 1 880 014
Restricted cash	-	-	-	-	-	901 669	901 669
Taxes receivable, net	348 527	-	-	-	-	10 779	359 306
Other receivables, net	27 828	-	-	-	-	80 494	108 322
Prepaid expense	16 833	1 493	202	2 139	3 430	-	24 097
Due from other funds	82 786	-	-	-	-	2	82 788
TOTAL ASSETS	\$ 1 913 645	\$ 58 704	\$ 89 155	\$ 140 278	\$ 161 470	\$ 992 944	\$ 3 356 196
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 154 199	\$ 2 316	\$ 321	\$ 8 927	\$ 8 827	\$ 942	\$ 175 532
Due to other funds	-	-	-	-	-	76 513	76 513
Due to others	-	-	-	-	-	18 228	18 228
Accrued liabilities	56 039	4 023	1 535	3 968	5 631	4 102	75 298
TOTAL LIABILITIES	210 238	6 339	1 856	12 895	14 458	99 785	345 571
Deferred Inflows:							
Unearned revenues	376 355	-	-	-	-	94 779	471 134
TOTAL DEFERRED INFLOWS	376 355	-	-	-	-	94 779	471 134
Fund Balances:							
Restricted	-	52 365	87 299	127 383	147 012	746 363	1 160 422
Assigned	-	-	-	-	-	52 017	52 017
Unrestricted, unassigned	1 327 052	-	-	-	-	-	1 327 052
TOTAL FUND BALANCES	1 327 052	52 365	87 299	127 383	147 012	798 380	2 539 491
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 1 913 645	\$ 58 704	\$ 89 155	\$ 140 278	\$ 161 470	\$ 992 944	\$ 3 356 196

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

TRINITY COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
For the Year Ended September 30, 2019

Total fund balances - Governmental funds balance sheet	\$	2 539 491
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		7 529 693
Deferred pension plan amounts relate to subsequent pension plan measurement periods and/or do not consume current financial resources and therefore, these amounts are not reported in the governmental funds		694 991
Certain revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows in the governmental funds		359 306
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		(80 459)
Payables for long-term liabilities, including certificates of obligations, capital leases, and net pension liabilities are not due in the current period and therefore, are not reported in the governmental funds		<u>(2 286 913)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>8 756 109</u></u>

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

TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	GENERAL FUND	ROAD AND BRIDGE FUND PCT #1	ROAD AND BRIDGE FUND PCT #2	ROAD AND BRIDGE FUND PCT #3	ROAD AND BRIDGE FUND PCT #4	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:							
Property taxes	\$ 5 375 812	\$ -	\$ -	\$ -	\$ -	\$ 266 296	\$ 5 642 108
Other taxes	-	-	-	-	-	23 886	23 886
Fines and forfeitures	195 290	-	-	-	-	1 703	196 993
Fees, licenses, and permits	265 440	130 160	50 061	115 141	205 252	106 890	872 944
Grants and contributions	69 657	44 167	16 262	169 662	72 632	457 483	829 863
Payment in lieu of taxes	26 264	-	-	-	-	-	26 264
Interest	43 287	253	218	381	527	1 278	45 944
Other revenue	91 597	8 708	32 410	18 729	13 748	7 199	172 391
TOTAL REVENUES	6 067 347	183 288	98 951	303 913	292 159	864 735	7 810 393
Expenditures:							
General government	2 299 353	-	-	-	-	139 070	2 438 423
Judicial	796 156	-	-	-	-	134 163	930 319
Public safety	1 614 517	-	-	-	-	18 907	1 633 424
Road and bridge	-	391 179	80 847	475 682	520 289	67 369	1 535 366
Health and welfare	161 800	-	-	-	-	17 000	178 800
Debt service	68 691	52 772	-	102 082	149 597	210 700	583 842
Capital outlay	-	3 552	-	44 500	83 330	-	131 382
Pass through to other entities	-	-	-	-	-	162 619	162 619
TOTAL EXPENDITURES	4 940 517	447 503	80 847	622 264	753 216	749 828	7 594 175
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1 126 830	(264 215)	18 104	(318 351)	(461 057)	114 907	216 218
Other Financing Sources (Uses):							
Sale of assets	2 938	9 877	-	-	-	-	12 815
Debt proceeds	-	-	-	-	28 450	-	28 450
Transfers in (out)	(963 118)	264 399	44 763	297 145	351 429	5 382	-
TOTAL OTHER FINANCING SOURCES (USES)	(960 180)	274 276	44 763	297 145	379 879	5 382	41 265
NET CHANGE IN FUND BALANCE	166 650	10 061	62 867	(21 206)	(81 178)	120 289	257 483
Fund balance - Beginning of year	1 160 402	42 304	24 432	148 589	228 190	678 091	2 282 008
FUND BALANCE - END OF YEAR	\$ 1 327 052	\$ 52 365	\$ 87 299	\$ 127 383	\$ 147 012	\$ 798 380	\$ 2 539 491

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

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, 2019

Net change in fund balances - Governmental funds	\$	257 483
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.		568 255
The depreciation of capital assets used in governmental activities is not reported in the governmental funds.		(780 177)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		17 740
Proceeds from the issuance of long-term debt (e.g. bonds, leases) and the repayment of long- term debt do not provide revenue in the statement of activities, but are reported as current resources in the governmental funds.		227 250
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.		(6 734)
This amount represents the change in net pension assets and liabilities from the beginning of the period to the end of the period.		(54 508)
Amount represents the change in accrued interest from the beginning of the period to the end of the period.		<u>10 792</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>240 101</u>

TRINITY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2019

		<u>AGENCY FUNDS</u>
ASSETS		
Restricted cash	\$	313 034
Other receivables		<u>1 000</u>
TOTAL ASSETS	\$	<u>314 034</u>
LIABILITIES		
Accounts payable	\$	1 384
Due to other funds		6 275
Amounts held for others		305 526
Due to County		<u>849</u>
TOTAL LIABILITIES	\$	<u>314 034</u>

The accompanying notes are an integral part of this financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

A. Reporting Entity

Trinity County (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.

B. 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.

C. New Accounting Pronouncements

GASB Statement No 87, *Leases* ("GASB 87"), is intended to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The effects of implementing GASB 87 on the County's financial disclosures have not been evaluated by management.

D. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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

The County has no proprietary funds.

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

NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

A. Deposits and Investments

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

NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE - CONTINUED

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

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

The County is authorized to invest in 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 Fund Investment Act.

B. 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.

C. Receivables

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

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

D. 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.

E. 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.

NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE - CONTINUED

F. Capital Assets, Depreciation, and Amortization

The County's property, plant, equipment, and infrastructure are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 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 cost 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. 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:

ASSETS	YEARS
Buildings and improvements	5 - 40
Office furniture and equipment	3 - 7
Rolling stock	2 - 7
Infrastructure	20 - 30

G. Deferred Inflows/Outflows of Resources

Deferred Outflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has several of these types of items which arise only under a full accrual basis of accounting and are therefore reported only on the government-wide statement of net position, that qualify for reporting in this category: unamortized differences - pension plan projected and actual investment earnings; and unamortized differences - changes in actuarial assumptions, are recognized as a component of pension expense at an actuarially determined rate. Pension contributions subsequent to the plan measurement date is recognized as a component of pension expense in the following fiscal year.

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 several of these items that qualify for reporting in this category: two items, which arise only under a modified accrual basis of accounting, unavailable revenue - property taxes and unavailable revenue - fines, are reported only on the governmental funds balance sheet; and one item, which arises only under a full accrual basis of accounting, unamortized differences - pension plan expected and actual economic experience, is recognized as a component of pension expense at an actuarially determined rate and is reported on the government-wide statement of net position.

H. Long-term Obligations

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

NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE - CONTINUED

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 services 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.

I. Pensions

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

J. Net Position and Fund Balances

In the government-wide financial statements, the difference between the County's total assets, deferred outflows, total liabilities and deferred inflows represents net position. Net position is displayed in three components - invested in capital assets, net of related debt; restricted; and unrestricted. At September 30, 2019, restricted net position represents monies that are legally restricted for payment of debt service, law enforcement costs, and other purposes restricted by law. 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.

K. 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.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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. A comparison of the actual versus budgeted results for each major fund is included in required supplementary information.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Assets

Deposits and Investments

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

At September 30, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,094,717. The County's cash deposits at September 30, and during the year ended September 30, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Investments

The County is required by Government code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The County's investments at September 30 are shown below:

<u>INVESTMENT OR INVESTMENT TYPE</u>	<u>MATURITY</u>	<u>FAIR VALUE</u>
TexSTAR Investment Pool	N/A	\$ 793 339
LOGIC Investment Pool	N/A	400 174
TOTAL INVESTMENTS		\$ <u>1 193 513</u>

NOTE 4 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

Investment Accounting Policy

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

B. 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:

	PROPERTY TAXES	FINES	TOTALS
	_____	_____	_____
Receivables by Activity:			
General fund	\$ 2 323 514	\$ 927 604	\$ 3 251 118
Debt service fund	71 861	-	71 861
TOTAL RECEIVABLES	<u>2 395 375</u>	<u>927 604</u>	<u>3 322 979</u>
Allowance for Uncollectibles:			
General fund	1 974 987	899 776	2 874 763
Debt service fund	61 082	-	61 082
TOTAL ALLOWANCES	<u>2 036 069</u>	<u>899 776</u>	<u>2 935 845</u>
TOTAL RECEIVABLES, NET	<u>\$ 359 306</u>	<u>\$ 27 828</u>	<u>\$ 387 134</u>

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 4 - DETAILED NOTES ON ALL FUNDS - CONTINUED

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, 2019 (tax year 2018), was \$ 0.65 per \$100 of assessed valuation. Of this rate, \$0.0308 was allocated to debt service and \$0.6192 was allocated to maintenance and operation.

C. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2019 is as follows:

	BALANCE 09/30/2018	INCREASES	DECREASES	BALANCE 09/30/2019
Capital Assets Not Being Depreciated:				
Land	\$ 44 999	\$ -	\$ -	\$ 44 999
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>44 999</u>	<u>-</u>	<u>-</u>	<u>44 999</u>
Capital Assets Being Depreciated:				
Buildings and improvements	7 330 853	-	-	7 330 853
Infrastructure	880 954	-	-	880 954
Rolling stock	3 187 770	951 013	(660 994)	3 477 789
Furniture and equipment	893 435	61 079	(41 399)	913 115
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>12 293 012</u>	<u>1 012 092</u>	<u>(702 393)</u>	<u>12 602 711</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(1 501 915)	(194 632)	-	(1 696 547)
Infrastructure	(272 777)	(82 190)	-	(354 967)
Rolling stock	(2 010 747)	(460 580)	217 157	(2 254 170)
Furniture and equipment	(810 957)	(42 775)	41 399	(812 333)
TOTAL ACCUMULATED DEPRECIATION	<u>(4 596 396)</u>	<u>(780 177)</u>	<u>258 556</u>	<u>(5 118 017)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>7 696 616</u>	<u>231 915</u>	<u>(443 837)</u>	<u>7 484 694</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 7 741 615</u>	<u>\$ 231 915</u>	<u>\$ (443 837)</u>	<u>\$ 7 529 693</u>

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

General government	\$ 193 298
Judicial	3 513
Road and bridge	437 170
Public safety	146 196
TOTAL	<u>\$ 780 177</u>

NOTE 5 - LIABILITIES

A. Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of machinery and equipment and vehicles. The agreements accrue interest at rates from 2.09% to 2.55% 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:

	GENERAL FUND	ROAD AND BRIDGE FUND	TOTALS
Asset:			
Rolling stock	\$ 91 327	\$ 890 872	\$ 982 199
Less accumulated depreciation	<u>(15 222)</u>	<u>(196 037)</u>	<u>(211 259)</u>
TOTAL	<u>\$ 76 105</u>	<u>\$ 694 835</u>	<u>\$ 770 940</u>

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 5 - LIABILITIES - CONTINUED

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

YEAR ENDING SEPTEMBER 30	GENERAL FUND	ROAD AND BRIDGE FUND	TOTALS
2020	\$ 48 158	\$ 564 183	\$ 612 341
2021	48 157	150 521	198 678
2022	-	26 129	26 129
2023	-	195 000	195 000
Total minimum lease payments	96 315	935 833	1 032 148
Less amount representing interest	(4 988)	(44 961)	(49 949)
Present value of minimum lease payments	\$ 91 327	\$ 890 872	\$ 982 199

B. Long-term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	BALANCE 09/30/2018	ADDITIONS	REDUCTIONS	BALANCE 09/30/2019	DUE WITHIN ONE YEAR
Bonds Payable:					
2012 Refunding	\$ 260 000	\$ -	\$ 125 000	\$ 135 000	\$ 125 000
2012 Certificates	350 000	-	65 000	285 000	70 000
Capital leases	1 041 033	827 163	885 997	982 199	584 041
TOTAL LONG-TERM DEBT	\$ 1 651 033	\$ 827 163	\$ 1 075 997	\$ 1 402 199	\$ 779 041

Interest expenses for the year totaled \$48,141.

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

YEAR ENDING SEPTEMBER 30	GENERAL OBLIGATIONS AND CERTIFICATES OF OBLIGATION		CAPITAL LEASES		TOTALS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2020	\$ 195 000	\$ 14 364	\$ 584 041	\$ 28 300	\$ 779 041	\$ 42 664
2021	80 000	7 851	184 507	14 171	264 507	22 022
2022	70 000	5 076	18 651	7 478	88 651	12 554
2023	75 000	2 626	195 000	-	270 000	2 626
TOTALS	\$ 420 000	\$ 29 917	\$ 982 199	\$ 49 949	\$ 1 402 199	\$ 79 866

At year end, the County had cash totaling \$270,674 available in the debt service fund to service long-term debt.

Bonds and other debt payable at September 30, 2019, are comprised of the following:

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

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

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

NOTE 5 - LIABILITIES - CONTINUED

C. 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.

D. Interfund Transaction

Internal 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. The following schedule summarizes the County's due to/due from at September 30, 2019:

DUE TO	DUE FROM	AMOUNT
General fund	Grant fund	\$ 76 513
General fund	Agency funds	6 275
		\$ 82 788

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, 2019:

FUND	TRANSFERS IN	TRANSFERS OUT
General	\$ 6 651	\$ 969 769
Road and Bridge Precinct No. 1	264 399	-
Road and Bridge Precinct No. 2	114 699	69 936
Road and Bridge Precinct No. 3	297 145	-
Road and Bridge Precinct No. 4	351 429	-
Nonmajor Special Revenue Funds	24 041	18 659
TOTALS	\$ 1 058 364	\$ 1 058 364

E. Defined Benefit Pension Plan

Plan Description. Trinity County participates as one of 677 plans in the 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. TCDRS in the aggregate issues a comprehensive annual financial report ("CAFR") on a calendar year basis. The CAFR is available online at www.tcdrs.org.

Benefits Provided. The County provides retirement benefits for all of its full-time employees. TCDRS is a savings-based plan. For the County's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity. There are no automatic cost of living adjustments. The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS.

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

NOTE 5 - LIABILITIES - CONTINUED

Employees Covered by Benefit Terms. At December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	111
Active employees	<u>104</u>
	<u>282</u>

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

The County has not elected the annually determined contribution rate ("ADCR") plan provisions of the TCDRS Act. The County contributed using the actuarially determined rate of 9.29% for calendar year 2018 and 9.10% for calendar year 2019. The contribution rate payable by the employee members for fiscal year 2019 is the rate of 7.0% as adopted by the County. For fiscal year 2019, the County's required contributions equaled actual contributions which totaled \$223,604.

The County's Net Pension Liability/Asset ("NPL") was measured as of December 31, 2018 and the Total Pension Liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The required contribution was determined as part of the December 31, 2018 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2018, included (a) 8.0% 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 five-year period. The total pension liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2018 was 9.7 years.

Salary increases were based on a service-related table. Mortality rates for active members were based on the gender-distinct RP2000 Active Employee Mortality Table, with males calculated with a two-year set-forward, and with females calculated with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that. Mortality rates for retirees, beneficiaries, and non-depositing members were based on the gender-distinct RP2000 Combined Mortality Table projected to 2014 with scale AA, and then projected with 110% of the MP-2014 Ultimate scale after that, with males calculated with a one-year set-forward and with females calculated with no age adjustment. For disabled annuitants, the gender-distinct RP2000 Disabled Mortality Table is used, projected to 2014 with scale AA, and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and with a two-year set-forward for females.

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2018 valuation were based on the results of actuarial experience studies. The experience study in TCDRS was for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68. Assumptions are reviewed annually.

The long-term expected rate of return on pension plan investments is 8.10%. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 7 to 10 year time horizon.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 5 - LIABILITIES - CONTINUED

The valuation assumption for a long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013 for the period January 1, 2013 - December 31, 2016. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (GEOMETRIC)
U. S. equities	10.5%	5.40%
Private equity	18.0%	8.40%
Global equities	2.5%	5.70%
International equities - Developed	10.0%	5.40%
International equities - Emerging	7.0%	5.90%
Investment-grade bonds	3.0%	1.60%
Strategic credit	12.0%	4.39%
Direct lending	11.0%	7.95%
Distressed debt	2.0%	7.20%
REIT equities	2.0%	4.15%
Master limited partnerships	3.0%	5.35%
Private real estate partnerships	6.0%	6.30%
Hedge funds	13.0%	3.90%
TOTAL	100.0%	

Discount Rate. The discount rate used to measure the Total Pension Liability was 8.10%, which is net of investment expenses and increased by 0.10% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET POSITION LIABILITY (ASSET)
	(A)	(B)	(A) - (B)
Balance at 12/31/2017	\$ 9 814 585	\$ 9 715 402	\$ 99 183
Changes for the Year:			
Service cost	283 491	-	283 491
Interest on total pension liability	795 012	-	795 012
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	(91 941)	-	(91 941)
Changes of assumptions	-	-	-
Refund of contributions	(59 385)	(59 385)	-
Benefit payments	(518 094)	(518 094)	-
Administrative expenses	-	(7 501)	7 501
Employer contributions	-	172 382	(172 382)
Member contributions	-	(183 023)	183 023
Net investment income	-	223 604	(223 604)
Other	-	(4 431)	4 431
NET CHANGES	409 083	(376 448)	785 531
Balance at 12/31/2018	\$ 10 223 668	\$ 9 338 954	\$ 884 714

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 5 - LIABILITIES - CONTINUED

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

	1% DECREASE IN DISCOUNT RATE (7.1%)	DISCOUNT RATE (8.1%)	1% INCREASE IN DISCOUNT RATE (9.1%)
Total pension liability	\$ 11 312 961	\$ 10 223 668	\$ 9 289 741
Fiduciary net position	9 338 954	9 338 954	9 338 954
NET PENSION LIABILITY (ASSET)	\$ 1 974 007	\$ 884 714	\$ (49 213)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions. For the year ended September 30, 2019, the County recognized net pension (benefit) expense of \$54,508. Net pension (benefit) expense was charged to functions/programs as follows:

FUNCTION/PROGRAM	GOVERNMENTAL ACTIVITIES
General government	\$ 20 050
Judicial	7 753
Road and bridge	13 881
Public safety	12 824
TOTAL	\$ 54 508

At September 30, 2019, the County reported deferred amounts related to pension from the following sources:

	DEFERRED INFLOWS OF RESOURCES	DEFERRED OUTFLOWS OF RESOURCES
Difference between expected and actual economic experience	\$ 116 700	\$ -
Difference between projected and actual investment earnings	-	563 213
Changes in actuarial assumptions	-	23 051
Contributions subsequent to the measurement date	-	225 427
TOTALS, GOVERNMENT ACTIVITIES	\$ 116 700	\$ 811 691

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$225,427, will be recognized as a reduction of the net pension liability/asset for the fiscal year ending September 30, 2019. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

PLAN YEAR ENDING DECEMBER 31,	
2020	\$ 192 458
TOTAL	\$ 192 458

NOTE 6 - OTHER INFORMATION

A. Risk Management

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

B. 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.

C. Subsequent Events

Management has evaluated subsequent events through June 9, 2020, the date when the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Property taxes	\$ 5 429 734	\$ 5 329 734	\$ 5 375 812	\$ 46 078
Fines and forfeitures	161 200	161 200	195 290	34 090
Fees, licenses, and permits	250 065	250 065	265 440	15 375
Grants and donations	81 300	98 260	69 657	(28 603)
Payments in lieu of taxes	25 000	25 000	26 264	1 264
Interest	1 500	1 500	43 287	41 787
Other revenue	41 380	68 638	91 597	22 959
TOTAL REVENUES	5 990 179	5 934 397	6 067 347	132 950
Expenditures:				
General Government:				
County Judge	165 249	166 541	163 210	3 331
County Clerk	120 783	120 783	106 408	14 375
Elections Administrator	78 466	78 466	60 407	18 059
County Auditor	119 785	119 758	118 125	1 633
County Treasurer	84 706	84 706	80 946	3 760
Data processing	134 800	134 800	120 246	14 554
Tax Assessor-Collector	185 669	185 669	289 081	(103 412)
Veterans office	15 134	15 134	14 118	1 016
911/mapping coordinator	35 499	35 499	32 349	3 150
Courthouse maintenance	200 255	201 693	225 435	(23 742)
County agent	50 608	50 608	48 264	2 344
County insurance	745 000	745 000	633 682	111 318
Non-departmental	442 756	427 904	316 519	(1 179)
Fringe benefits	35 000	35 000	16 063	18 937
Courthouse miscellaneous	61 800	59 070	55 470	6 330
TOTAL GENERAL GOVERNMENT	2 475 510	2 460 631	2 280 323	180 308
Judicial:				
County Court	28 577	28 577	38 423	(9 846)
District Court	172 938	172 938	207 946	(35 008)
District Clerk	93 058	99 709	99 537	172
County Attorney	118 098	118 098	105 475	12 623
District Attorney	100 032	100 032	96 999	3 033
Justice of the Peace, Pct 1	59 483	59 483	57 427	2 056
Justice of the Peace, Pct 2	59 483	59 483	58 481	1 002
Justice of the Peace, Pct 3	59 483	59 483	56 036	3 447
Justice of the Peace, Pct 4	63 080	63 080	63 568	(488)
TOTAL JUDICIAL	754 232	760 883	783 892	(23 009)
Public Safety:				
Public safety	91 516	94 090	93 088	1 002
Sheriff department	663 590	692 557	757 237	(64 680)
Jail	590 164	590 164	618 592	(28 428)
Constable, Pct No. 1	37 135	39 169	32 397	6 772
Constable, Pct No. 2	35 035	35 035	30 876	4 159
Constable, Pct No. 3	34 435	34 435	27 936	6 499
Constable, Pct No. 4	36 769	36 769	32 305	4 464
TOTAL PUBLIC SAFETY	1 488 644	1 522 219	1 592 431	(70 212)
Health and Welfare:				
Civic improvements	36 000	36 000	28 765	7 235
Health and welfare	151 000	151 000	114 750	36 250
Environmental enforcement officer	25 149	25 149	18 285	6 864
TOTAL HEALTH AND WELFARE	212 149	212 149	161 800	50 349
Debt Service:				
Debt service	67 415	67 415	68 691	(1 276)
TOTAL DEBT SERVICE	67 415	67 415	68 691	(1 276)
TOTAL EXPENDITURES	4 997 950	5 023 297	4 887 137	136 160
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	992 229	911 100	1 180 210	269 110

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
GENERAL FUND - CONTINUED
For the Year Ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Other Financing Sources (Uses):				
Sale of assets	1 000	1 000	2 938	1 938
Transfers in	-	6 651	6 651	-
Transfers out	(960 671)	(960 671)	(969 769)	(9 098)
NET OTHER FINANCING SOURCES (USES)	<u>(959 671)</u>	<u>(953 020)</u>	<u>(960 180)</u>	<u>(7 160)</u>
NET CHANGE IN FUND BALANCE	32 558	(41 920)	220 030	261 950
Fund balance - Beginning of year	<u>1 160 402</u>	<u>1 160 402</u>	<u>1 160 402</u>	<u>-</u>
FUND BALANCE - END OF YEAR	\$ <u>1 192 960</u>	\$ <u>1 118 482</u>	1 380 432	261 950
Adjustment to GAAP:				
Accrued payroll			<u>(53 380)</u>	<u>(53 380)</u>
FUND BALANCE - END OF YEAR (GAAP BASIS)			\$ <u><u>1 327 052</u></u>	\$ <u><u>208 570</u></u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 1
For the Year Ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 124 358	\$ 124 358	\$ 130 160	\$ 5 802
Grants and donations	11 700	34 308	44 167	9 859
Interest	135	135	253	118
Other revenue	-	8 708	8 708	-
TOTAL REVENUES	<u>136 193</u>	<u>167 509</u>	<u>183 288</u>	<u>15 779</u>
Expenditures:				
Road and bridge	363 160	402 461	387 266	15 195
Capital outlay	-	3 552	3 552	-
Debt Service:				
Principal	329 445	42 195	42 195	-
Interest	10 150	10 577	10 577	-
TOTAL EXPENDITURES	<u>702 755</u>	<u>458 785</u>	<u>443 590</u>	<u>15 195</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(566 562)</u>	<u>(291 276)</u>	<u>(260 302)</u>	<u>30 974</u>
Other Financing Sources (Uses):				
Sale of real and personal property	302 163	9 877	9 877	-
Transfers in	264 399	281 399	264 399	(17 000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>566 562</u>	<u>291 276</u>	<u>274 276</u>	<u>(17 000)</u>
NET CHANGE IN FUND BALANCES	-	-	13 974	13 974
Fund balances - Beginning of year	<u>42 304</u>	<u>42 304</u>	<u>42 304</u>	<u>-</u>
FUND BALANCES - END OF YEAR	\$ <u><u>42 304</u></u>	\$ <u><u>42 304</u></u>	56 278	13 974
Adjustments to GAAP:				
Accrued payroll			<u>(3 913)</u>	<u>(3 913)</u>
FUND BALANCES - END OF YEAR (GAAP BASIS)			\$ <u><u>52 365</u></u>	\$ <u><u>10 061</u></u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 2
For the Year Ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 47 830	\$ 47 830	\$ 50 061	\$ 2 231
Grants and donations	4 500	4 500	16 262	11 762
Interest	100	100	218	118
Other revenue	-	-	32 410	32 410
TOTAL REVENUES	<u>52 430</u>	<u>52 430</u>	<u>98 951</u>	<u>46 521</u>
Expenditures:				
Road and bridge	99 929	99 929	79 322	20 607
TOTAL EXPENDITURES	<u>99 929</u>	<u>99 929</u>	<u>79 322</u>	<u>20 607</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(47 499)</u>	<u>(47 499)</u>	<u>19 629</u>	<u>67 128</u>
Other Financing Sources (Uses):				
Transfers in	114 699	114 699	114 699	-
Transfers out	(67 200)	(67 200)	(69 936)	(2 736)
TOTAL OTHER FINANCING SOURCES (USES)	<u>47 499</u>	<u>47 499</u>	<u>44 763</u>	<u>(2 736)</u>
NET CHANGE IN FUND BALANCE	-	-	64 392	64 392
Fund balance - Beginning of year	24 432	24 432	24 432	-
FUND BALANCE - END OF YEAR	<u>\$ 24 432</u>	<u>\$ 24 432</u>	88 824	64 392
Adjustments to GAAP:				
Accrued payroll			(1 525)	(1 525)
FUND BALANCES - END OF YEAR (GAAP BASIS)			<u>\$ 87 299</u>	<u>\$ 62 867</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 3
For the Year Ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 110 009	\$ 110 009	\$ 115 141	\$ 5 132
Grants and donations	10 350	68 780	169 662	100 882
Interest	200	200	381	181
Other revenue	-	10 085	18 729	8 644
TOTAL REVENUES	<u>120 559</u>	<u>189 074</u>	<u>303 913</u>	<u>114 839</u>
Expenditures:				
Road and bridge	357 738	490 713	471 400	19 313
Capital outlay	-	44 500	44 500	-
Debt Service:				
Principal	149 995	94 689	94 689	-
Interest	7 235	7 394	7 393	1
TOTAL EXPENDITURES	<u>514 968</u>	<u>637 296</u>	<u>617 982</u>	<u>19 314</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(394 409)</u>	<u>(448 222)</u>	<u>(314 069)</u>	<u>134 153</u>
Other Financing Sources (Uses):				
Sale of assets	100 000	-	-	-
Transfers in	294 409	448 221	297 145	(151 076)
TOTAL OTHER FINANCING SOURCES (USES)	<u>394 409</u>	<u>448 221</u>	<u>297 145</u>	<u>(151 076)</u>
NET CHANGE IN FUND BALANCE	-	(1)	(16 924)	(16 923)
Fund balance - Beginning of year	<u>148 589</u>	<u>148 589</u>	<u>148 589</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 148 589</u>	<u>\$ 148 588</u>	131 665	(16 923)
Adjustments to GAAP:				
Accrued payroll			(4 282)	(4 282)
FUND BALANCES - END OF YEAR (GAAP BASIS)			<u>\$ 127 383</u>	<u>\$ (21 205)</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 4
For the Year Ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 196 103	\$ 196 103	\$ 205 252	\$ 9 149
Grants and donations	18 450	56 450	72 632	16 182
Interest	200	200	527	327
Other revenue	-	-	13 748	13 748
TOTAL REVENUES	<u>214 753</u>	<u>252 753</u>	<u>292 159</u>	<u>39 406</u>
Expenditures:				
Road and bridge	543 342	567 623	514 856	52 767
Capital outlay	-	83 330	83 330	-
Debt Service:				
Principal	306 199	131 183	144 158	(12 975)
Interest	4 925	5 439	5 439	-
TOTAL EXPENDITURES	<u>854 466</u>	<u>787 575</u>	<u>747 783</u>	<u>39 792</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(639 713)</u>	<u>(534 822)</u>	<u>(455 624)</u>	<u>79 198</u>
Other Financing Sources (Uses):				
Sale of assets	288 284	-	-	-
Debt proceeds	-	-	28 450	28 450
Transfers in	351 429	534 822	351 429	(183 393)
TOTAL OTHER FINANCING SOURCES (USES)	<u>639 713</u>	<u>534 822</u>	<u>379 879</u>	<u>(154 943)</u>
NET CHANGE IN FUND BALANCE	-	-	(75 745)	(75 745)
Fund balance - Beginning of year	<u>228 190</u>	<u>228 190</u>	<u>228 190</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 228 190</u>	<u>\$ 228 190</u>	152 445	(75 745)
Adjustments to GAAP:				
Accrued payroll			<u>(5 433)</u>	<u>(5 433)</u>
FUND BALANCES - END OF YEAR (GAAP BASIS)			<u>\$ 147 012</u>	<u>\$ (81 178)</u>

TRINITY COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS - LAST TEN YEARS*
For the Year Ended September 30, 2019

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	\$ 283 491	\$ 285 124	\$ 268 757	\$ 242 989	\$ 234 680
Interest on the total pension liability	795 012	764 599	723 589	700 690	649 068
Effect of plan changes	-	-	-	(18 062)	-
Effect of assumption changes or inputs	-	69 152	-	96 428	-
Effect of economic/demographic (gains) or losses	(91 941)	(166 220)	(57 030)	(150 552)	213 927
Benefit payments/refunds of contributions	(577 479)	(573 703)	(590 746)	(536 307)	(470 681)
NET CHANGE IN TOTAL PENSION LIABILITY	409 083	378 952	344 570	335 186	626 994
Total pension liability - Beginning	9 814 585	9 435 633	9 091 063	8 755 877	8 128 883
TOTAL PENSION LIABILITY - ENDING	<u>10 223 668</u>	<u>9 814 585</u>	<u>9 435 633</u>	<u>9 091 063</u>	<u>8 755 877</u>
Fiduciary Net Position:					
Employer contributions	223 604	223 182	239 138	217 163	204 818
Member contributions	172 382	168 167	163 314	152 167	140 838
Investment income net of investment expenses	(183 023)	1 259 415	613 758	111 782	553 575
Benefit payments/refunds of contributions	(577 479)	(573 703)	(590 747)	(536 307)	(470 681)
Administrative expenses	(7 501)	(6 461)	(6 672)	(6 031)	(6 294)
Other	(4 431)	(3 602)	(79 487)	(106 036)	171 667
NET CHANGE IN FIDUCIARY NET POSITION	(376 448)	1 066 998	339 304	(167 262)	593 923
Fiduciary net position - Beginning	9 715 402	8 648 404	8 309 100	8 476 362	7 882 439
FIDUCIARY NET POSITION - ENDING	<u>9 338 954</u>	<u>9 715 402</u>	<u>8 648 404</u>	<u>8 309 100</u>	<u>8 476 362</u>
NET PENSION LIABILITY/(ASSET), ENDING	<u>\$ 884 714</u>	<u>\$ 99 183</u>	<u>\$ 787 229</u>	<u>\$ 781 963</u>	<u>\$ 279 515</u>
Fiduciary net position as a percentage of total pension liability	91.35%	98.99%	91.66%	91.40%	96.81%
Pensionable covered payroll	\$ 2 462 595	\$ 2 402 389	\$ 2 333 055	\$ 2 173 808	\$ 2 011 972
Net pension liability as a percentage of covered payroll	35.93%	4.13%	33.74%	35.97%	13.89%

*10 years data will be presented as it becomes available.

TRINITY COUNTY, TEXAS
 SCHEDULE OF PENSION CONTRIBUTIONS
 LAST TEN FISCAL YEARS*
 For the Year Ended September 30, 2019

YEAR ENDING SEPTEMBER 30,	ACTUARIALLY DETERMINE CONTRIBUTION	ACTUAL EMPLOYER CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2015	\$ 217 163	\$ 217 163	\$ -	\$ 2 173 808	10.0%
2016	\$ 239 138	\$ 239 138	\$ -	\$ 2 333 055	10.2%
2017	\$ 223 182	\$ 223 182	\$ -	\$ 2 402 389	9.3%
2018	\$ 223 604	\$ 223 604	\$ -	\$ 2 462 595	9.1%

*10 years data will be presented as it becomes available

TRINITY COUNTY, TEXAS
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS
September 30, 2019

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

Methods and Assumptions Used to Determine Contribution Rates

<i>Actuarial Cost Method</i>	Entry Age
<i>Amortization Method</i>	Level percentage of payroll, Closed
<i>Amortization Period</i>	10.5 years
<i>Asset Valuation Method</i>	5-year smoothed market
<i>Inflation</i>	3.0%
<i>Salary Increases</i>	4.9% average over career including inflation, varies by age and service
<i>Investment Rate of Return</i>	8.0%, net of investment expenses, including inflation
<i>Cost-of-Living Adjustments</i>	0.0%
<i>Retirement Age</i>	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
<i>Mortality</i>	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously, Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

Other Information

No changes in plan provisions are reflected in the Schedule of Pension Contributions.

Presentation of Schedule

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

SUPPLEMENTARY INFORMATION

COMBINING FUND STATEMENTS

TRINITY COUNTY, TEXAS
 COMBINING SCHEDULE OF NET ASSETS
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2019

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 270 674	\$ 630 995	\$ 901 669
Receivables:			
Property taxes (net of allowance)	10 779	-	10 779
Other	-	80 494	80 494
Due from other funds	-	2	2
TOTAL ASSETS	\$ 281 453	\$ 711 491	\$ 992 944
 LIABILITIES			
Accounts payable	\$ 393	\$ 549	\$ 942
Accrued payroll	-	2 139	2 139
Accrued expenses	-	1 963	1 963
Due to other funds	-	76 513	76 513
Due to others	-	18 228	18 228
TOTAL LIABILITIES	393	99 392	99 785
 DEFERRED INFLOWS			
Unavailable revenues	10 779	84 000	94 779
TOTAL DEFERRED INFLOWS	10 779	84 000	94 779
 FUND BALANCES			
Restricted	270 281	476 082	746 363
Assigned	-	52 017	52 017
TOTAL FUND BALANCES	270 281	528 099	798 380
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	 \$ 281 453	 \$ 711 491	 \$ 992 944

See independent auditors' report.

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2019

	<u>DEBT SERVICE FUND</u>	<u>NONMAJOR SPECIAL REVENUE FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Revenues:			
Property taxes	\$ 266 296	\$ -	\$ 266 296
Other taxes	-	23 886	23 886
Fines and forfeitures	-	1 703	1 703
Fees, licenses and permits	-	106 890	106 890
Grants and contributions	-	457 483	457 483
Interest	507	771	1 278
Other revenue	-	7 199	7 199
TOTAL REVENUES	<u>266 803</u>	<u>597 932</u>	<u>864 735</u>
Expenditures:			
General government	-	139 070	139 070
Judicial	-	134 163	134 163
Public safety	-	18 907	18 907
Road and bridge	-	67 369	67 369
Health and welfare	-	17 000	17 000
Pass-through expenditures	-	162 619	162 619
Debt service	210 700	-	210 700
TOTAL EXPENDITURES	<u>210 700</u>	<u>539 128</u>	<u>749 828</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>56 103</u>	<u>58 804</u>	<u>114 907</u>
Other Financing Sources (Uses):			
Transfers out	-	(18 659)	(18 659)
Transfers in	-	24 041	24 041
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>5 382</u>	<u>5 382</u>
NET CHANGE IN FUND BALANCES	56 103	64 186	120 289
Fund balance - Beginning of year	<u>214 178</u>	<u>463 913</u>	<u>678 091</u>
FUND BALANCE - END OF YEAR	<u>\$ 270 281</u>	<u>\$ 528 099</u>	<u>\$ 798 380</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2019

	RECORDS MANAGEMENT FUND	LAW LIBRARY FUND	SECURITY FEE FUND	FAMILY PRESERVATION FUND	SEIZED FUNDS
ASSETS					
Cash and cash equivalents	\$ 162 680	\$ 24 762	\$ 29 171	\$ 2 684	\$ 208 071
Due from other funds	2	-	-	-	-
Other receivables	-	-	157	-	3 687
TOTAL ASSETS	\$ 162 682	\$ 24 762	\$ 29 328	\$ 2 684	\$ 211 758
LIABILITIES					
Accounts payable	\$ 255	\$ 279	\$ -	\$ 15	\$ -
Accrued payroll	-	-	-	-	2 139
Accrued expenses	97	-	-	-	8
Due to other funds	-	-	-	-	-
Due to others	-	-	-	-	18 228
TOTAL LIABILITIES	352	279	-	15	20 375
DEFERRED INFLOWS					
Unavailable revenues	-	-	-	-	84 000
TOTAL DEFERRED INFLOWS	-	-	-	-	84 000
FUND BALANCES					
Restricted	162 330	24 483	29 328	-	107 383
Assigned	-	-	-	2 669	-
TOTAL FUND BALANCES	162 330	24 483	29 328	2 669	107 383
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 162 682	\$ 24 762	\$ 29 328	\$ 2 684	\$ 211 758

See independent auditors' report.

JURY SERVICE FUND	COURT TECHNOLOGY FUND	SPECIAL CRIME FUNDS	LEOSE EDUCATION FUND	HOTEL/ MOTEL TAX FUND	AIRPORT FUND	COURTHOUSE PRESERVATION FUND
\$ 5 408	\$ 5 442	\$ 7 728	\$ 31 244	\$ 19 147	\$ 2 853	\$ 37 105
-	-	-	-	-	-	-
76	59	-	-	1	-	1
<u>\$ 5 484</u>	<u>\$ 5 501</u>	<u>\$ 7 728</u>	<u>\$ 31 244</u>	<u>\$ 19 148</u>	<u>\$ 2 853</u>	<u>\$ 37 106</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
970	-	-	-	428	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5 501	-	31 244	18 720	2 853	-
4 514	-	7 728	-	-	-	37 106
<u>4 514</u>	<u>5 501</u>	<u>7 728</u>	<u>31 244</u>	<u>18 720</u>	<u>2 853</u>	<u>37 106</u>
<u>\$ 5 484</u>	<u>\$ 5 501</u>	<u>\$ 7 728</u>	<u>\$ 31 244</u>	<u>\$ 19 148</u>	<u>\$ 2 853</u>	<u>\$ 37 106</u>

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2019

	<u>GRANT FUNDS</u>	<u>SCHOOL FUND</u>	<u>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</u>
ASSETS			
Cash and cash equivalent	\$ 94 700	\$ -	\$ 630 995
Due from other funds	-	-	2
Other receivables	<u>76 513</u>	<u>-</u>	<u>80 494</u>
TOTAL ASSETS	\$ <u>171 213</u>	\$ <u>-</u>	\$ <u>711 491</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 549
Accrued payroll	-	-	2 139
Accrued expenses	460	-	1 963
Due to other funds	76 513	-	76 513
Due to others	<u>-</u>	<u>-</u>	<u>18 228</u>
TOTAL LIABILITIES	<u>76 973</u>	<u>-</u>	<u>99 392</u>
DEFERRED INFLOWS			
Unavailable revenues	<u>-</u>	<u>-</u>	<u>84 000</u>
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>84 000</u>
FUND BALANCES			
Restricted	94 240	-	476 082
Assigned	<u>-</u>	<u>-</u>	<u>52 017</u>
TOTAL FUND BALANCES	<u>94 240</u>	<u>-</u>	<u>528 099</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ <u>171 213</u>	\$ <u>-</u>	\$ <u>711 491</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2019

	RECORDS MANAGEMENT FUND	LAW LIBRARY FUND	SECURITY FEE FUND	FAMILY PRESERVATION FUND	SEIZED FUNDS
Revenues:					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 1 703
Fees, licenses, and permits	84 050	9 550	9 036	-	-
Other taxes	-	-	-	-	-
Grants and contributions	-	-	-	-	84 000
Interest	237	37	58	8	224
Other revenue	-	-	-	824	-
	<u>84 287</u>	<u>9 587</u>	<u>9 094</u>	<u>832</u>	<u>85 927</u>
TOTAL REVENUES					
Expenditures:					
General government	82 088	-	-	-	-
Judicial	-	6 934	17 615	-	78 911
Public safety	-	-	-	-	16 914
Road and bridge	-	-	-	-	-
Health and welfare	-	-	-	-	-
Pass-through expenditures	-	-	-	-	-
	<u>82 088</u>	<u>6 934</u>	<u>17 615</u>	<u>-</u>	<u>95 825</u>
TOTAL EXPENDITURES					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>2 199</u>	<u>2 653</u>	<u>(8 521)</u>	<u>832</u>	<u>(9 898)</u>
Other Financing Sources (Uses):					
Transfers out	(6 651)	-	-	-	(12 008)
Transfers in	-	-	-	-	24 041
	<u>(6 651)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12 033</u>
TOTAL OTHER FINANCING SOURCES (USES)					
NET CHANGE IN FUND BALANCES					
	(4 452)	2 653	(8 521)	832	2 135
Fund balance - Beginning of year	<u>166 782</u>	<u>21 830</u>	<u>37 849</u>	<u>1 837</u>	<u>105 248</u>
FUND BALANCE - END OF YEAR	\$ <u>162 330</u>	\$ <u>24 483</u>	\$ <u>29 328</u>	\$ <u>2 669</u>	\$ <u>107 383</u>

See independent auditors' report.

JURY SERVICE FUND	COURT TECHNOLOGY FUND	SPECIAL CRIME FUNDS	LEOSE EDUCATION FUND	HOTEL/ MOTEL TAX FUND	AIRPORT FUND	COURTHOUSE PRESERVATION FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
782	3 472	-	-	-	-	-
-	-	-	-	23 886	-	-
-	-	-	4 657	-	-	-
7	8	11	41	21	4	108
-	-	-	-	-	-	-
<u>789</u>	<u>3 480</u>	<u>11</u>	<u>4 698</u>	<u>23 907</u>	<u>4</u>	<u>108</u>
-	-	-	-	-	-	-
-	3 222	-	-	-	-	-
-	-	-	496	-	-	-
-	-	-	-	-	-	-
-	-	-	-	17 000	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>3 222</u>	<u>-</u>	<u>496</u>	<u>17 000</u>	<u>-</u>	<u>-</u>
<u>789</u>	<u>258</u>	<u>11</u>	<u>4 202</u>	<u>6 907</u>	<u>4</u>	<u>108</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
789	258	11	4 202	6 907	4	108
<u>3 725</u>	<u>5 243</u>	<u>7 717</u>	<u>27 042</u>	<u>11 813</u>	<u>2 849</u>	<u>36 998</u>
\$ <u>4 514</u>	\$ <u>5 501</u>	\$ <u>7 728</u>	\$ <u>31 244</u>	\$ <u>18 720</u>	\$ <u>2 853</u>	\$ <u>37 106</u>

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2019

	<u>GRANT FUNDS</u>	<u>SCHOOL FUND</u>	<u>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</u>
Revenues:			
Fines and forfeitures	\$ -	\$ -	\$ 1 703
Fees, licenses, and permits	-	-	106 890
Other taxes	-	-	23 886
Grants and contributions	206 207	162 619	457 483
Interest	7	-	771
Other revenue	<u>6 375</u>	<u>-</u>	<u>7 199</u>
 TOTAL REVENUES	 <u>212 589</u>	 <u>162 619</u>	 <u>597 932</u>
 Expenditures:			
General government	56 982	-	139 070
Judicial	27 481	-	134 163
Public safety	1 497	-	18 907
Road and bridge	67 369	-	67 369
Health and welfare	-	-	17 000
Pass-through expenditures	<u>-</u>	<u>162 619</u>	<u>162 619</u>
 TOTAL EXPENDITURES	 <u>153 329</u>	 <u>162 619</u>	 <u>539 128</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>59 260</u>	 <u>-</u>	 <u>58 804</u>
 Other Financing Sources (Uses):			
Transfers out	-	-	(18 659)
Transfers in	<u>-</u>	<u>-</u>	<u>24 041</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>-</u>	 <u>5 382</u>
 NET CHANGE IN FUND BALANCES	 59 260	 -	 64 186
 Fund balance - Beginning of year	 <u>34 980</u>	 <u>-</u>	 <u>463 913</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 94 240</u>	 <u>\$ -</u>	 <u>\$ 528 099</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
 COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
 September 30, 2019

	GENERAL ESCROW FUND	COUNTY TAX ASSESSOR COLLECTOR FUND	COUNTY AGENCY FUND	DISTRICT CLERK TRUST FUND
ASSETS				
Restricted cash	\$ 101 213	\$ 16 221	\$ (900)	\$ 187 353
Other receivable	-	-	1 000	-
TOTAL ASSETS	\$ 101 213	\$ 16 221	\$ 100	\$ 187 353
 LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to County	-	-	100	-
Due to others	101 213	16 221	-	187 353
TOTAL LIABILITIES	\$ 101 213	\$ 16 221	\$ 100	\$ 187 353

See independent auditors' report.

UNCLAIMED MONEY FUND	DISTRICT ATTORNEY HOT CHECK FUND	RESTITUTION FUND	COMBINED FIDUCIARY FUNDS
\$ 4 278	\$ 739	\$ 4 130	\$ 313 034
-	-	-	1 000
<u>\$ 4 278</u>	<u>\$ 739</u>	<u>\$ 4 130</u>	<u>\$ 314 034</u>
\$ 1 384	\$ -	\$ -	\$ 1 384
2 894	-	3 381	6 275
-	-	749	849
-	739	-	305 526
<u>\$ 4 278</u>	<u>\$ 739</u>	<u>\$ 4 130</u>	<u>\$ 314 034</u>

COMPLIANCE SECTION

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*

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, 2019, 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 9, 2020.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings (findings 001 to 003) that we consider to be significant deficiencies.

Compliance and Other Matters

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

Trinity County, Texas' Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lufkin, Texas
June 9, 2020

Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

TRINITY COUNTY, TEXAS
SCHEDULE OF AUDIT FINDINGS
For the Year Ended September 30, 2019

2019-001

Condition. In testing of cash receipts, we noted cash receipts that were not deposited timely.

Cause. Some departments do not timely deposit receipts.

Effect. Undeposited funds were vulnerable to theft or misappropriation.

Recommendation. The County should establish a policy on deposit frequency.

View of Responsible Officials and Corrective Action Plan.

The County follows Texas Local Government Code 113.022 regarding deadlines for deposits, which is on or before the next regular business day after the date on which money is received. If deadline cannot be met, the officer or person must deposit on or before the fifth working day.

During cash counts and monthly report reviews, the Auditor's office sends a written notice to the office that is not in compliance of this code. The Auditor provides this information in the quarterly report to the Commissioners' Court in accordance with Local Government Code Chapters 112, 113, and 115. Action to be taken by Commissioners' Court to address the issue with the Official that is not in compliance with the law.

2019-002

Condition. In testing of payroll transactions, several transactions did not have timesheets approved by supervisors.

Cause. Sometimes supervisors do not physically authorize timesheets, but confirm over phone with Deputy Treasurer as needed.

Effect. Payroll transactions may not have been properly disbursed.

Recommendation. We recommend the Deputy Treasurer note the time, date, and person who verbally approved of timesheet.

View of Responsible Officials and Corrective Action Plan.

The County has determine that this recommendation is not practical and will accept the risk with the opinion that risk is limited due to other mitigating factors in the payroll process.

2019-003

Condition. In testing the pension census data, we noted several employees whom had left, then been rehired by the County that did not reflect a break in service with TCDRS.

Cause. Errors may exist in past census data at TCDRS.

Effect. Errant data in the TCDRS system could cause a significant misstatement of the pension liability of the County.

Recommendation. We recommend the County review the current census data with TCDRS and adjust as needed.

View of Responsible Officials and Corrective Action Plan.

The County noted that the TCDRS system has been changing the data input and reporting significantly the last few years, and the TCDRS in 2020 established a portal for change notifications. The County payroll department will review the census data on TCDRS and monitor future changes utilizing the updated TCDRS systems and reports.

TRINITY COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2019

2018-001

Condition. The County maintains several petty cash balances that are held within various offices and not recorded in the general ledger of the County.

Criteria. All assets of the County should be recorded and monitored within the financial accounting system.

Effect. The County has no record of the amounts, and not controls, or review of the petty cash accounts. This results in possible fraud, theft, or abuse, and inaccurate financial reporting.

Recommendation. We recommend that the County record all petty cash in the general ledger of the County, and establish procedures for period inspection and review of the balance.

View of Responsible Officials and Corrective Action Plan. Management agrees with the recommendation. The County will create a general ledger account for petty cash funds and procedures will be established for period inspection and review of balances of all petty cash funds held by various offices.

Status. Resolved

2018-002

Condition. In the examination of bank activity, we noted that not all bank accounts are reconcile, not all activity is recorded in the correct period, and the reconciliations are not done in a timely manner.

Cause. By not performing a bank reconciliation and adjusting the general ledger to the bank balance, the County may have understated the balance of cash, and left the possibility of outstanding checks or bank errors to effect the County's cash position. By not recording the activity until the subsequent period, the County may have misstated cash. By not performing the bank reconciliations in a timely manner, the County may be subject to loss with the bank only required to make corrections if notified within 45 days.

Effect. The cash balance of the County may be misstated.

Recommendation. We recommend that all banks be reconciled within a 30 day period, and that activity be recorded in the period incurred to assure the cash balances are properly stated.

View of Responsible Officials and Corrective Action Plan. Management agrees with the recommendation. All bank accounts will be reconciled in a more timely manner and activity recorded in the period incurred to assure the cash balances are properly stated.

Status. Resolved

2018-003

Condition. In our examination of the accounts payable in the general ledger of the County, we noted that a significant amount of prior year activity was not reversed against the expense in the current year.

Cause. The County primarily records accounts payable at year end, and operates on a quasi-cash basis during the interim. By not reconciling and reversing prior year accounts payable, the County may have exceeded budget with expenditures incurring during an incorrect period.

Effect. The County budget is not operating effectively if the accounts payable are not recorded in the correct period.

Recommendation. The County should reconcile the accounts payable at the end of each year, and reverse the payables after the year end to assure the recording of expenditures in the proper period.

View of Responsible Officials and Corrective Action Plan. Management agrees with the recommendation. The County Auditor will reconcile the accounts payable at the end of each year, and reverse the payables after the year end to assure the recording of expenditures in the proper period.

Status. Resolved

TRINITY COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED
For the Year Ended September 30, 2019

2018-004

Condition. We noted several offices, that the access to specific functions within the software and physical access are not appropriately limited, and the duties are not segregated by functional need.

Cause. By not having adequate segregation of duties, the controls established within the offices cannot be relied upon to assure the operations.

Effect. Fraud of material misstatement may occur and not be detected by the controls in a timely manner.

Recommendation. The supervisors need to review the physical and software access controls within their offices to assure that the key functions are separated.

View of Responsible Officials and Corrective Action Plan. Management agrees with the recommendation. Due to the limited number of staff, it is sometimes difficult to segregate all duties within the department. Action will be taken by supervisors to review duties and software access controls within their offices and determine what controls need to be established and assure the key functions are separated.

Status. Resolved

2018-005

Condition. In our testing of the County payroll system, we noted that not all employee I-9's could be located in the personnel files.

Cause. Department of Labor regulations require an I-9 to be maintained for each individual employed by the County and has issued a new form I-9 effective during the 2019 year.

Effect. The County is subject to compliance finding and fines related to non-compliance with the required documentation for each employee.

Recommendation. We recommend that to comply with the Department of Labor requirements for I-9's the County obtain current I-9's on all County employees.

View of Responsible Officials and Corrective Action Plan. Management agrees with the recommendation. The County will establish payroll procedures and controls to update and maintain I-9's for all County employees to comply with Department of Labor requirements.

Status. Resolved